

# LIMITED PROCEDURES ENGAGEMENT

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East Lycoming School District  
Lycoming County, Pennsylvania

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June 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Michael D. Pawlik, Superintendent  
East Lycoming School District  
349 Cemetery Street  
Hughesville, Pennsylvania 17737

Mr. Richard Michael, Board President  
East Lycoming School District  
349 Cemetery Street  
Hughesville, Pennsylvania 17737

Dear Mr. Pawlik and Mr. Michael:

We conducted a Limited Procedures Engagement (LPE) of the East Lycoming 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, 2013 through June 30, 2017, 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
  - 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 correctly calculate and report transportation data to the Pennsylvania Department of Education (PDE), and did the District receive the correct amount of transportation reimbursement? (24 P.S. §§ 13-1301, -1302, -1305, -1306; 22 Pa. Code Chap. 11)

Mr. Michael D. Pawlik

Mr. Richard Michael

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Our engagement found that the District properly implemented policies and procedures for the areas mentioned above and complied, in all significant respects, with relevant requirements except as detailed in the finding in this 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, the PDE, and other appropriate officials as deemed necessary.

The finding and our related recommendations have been discussed with the District's management, and their responses are included in the finding section of this letter. We believe the implementation of our recommendations will improve the District's operations and facilitate compliance with legal, administrative requirements, and best practices. We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene A. DePasquale  
Auditor General

June 3, 2019

cc: **EAST LYCOMING SCHOOL DISTRICT** Board of School Directors

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## Background Information

School Characteristics 2017-18 School Year <sup>A</sup>	
County	Lycoming
Total Square Miles	147.6
Number of School Buildings	4
Total Teachers	110
Total Full or Part-Time Support Staff	75
Total Administrators	12
Total Enrollment for Most Recent School Year	1,625
Intermediate Unit Number	17
District Vo-Tech School	Lycoming Career & Technology Center

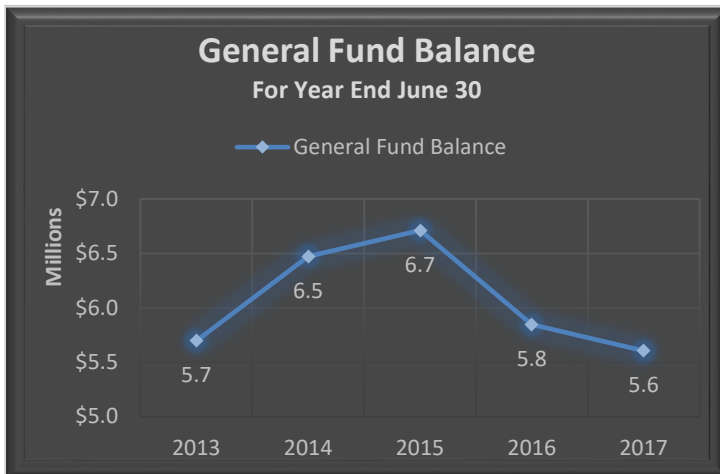
A - Source: Information provided by the District administration and is unaudited.

## Mission Statement<sup>A</sup>

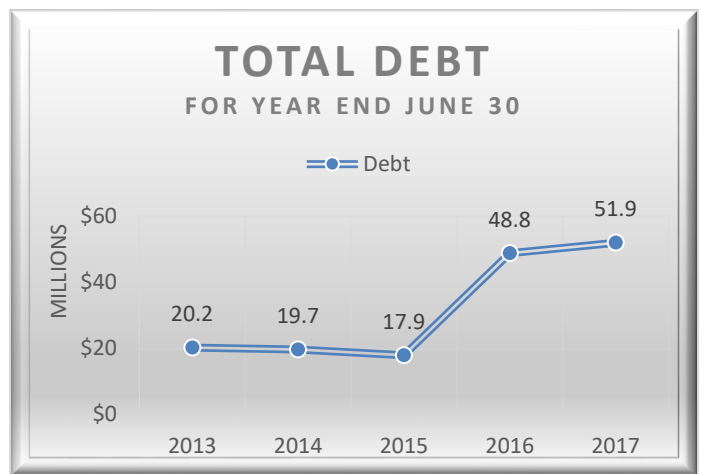
The East Lycoming School District, in partnership with the community, is committed to excellence. Our mission is to inspire and empower all students to reach academic success and live with integrity.

## Financial Information

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

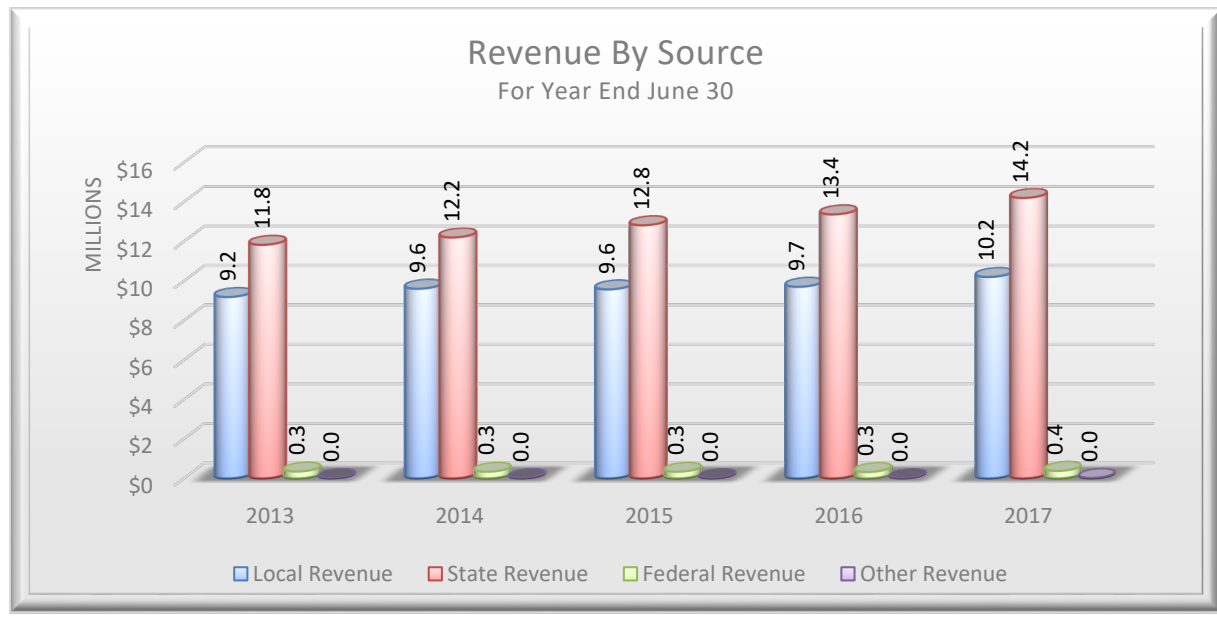
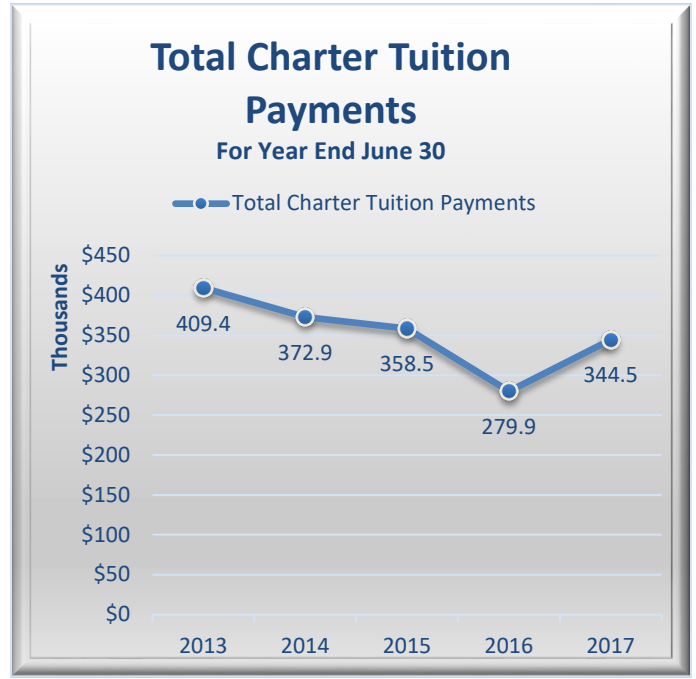
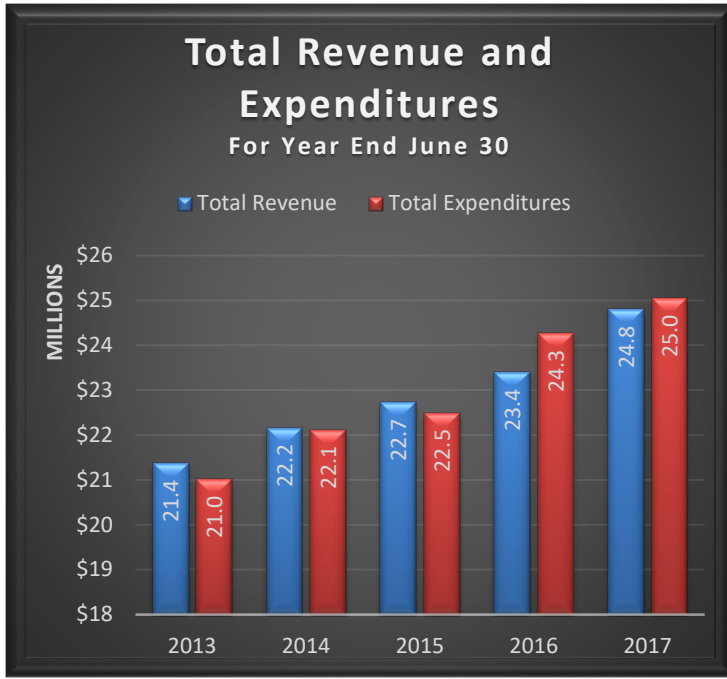


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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) scores, Keystone Exam results, and 4-Year Cohort Graduation Rates for the District obtained from the PDE's data files for the 2014-15, 2015-16 and 2016-17 school years.<sup>1</sup> 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 graph.<sup>2</sup> 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.<sup>3</sup>

### **What is a SPP score?**

A SPP score serves as a benchmark for schools to reflect on successes, achievements, and yearly growth. The 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 exam scores), 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.

The PDE started issuing a SPP score for all public school buildings beginning with the 2012-13 school year. For the 2014-15 school year, the 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.<sup>4</sup> The PDE resumed issuing a SPP score for all schools for the 2015-16 school year.

### **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 the 2020-21 school year.<sup>5</sup> 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.

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<sup>1</sup> The PDE is the sole source of academic data presented in this report. All academic data was obtained from the PDE's publically available website.

<sup>2</sup> The 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 the PDE's website for general information regarding the issuance of academic scores.

<sup>3</sup> 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.

<sup>4</sup> According to the 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 the PSSA exams to align with PA 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.

<sup>5</sup> Act 39 of 2018, effective July 1, 2018, amended the Public School Code to further delay the use of Keystone Exams as a graduation requirement for an additional year until the 2020-21 school year. *See* 24 P.S. § 1-121(b)(1).

### **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.

The 2014-15 school year marked the first year that PSSA testing was aligned to the more rigorous PA Core Standards.<sup>6</sup> 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 a 4-Year Cohort Graduation Rate?**

The 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.<sup>7</sup>

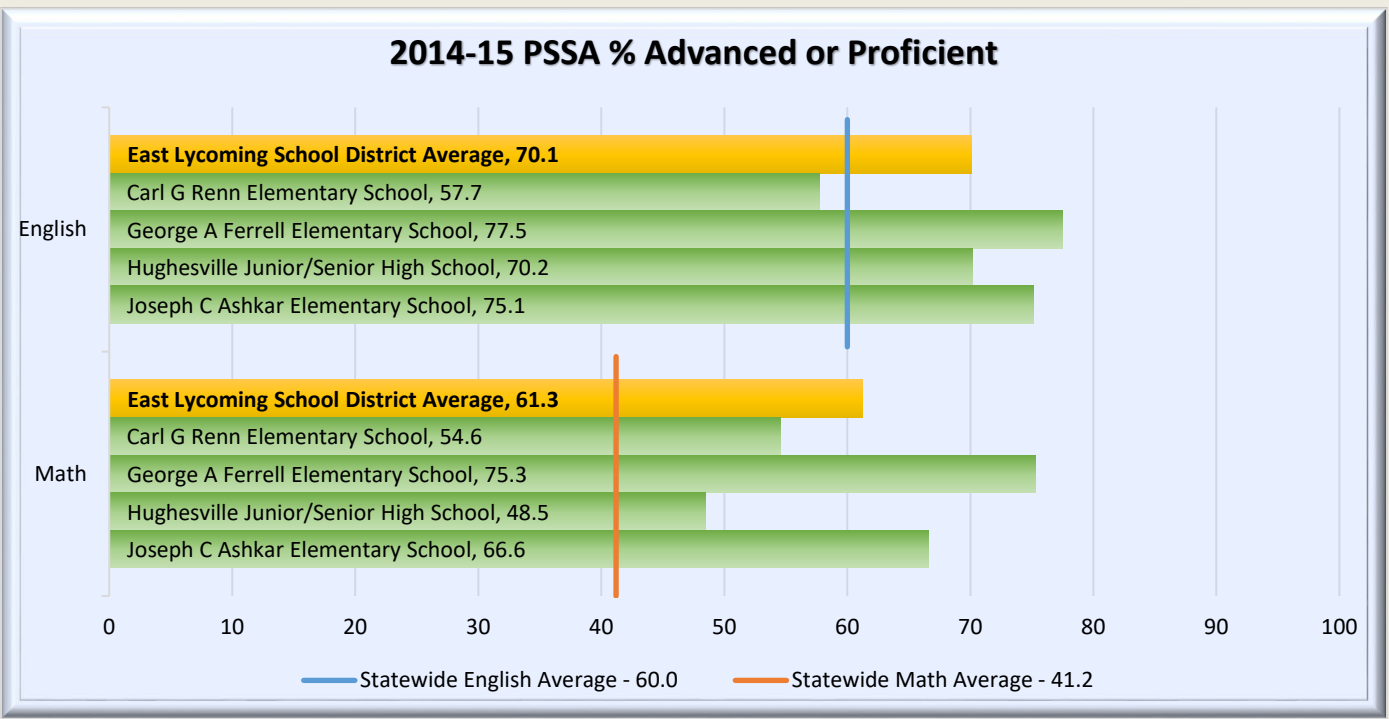
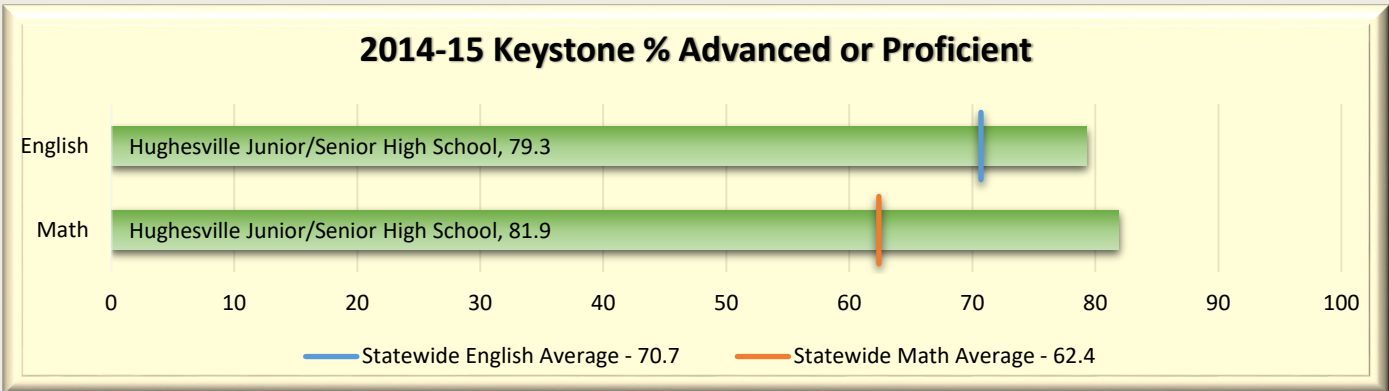
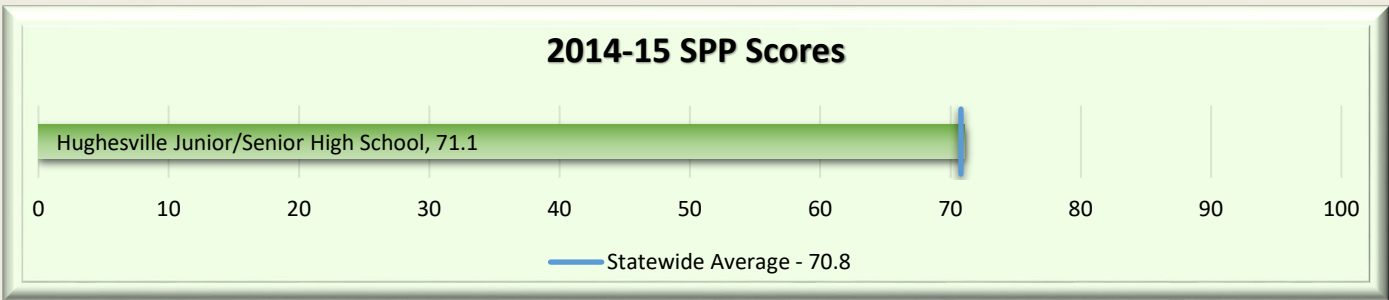
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<sup>6</sup> The PDE has determined that PSSA scores issued beginning with the 2014-15 school year and after are not comparable to prior years due to restructuring of the exam.

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

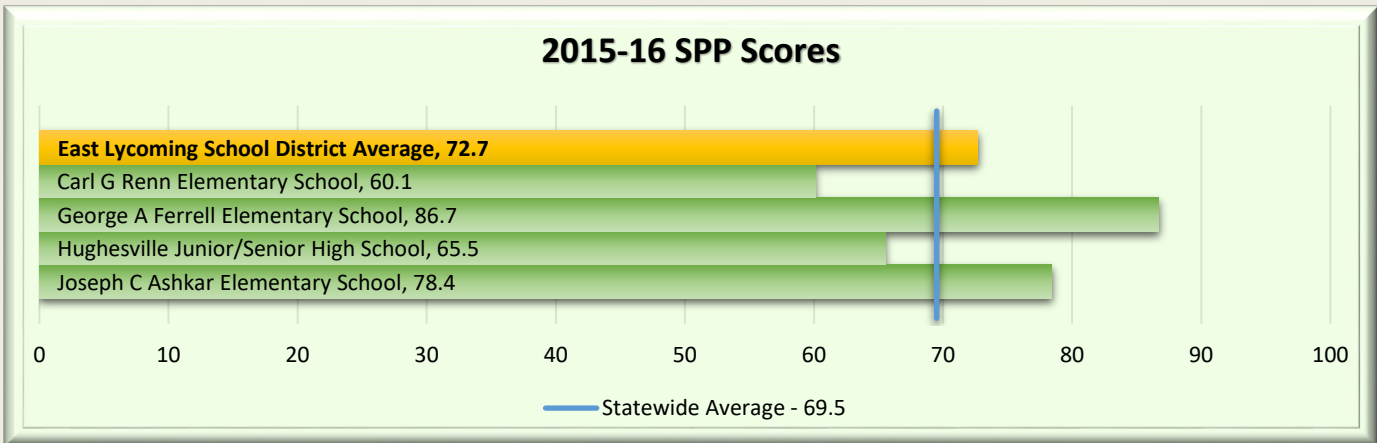


**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**

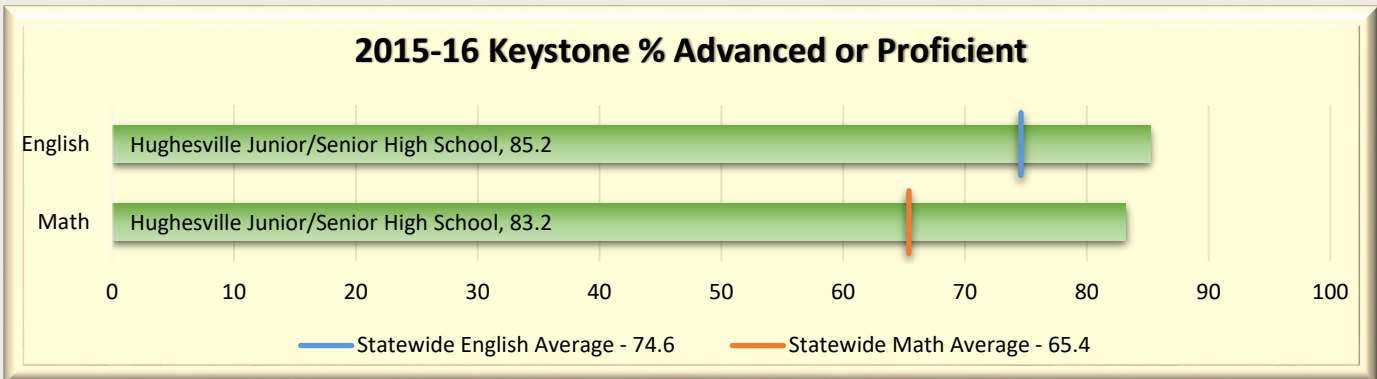


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

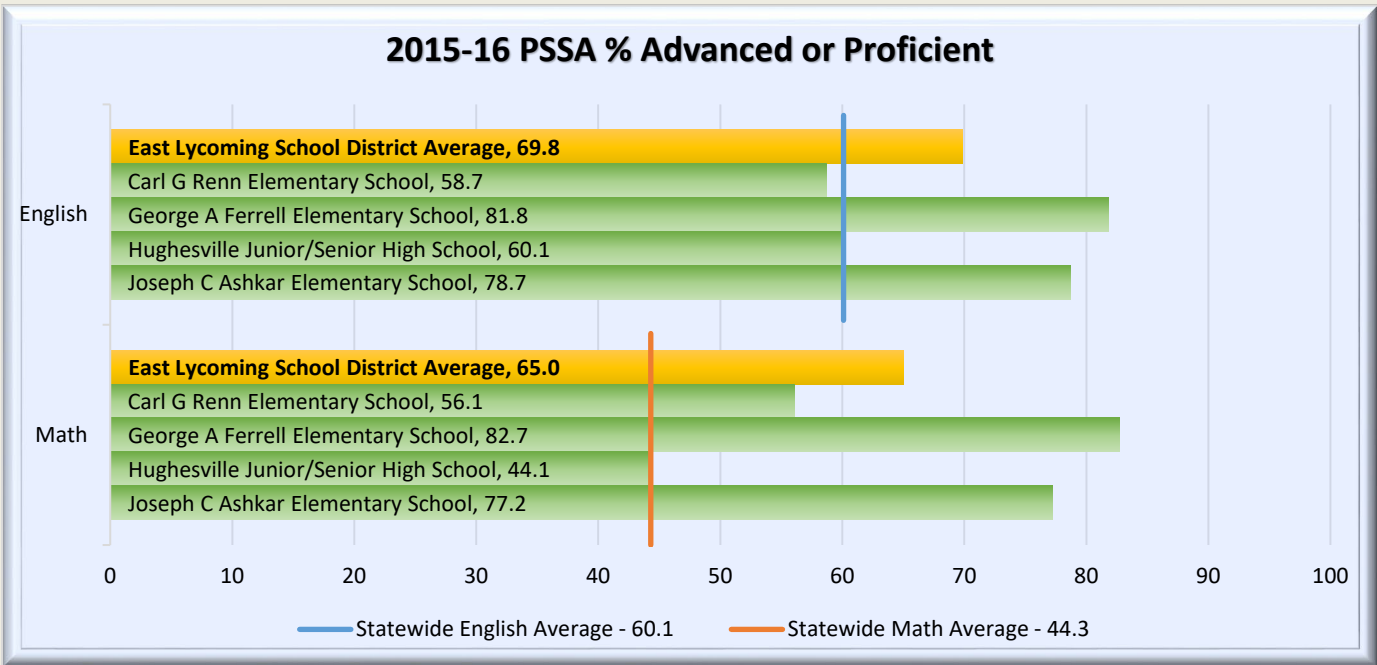
**2015-16 SPP Scores**



**2015-16 Keystone % Advanced or Proficient**

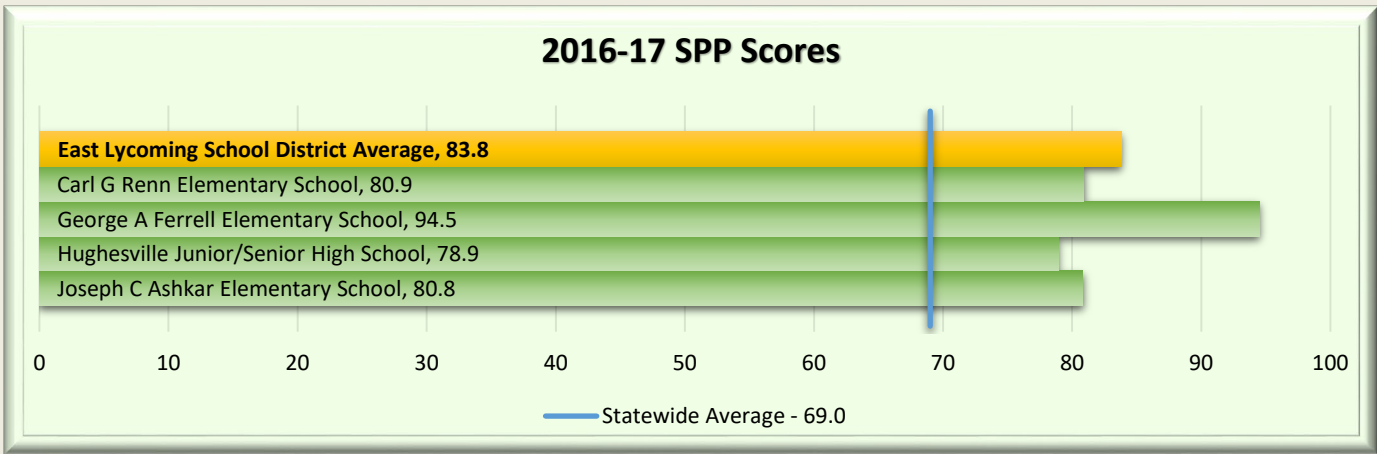


**2015-16 PSSA % Advanced or Proficient**

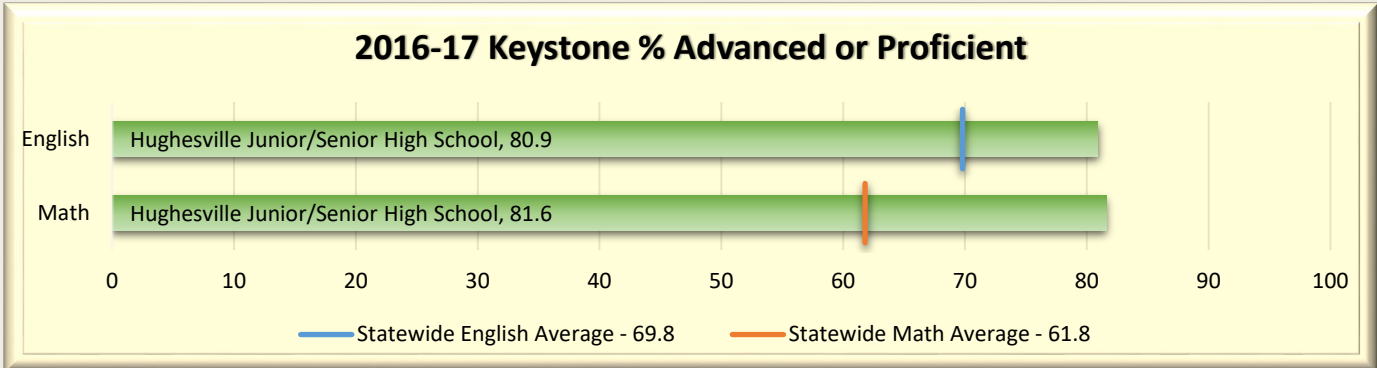


**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

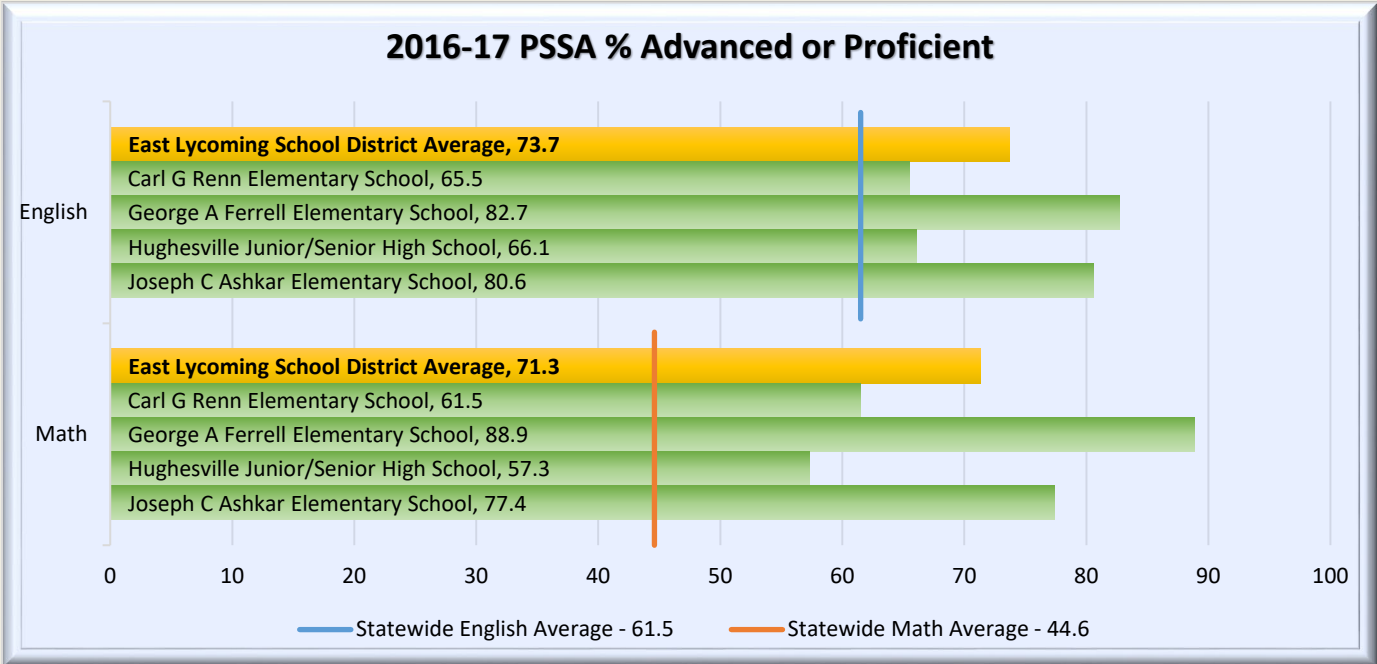
**2016-17 SPP Scores**



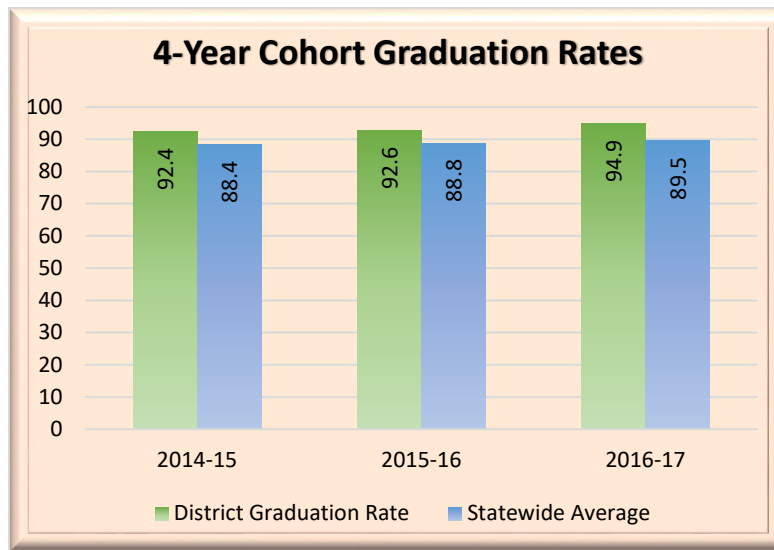
**2016-17 Keystone % Advanced or Proficient**



**2016-17 PSSA % Advanced or Proficient**



**Graduation Data**  
**District Graduation Rates Compared to Statewide Averages**



## Finding

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### Finding

### The District Inaccurately Reported the Number of Non-reimbursable Students Transported Resulting in an Underpayment of \$25,043

*Criteria relevant to the finding:*

**Student Transportation Subsidy**

The Public School Code (PSC) provides that school districts receive a transportation subsidy for most students who are provided transportation. Section 2541 (relating to Payments on account of pupil transportation) of the PSC specifies the transportation formula and criteria. *See* 24 P.S. § 25-2541.

**Total Students Transported**

Section 2541(a) of the PSC states, in part: “School districts shall be paid by the commonwealth for every school year on account of pupil transportation which, and the means and contracts providing for which, have been approved by the Department of Education, in the cases hereinafter enumerated, an amount to be determined by multiplying the cost of approved reimbursable pupils transportation incurred by the district by the district’s aid ratio. In determining the formula for the cost of approved reimbursable transportation, the Secretary of Education may prescribe the methods of determining approved mileages and the utilized passenger capacity of vehicles for reimbursement purposes.” *See* 24 P.S. § 25-2541(a).

We found that the East Lycoming School District (District) was underpaid \$25,043 in regular transportation reimbursements from the Pennsylvania Department of Education (PDE). This underpayment was due to the District inaccurately reporting the number of students transported who were not eligible for reimbursement during the 2016-17 school year. We did not find any errors in the number of students who were not eligible for reimbursement reported by the District to the PDE during the 2013-14 through 2015-16 school years.

School districts receive transportation reimbursement payments from the PDE. One reimbursement is based upon the number of students transported and the number of miles vehicles were in service both with and without students (regular transportation reimbursement). The other reimbursement is based upon the number of charter school and nonpublic school students transported by the District (supplemental transportation reimbursement). The issue discussed in this finding involves the District’s regular transportation reimbursement received.

Non-reimbursable students are defined as elementary students residing less than 1.5 miles from school and secondary students residing less than 2 miles from school, excluding special education and vocational students, as well as students who live on a Pennsylvania Department of Transportation defined hazardous route. Districts can choose to transport these students, but if transported, the District must report these students as non-reimbursable to the PDE. Districts that transport non-reimbursable students receive a reduced regular transportation reimbursement from the PDE compared to if the students were reimbursable.

It is also important to note that the Public School Code (PSC) requires that all school districts must annually file a

*Criteria relevant to the finding (continued):*

**Non-reimbursable students**

Non-reimbursable students are elementary students who reside within 1.5 miles of their elementary school and secondary students who reside within 2 miles of their secondary school. Non-reimbursable students do not include special education students or students who reside on routes determine by PennDOT to be hazardous. *See* 24 P.S. § 25-2541(b)(1).

**Sworn Statement and Annual Filing Requirements**

Section 2543 of the PSC sets forth the requirement for school districts to annually file a sworn statement of student transportation data for the prior and current school year with PDE in order to be eligible for the transportation subsidies. *See* 24 P.S. § 25-2543.

Section 2543 of the PSC, which is entitled, “Sworn statement of amount expended for reimbursable transportation; payment; withholding” of the PSC states, in part: “Annually, each school district entitled to reimbursement on account of pupil transportation shall provide in a format prescribed by the Secretary of Education, data pertaining to pupil transportation for the prior and current school year. . . . The Department of Education may, for cause specified by it, withhold such reimbursement, in any given case, permanently, or until the school district has complied **with the law or regulations** of the State Board of Education.” (Emphasis added.)

sworn statement of student transportation data for the prior and current school years with the PDE in order to be eligible for the transportation subsidies. It is essential that the District accurately report transportation data to the PDE. Further, the sworn statement of student transportation data as required by the PSC should not be filed with the state Secretary of Education unless the data has been double-checked for accuracy by personnel trained on the PDE’s reporting requirements.

The District over-reported the number of non-reimbursable students transported during the 2016-17 school year. The District inaccurately reported 310 students as non-reimbursable despite those students actually being reimbursable. This reporting error resulted in the District being underpaid \$25,043 in transportation reimbursements. The District official responsible for reporting transportation data for the 2016-17 school year incorrectly reported students who were assigned to two different vehicles on the same day (one vehicle to school and a different vehicle home from school) as non-reimbursable students. District officials stated that this error occurred due to a misunderstanding of the PDE transportation requirements that occurred after the official responsible for reporting this information attended a transportation training seminar. Once we made the District aware of the reporting errors, District officials stated that non-reimbursable students were also incorrectly reported to the PDE for the 2017-18 school year. The District is currently in the process of revising these reporting errors with the PDE.

We provided the PDE with a discrepancy form detailing the errors for the 2016-17 school year to assist them in verifying the underpayment and increasing the District’s future transportation subsidies by the amount of the underpayment.

**Recommendations**

The *East Lycoming School District* should:

1. Annually review all students categorized as non-reimbursable to ensure that these students meet the requirements to be reported as non-reimbursable students.

*Criteria relevant to the finding  
(continued):*

**Form Completion Instructions for  
PDE-2089**

Number of Non-reimbursable Pupils Transported on Contracted Vehicles: Enter the number of non-reimbursable pupils (both public and nonpublic pupils) transported on contracted service vehicles. If [a district] transports elementary pupils who reside within 1.5 miles of their school or secondary pupils who reside within 2 miles of their school who are not exceptional children or not required to use a certified hazardous walking route to reach their school, they are non-reimbursable pupils. Pupils who reside as indicated above, but are being transported to/from daycare providers located beyond those distances are still non-reimbursable. The location of their residence is the deciding factor.

2. Ensure personnel in charge of calculating and reporting the number of non-reimbursable school students transported by the District are trained with regard to the PDE's transportation reporting requirements.

The *Pennsylvania Department of Education* should:

3. Adjust the District's future allocations to correct the reimbursement underpayment of \$25,043.

**Management Response**

District management provided the following response:

“Management is in agreement with the finding related to non-reimbursable students reported on the Certification of Transportation Operations for the 2016-17 school year.

As stated in the finding, the District's Business Manager misinterpreted information provided in a training session regarding the reporting of non-reimbursable students as it relates to students with alternate bus stops for daycares, babysitters, grandparents and extended families, etc.

The District's Business Manager has corrected the same reporting error for the 2017-18 school year and the district has received the revised PDE-2576, Summary of Pupil Transportation Subsidy, from the state.

Management will annually review the students categorized as non-reimbursable and ensure that staff receives the appropriate training on PDE's transportation reporting requirements.”

**Auditor Conclusion**

We are encouraged that the District is taking measures to implement our recommendations and other corrective actions. We will determine the effectiveness of the District's corrective actions during our next audit of the District.

## **Status of Prior Audit Findings and Observations**

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**O**ur prior audit of the East Lycoming School District resulted in no findings or observations.



## **Distribution List**

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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

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Executive Director  
Pennsylvania School Boards Association  
400 Bent Creek Boulevard  
Mechanicsburg, PA 17050

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