

INTERBORO SCHOOL DISTRICT
DELAWARE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005, 2004 AND 2003,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006

WITH FINDING, OBSERVATIONS AND RECOMMENDATIONS

THROUGH APRIL 27, 2007

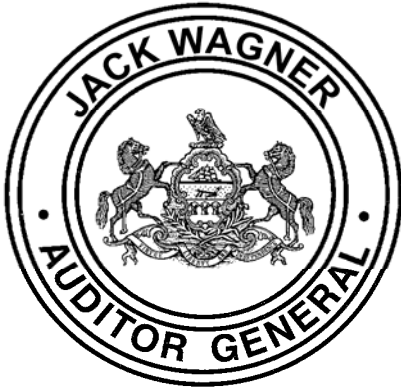


INTERBORO SCHOOL DISTRICT
DELAWARE COUNTY, PENNSYLVANIA
PERFORMANCE AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2006, 2005, 2004, AND 2003,
AND IN CERTAIN AREAS EXTENDING BEYOND JUNE 30, 2006
WITH FINDING, OBSERVATIONS AND RECOMMENDATIONS
THROUGH APRIL 27, 2007

INTERBORO SCHOOL DISTRICT
CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Background	3
Objective, Scope and Methodology	4
Conclusion	5
Supplementary Information: Schedule and Description of State Revenue Received	17
Audit Report Distribution List	21



The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

We have conducted a performance audit of the Interboro School District for the years ended June 30, 2006, 2005, 2004 and 2003, and in certain areas extending beyond June 30, 2006. Our audit was conducted pursuant to 72 P.S. § 403 and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The objective of our audit was to determine if the Interboro School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

To plan and perform our audit of the Interboro School District, we considered the district's internal controls pertinent to our audit objectives. Based on our consideration of these internal controls we determined audit procedures for the purpose of reporting on our audit objectives, but not to provide assurance on the effectiveness of the district's internal controls. However, any significant internal control deficiencies found during our audit were included in our report.

The results of our tests indicated that, in all significant respects, the Interboro School District was in compliance with applicable state laws, regulations, contracts, grants requirements, and administrative procedures falling within the scope of our audit. However, we did identify certain other weaknesses, as noted in the following finding and observations and further discussed in the Conclusion section of this report:

- Finding – Unmonitored Vendor System Access and Logical Access Control Weaknesses
- Observation No. 1 – Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications
- Observation No. 2 – Memorandum of Understanding Not Updated Timely

Independent Auditor's Report (Continued)

We believe that our recommendations, if implemented by the district, will improve the internal control weaknesses identified.

The accompanying supplementary information is presented for purposes of additional analysis. We did not audit the information and, accordingly, express no form of assurance on it.

Sincerely,

April 27, 2007, except for
the Finding, for which the
date was June 1, 2007

/s/
JACK WAGNER
Auditor General

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
BACKGROUND

Background

The Interboro School District is located in Delaware County and encompasses an area of 11.26 square miles. The school district has a population of 24,408, according to the 2000 federal census. The administrative offices are located at 900 Washington Avenue, Prospect Park, Pennsylvania.

According to school district administrative officials, during the 2006-05 school year, the district provided basic educational services to 3,879 pupils through the employment of 17 administrators, 282 teachers, and 273 full-time and part-time support personnel. Special education was provided by the district and the Delaware County Intermediate Unit #25. Occupational training and adult education in various vocational and technical fields were provided by the district and the Delaware County Area Vocational-Technical School.

Generally, state subsidies and reimbursements are paid in the year subsequent to the year in which the school district incurs the cost that qualifies it for the applicable subsidy or reimbursement. While the Pennsylvania Department of Education (DE) makes partial payments to the school district throughout the year, final payments are normally made in June. Refer to the Supplementary Information on pages 17 through 20 of this report for a listing of the state revenue the district received during the 2006-05, 2005-04, 2004-03 and 2003-02 school years and for descriptions of the state revenue received by category.

In July of each year, the Commonwealth's Labor, Education and Community Services, Comptroller's Office confirms the payments that were made by DE throughout the prior fiscal year. School district annual financial reports and the related certified audits of the payments are not available before October 31st of the following fiscal year.

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT
OBJECTIVE, SCOPE AND METHODOLOGY

OBJECTIVE AND SCOPE

Our audit objective was to determine if the Interboro School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

The scope of our audit covered the years ended June 30, 2006, 2005, 2004 and 2003, and in certain areas extending beyond June 30, 2006.

METHODOLOGY

Our audit was conducted under authority of 72 P.S. § 403, and does not supplant the local annual audit as required by the Public School Code of 1949, as amended (Public School Code).

The proper administration of a school district requires school board members to establish and maintain internal controls to provide reasonable assurance that specific school district objectives will be achieved. School board members are responsible for the adoption and use of policies and procedures that promote the economical and efficient conduct of assigned duties and responsibilities. In completing our audit, we obtained an understanding of the school district's internal controls as they relate to the district's compliance with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. We evaluated and tested documents, files, reports, agreements, and systems, and performed analytical procedures to the extent necessary to satisfy our audit objectives. Additionally, we interviewed selected administrators and operations personnel.

As noted in the Background section of this report, the Department of Education generally pays state subsidies and reimbursements in the fiscal year subsequent to the fiscal year in which the district incurs the qualifying cost. Because we use the payment confirmations, annual financial reports and certified audit data as supporting documentation of actual payments received in the performance of our audit, we cannot begin the field work of a school district's operations for a given year until after this information becomes available.

INTERBORO SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

CONCLUSION

The objective of our audit was to determine if the Interboro School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit.

The results of our tests indicate that with respect to the items tested, the Interboro School District complied with applicable state laws, regulations, contracts, grant requirements, and administrative procedures falling within the scope of our audit. However, we identified internal control weaknesses as noted in the following finding and observations. The finding, observations and recommendations were reviewed with representatives of the Interboro School District, and their comments have been included in this report.

Finding – Unmonitored Vendor System Access and Logical Access Control Weaknesses

The Interboro School District uses software purchased from an outside vendor for its critical student accounting applications (membership and attendance). The software vendor has remote access into the district's network servers.

Based on our current year procedures, we determined that a risk exists that unauthorized changes to the district's data could occur and not be detected because the district was unable to provide supporting evidence that they are adequately monitoring all vendor activity in their system. Further, the district does not perform formal, documented reconciliations between manual records and computerized records for membership and attendance. Since the district does not have adequate manual compensating controls in place to verify the integrity of the membership and attendance information in its data base, the risk of unauthorized changes is increased.

Unmonitored vendor system access and logical access control weaknesses could lead to unauthorized changes to the district's membership information and result in the district not receiving the funds to which it was entitled from the state.

During our review, we found the district had the following weaknesses as of June 1, 2007, over vendor access to the district's system:

- the district does not have evidence to support they are reviewing monitoring reports of user remote access and activity on the system (including vendor and district employees). There is no evidence to support that the district is performing any procedures in order to determine which data the vendor may have altered or which vendor employees accessed their system;

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

- . the district does not perform reconciliations between system generated membership and attendance reports and manually kept membership and attendance records to ensure that any unauthorized changes within the system would be detected in a timely manner;
- . the vendor uses a group userID rather than requiring that each employee have a unique userID and password;
- . the school district does not have a copy of the contract with the information technology (IT) vendor on file;
- . the school district's legal counsel has not reviewed the contract with the vendor;
- . the school district does not maintain proper documentation to evidence that terminated employees were removed from the system in a timely manner;
- . the district was unable to provide evidence that they require written authorization for adding, deleting, or changing a userID;
- . the district does not store data back-ups in a secure off-site location;
- . the district does not require written authorization prior to the updating/upgrading of key applications or changing user data;
- . the district does not have current IT policies and procedures for controlling the activities of vendors/consultants, nor does it require the vendor to sign the district's Acceptable Use Policy;
- . the district's Acceptable Use Policy does not include provisions for authentication (e.g., password security and syntax requirements). Further, the employees are not required to sign the policy; and

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

- the district has certain weaknesses in logical access controls. We noted that the district's system parameter settings do not require all users, including the vendor, to change their passwords every 30 days; to use passwords that are a minimum length of eight characters and include alpha, numeric and special characters; to maintain a password history (i.e., approximately ten passwords); to lock out users after three unsuccessful attempts and to log off the system after a period of inactivity (i.e., 60 minutes maximum).

Recommendations

We recommend that the district implement the following to correct vulnerabilities identified in this finding:

- the district should generate monitoring reports (including firewall logs) of the vendor and employee remote access and activity on their system. Monitoring reports should include the date, time, and reason for access, change(s) made and who made the change(s). The district should review these reports to determine that the access was appropriate and that data was not improperly altered. The district should also ensure it is maintaining evidence to support this monitoring and review;
- the district should perform reconciliations between system generated membership and attendance reports and manually kept membership and attendance records to ensure that any unauthorized changes within the system would be detected in a timely manner;
- the district should require the vendor to assign unique userIDs and passwords to vendor employees authorized to access the district system. Further, the district should obtain a list of vendor employees with remote access to its data and ensure that changes to the data are made only by authorized vendor representatives;
- the district should keep a copy of the fully executed, signed by both parties, contract with the IT vendor on file;
- the district's legal counsel should review any major contract before the school district enters into an agreement;

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

- . the district should maintain documentation to evidence that terminated employees are properly removed from the system in a timely manner;
- . the district should develop policies and procedures to require written authorization when adding, deleting, or changing a userID;
- . the upgrades/updates to the district's system should be made only after receipt of written authorization from appropriate district officials;
- . the district should store back-up tapes in a secure off-site location;
- . the district should establish separate IT policies and procedures for controlling the activities of vendors/consultants and have the vendor sign this policy, or the district should require the vendor to sign the district's Acceptable Use Policy;
- . the district's Acceptable Use Policy should include provisions for authentication (e.g., password security and syntax requirements). Further, all employees should be required to sign the policy; and
- . the district should implement a security policy and system parameter settings to require all users, including the vendor, to change their passwords on a regular basis (i.e., every 30 days). Passwords should be a minimum length of eight characters and include alpha, numeric, and special characters. Also, the district should maintain a password history that will prevent the use of a repetitive password (i.e., last ten passwords), lock out users after three unsuccessful attempts and log users off the system after a period of inactivity (i.e., 60 minutes maximum).

Response of Management

Management provided the following response to our finding:

As Superintendent of the Interboro School District, I join with the Audit Committee of the Board of School Directors and [the] Director of Finance, in taking exception to the term "FINDING" rather than "OBSERVATION" being applied to sections of the IT audit.

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

This specific audit has never been done in the past. It would be appreciated if, when changing the auditing process, the Auditor General allows school districts the opportunity to prepare for the audit by giving notice in the year prior to the implementation of the change. Since this did not occur, we are objecting to the use of the term “FINDING” rather than “OBSERVATION” in the final audit report. Thank you for considering this recommendation.

1. The district does not have evidence to support they are reviewing monitoring reports of user remote access and activity on the system (including vendor and district employees). There is no evidence to support that the district is performing any procedures in order to determine which data the vendor may have altered or which vendor employees accessed their system.

Response

The District will keep a log of the Vendor activities in the future that will list the data that is being reviewed and the person reviewing it. No employee has access to the system remotely.

2. The district does not perform reconciliations between system generated membership and attendance reports and manually kept membership and attendance records to ensure that any unauthorized changes within the system would be detected in a timely manner.

Response

The District has reviewed its attendance recording procedures and will put into place a new and more consistent process across all schools. The District is also in the process of purchasing new software that will assist in membership and attendance recording. Finally, a manual back-up procedure will be centralized for reconciliatory purposes.

3. The vendor uses a group userID rather than requiring that each employee have a unique userID and password.

Response

The district will request that the vendor supply individual userID's for their employees.

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

4. The school district does not have a copy of the contract with the IT vendor on file.

Response

The District does have copy of an agreement dated September 25, 1996 and approved by the School Board in October 1996. Subsequent maintenance agreements are approved annually by the School Board.

5. The school district's legal counsel has not reviewed the contract with the vendor.

Response

In September 2004 the district solicitor reviewed the agreement and posed an Addendum. No evidence at this time that the proposed addendum was executed. District will review its records for the executed addendum and if not located take steps to update it for approval.

6. The school district does not maintain proper documentation to evidence that terminated employees were removed from the system in a timely manner.

Response

The district will develop forms and procedures for adding or removing employees.

7. The district was unable to provide evidence that they require written authorization for adding, deleting, or changing a userID.

Response

The district will develop forms and procedures for adding, deleting and changing a userID.

8. The district does not store data back-ups in a secure off-site location.

Response

The district will return to the process of storing the backup tapes at the High School on a daily basis.

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

9. The district does not require written authorization prior to the updating/upgrading of key applications or changing user data.

Response

The district will develop forms and procedures for updating/upgrading key applications or changing user data that will be authorization by their Supervisor.

10. The district does not have current IT policies and procedures for controlling the activities of vendors/consultants, nor does it require the vendor to sign the district's Acceptable Use Policy.

Response

The district will request that the vendor sign the district's Acceptable Use Policy.

11. The district's Acceptable Use Policy should include provisions for authentication (e.g., password security and syntax requirements). Further, the policy is not required to be signed by the employees.

Response

The district will distribute to all employees a copy of the Acceptable Use Policy and require them to sign and return it to keep on file.

12. The district has certain weaknesses in logical access controls. We noted that the district's system parameter settings do not require all users, including the vendor, to change their passwords every 30 days; to use passwords that are a minimum length of eight characters and include alpha, numeric and special characters; to maintain a password history (i.e., approximately ten passwords); to lock out users after three unsuccessful attempts and to log off the system after a period of inactivity (i.e., 60 minutes maximum).

Response

The district [will] require all users, including the vendor, to change their passwords every 30 days; to use passwords that are a minimum length of eight characters and include alpha, numeric and special characters; to maintain a password. The system is already set to lock out users after three unsuccessful attempts. We will look into logging off the system after a period of inactivity (i.e., 60 minutes maximum).

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Finding (Continued)

Auditor's Conclusion

In our professional opinion, we believe that the lack of computer controls, combined with the absence of compensating manual controls constitutes a significant deficiency in internal controls and warrants classification as a finding rather than as an observation. Further, we do not provide districts or other auditees with details of our audit approach in advance.

Observation No. 1 – Internal Control Weaknesses in Administrative Policies Regarding Bus Drivers' Qualifications

Section 111 of the Public School Code requires prospective school employees who would have direct contact with children, including independent contractors and their employees, to submit a report of criminal history record information obtained from the Pennsylvania State Police. Section 111 lists convictions of certain criminal offenses that, if indicated on the report to have occurred within the preceding five years, would prohibit the individual from being hired.¹

Similarly, Section 6355 of the Child Protective Services Law (CPSL) requires prospective school employees to provide an official child abuse clearance statement obtained from the Pennsylvania Department of Public Welfare. The CPSL prohibits the hiring of an individual determined by a court to have committed child abuse.²

The ultimate purpose of these requirements is to ensure the protection of the safety and welfare of the students transported in school buses. To that end, there are other serious crimes that school districts should consider, on a case-by-case basis, in determining a prospective employee's suitability to have direct contact with children. Such crimes would include those listed in Section 111 but which were committed beyond the five-year look-back period, as well as other crimes of a serious nature that are not on the list at all. School districts should also consider reviewing the criminal history and child abuse reports for current bus drivers on a periodic basis in order to learn of incidents that may have occurred after the commencement of employment.

¹ 24 P.S. § 1-111.

² 23 Pa.C.S. § 6355.

INTERBORO SCHOOL DISTRICT PERFORMANCE AUDIT REPORT

Observation No. 1 (Continued)

Our review of the personnel records of all 35 bus drivers currently employed by the Interboro School District found that these individuals possessed the minimum requirements to be employed as bus drivers and that the Interboro School District had on file the required report of criminal history record information and an official child abuse clearance statement for all drivers' files that we reviewed. There was no information contained in these reports that would have prohibited the Interboro School District from hiring any of the drivers. Therefore, we concluded that the Interboro School District has satisfied the minimum legal requirements set forth in both the Public School Code and the CPSL. Additionally, there were no serious crimes identified or other information that called into question the applicant's suitability to have direct contact with children.

However, our review found that the district does not have written policies or procedures in place to ensure that they are notified if current employees have been charged with or convicted of serious criminal offenses which should be considered for the purpose of determining an individual's continued suitability to be in direct contact with children. This lack of written policies and procedures is an internal control weakness that could result in the continued employment of individuals who may pose a risk if allowed to continue to have direct contact with children.

Recommendations

The school board and district administrators should consider, in consultation with the district's solicitor:

- developing a process to determine, on a case-by-case basis, whether prospective and current employees of the district have been charged with or convicted of crimes that, even though not disqualifying under state law, affect their suitability to have direct contact with children; and
- implementing written policies and procedures to ensure that the district is notified when drivers are charged with or convicted of crimes that call into question their suitability to continue to have direct contact with children and to ensure that the district considers on a case-by-case basis whether any conviction of a current employee should lead to an employment action.

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Observation No. 1 (Continued)

Response of Management

Management agreed with the observation and provided the following response:

While it is true that the district did not and still does not have a policy or procedure for periodically checking files for clearances, the district has established a procedure where no new employees will be moved to the board without proper clearances. Upon examination by the auditors, the district can now assure interested parties that all current drivers and monitors have clearances.

Auditor's Conclusion

Management's response addresses legally required clearances for new employees. While it is true that our audit found that all current drivers have the required clearances, we reiterate that the lack of written procedures or policies addressing criminal convictions subsequent to the date of hire and for crimes not disqualifying under state law, although not legally required, is an internal control weakness that could, in the future, result in the continued employment of individuals who may nonetheless pose a risk if allowed to continue to have direct contact with children

Observation No. 2 – Memorandum of Understanding Not Updated Timely

Our review of the school's records found that the current Memorandum of Understanding (MOU) between the school and the Prospect Park Police Department was signed November 24, 1998 and has not been updated.

Section 1303-A(c) of the Public School Code requires:

All school entities to develop an MOU with local law enforcement that sets forth procedures to be followed when an incident involving an act of violence or possession of a weapon by any person occurs on school property.³

³24 P.S. § 13-1303-A(c).

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

Observation No. 2 (Continued)

Additionally, the Basic Education Circular issued by the Department of Education entitled Safe Schools and Possession of Weapons, contains a sample MOU to be used by school entities. Section VI, General Provisions item (B) of this sample states:

This Memorandum may be amended, expanded or modified at any time upon the written consent of the parties, but in any event must be reviewed and re-executed within two years of the date of its original execution and every two years thereafter. (Emphasis added)

As a result of not reviewing and re-executing the MOU every two years, there could be a break in communication between the parties involved. This internal control weakness could have an impact on law enforcement notification and response, and ultimately the resolution of a problem situation.

Recommendations

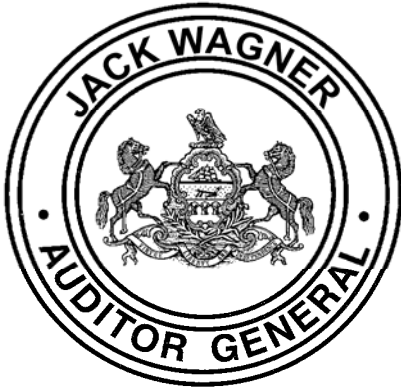
The board of directors and school administration, in consultation with the solicitor, should review, update and re-execute the current MOU between the school and the Prospect Park Police Department.

Additionally, the board of directors should adopt a policy requiring the administration to review and re-execute the MOU every two years.

Response of Management

Management agreed with the observation and provided the following:

The cause of the problem will sound like an excuse. The renewal of the MOU is the responsibility of the Assistant Superintendent. That position has been vacant for two years but recently was filled. This is a task that, quite frankly, slipped through the cracks. We have already taken steps to correct this by reviewing procedures with the new Assistant to the Superintendent.



INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Schedule of State Revenue Received

The district reported it received state revenue of \$11,990,290, \$11,458,433, \$10,618,049 and \$9,932,050, respectively, for the years ended June 30, 2006, 2005, 2004 and 2003, as detailed in the following schedule:

STATE REVENUE	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Basic Education	\$ 6,770,981	\$ 6,557,540	\$ 6,127,471	\$5,928,849
Read to Succeed	-	-	35,715	50,001
Charter Schools	30,571	25,597	23,252	27,011
School Performance Incentives	-	-	-	50,584
Tuition for Orphans and Children				
Placed in Private Homes	259,043	226,422	210,222	130,184
Homebound Instruction	12,160	11,495	5,320	3,487
Vocational Education	34	1,279	7,045	8,078
Alternative Education	13,627	15,901	17,298	-
Special Education	1,847,503	1,745,382	1,694,338	1,592,294
Transportation	370,241	351,077	458,093	457,304
Rental and Sinking Fund Payments	488,830	494,602	523,334	481,136
Health Services	83,142	85,912	84,804	85,563
Social Security and Medicare Taxes	984,195	995,612	967,545	955,848
Retirement	567,376	500,629	461,112	159,155
Other Program Subsidies/Grants:				
Pennsylvania Accountability	445,396	445,396	-	-
Education Assistance Program	115,874	-	-	-
Liquid Fuels	1,317	1,589	-	2,556
HIV/STD	-	-	2,500	-
<u>TOTAL STATE REVENUE</u>	<u>\$11,990,290</u>	<u>\$11,458,433</u>	<u>\$10,618,049</u>	<u>\$9,932,050</u>

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Description of State Revenue Received (Source: Pennsylvania Accounting Manual)

Basic Education

Revenue received from Commonwealth appropriations as subsidy for basic education.

Read to Succeed

Revenue received from the Commonwealth to ensure that all students learn to read and write by the end of the third grade.

Charter Schools

Revenue received from the Commonwealth to fund the Charter Schools initiative. The state subsidy received includes revenue for startup funding, nonpublic transfers, and transitional grants.

School Performance Incentives

Revenue received from Commonwealth appropriations to reward significant educational and school-specific performance improvements as measured by improvements in student attendance and student accomplishments.

Tuition for Orphans and Children Placed in Private Homes

Revenue received from the Commonwealth as tuition for children who are orphans and/or children who are placed in private homes by the court. Payments are made in accordance with Sections 1305 and 1306 of the Public School Code.

Homebound Instruction

Revenue received from the Commonwealth as subsidy for expenses incurred for instruction of homebound pupils. Payments are made in accordance with Section 2510.1 of the Public School Code.

Vocational Education

Revenue received from the Commonwealth as subsidy for vocational education expenditures which are classified as current operating expenditures and also for preliminary expenses in establishing an area vocational education school. Payments are made in accordance with Sections 2504, 2506 and 2507 of the Public School Code.

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Alternative Education

Revenue received from the Commonwealth as subsidy for alternative education. Alternative education is specialized educational instruction and support services to students that must be removed from regular classrooms because of disruptive behavior.

Special Education

Revenue received from the Commonwealth as subsidy for expenditures incurred for instructing school age special education students.

Transportation

Revenue received from the Commonwealth as subsidy for pupil transportation expenditures and/or board and lodging in lieu of transportation. Payments for pupil transportation are made in accordance with Section 2541 of the Public School Code. Payments for board and lodging in lieu of transportation are made in accordance with Section 2542 of the Public School Code. This revenue also includes subsidy for the transportation of nonpublic and charter school students.

Rental and Sinking Fund Payments

Revenue received from the Commonwealth as a full or partial subsidy payment for approved lease rentals, sinking fund obligations, or any approved district debt obligations for which the Department of Education has assigned a lease number.

Health Services

Revenue received from the Commonwealth as subsidy for health services. Payments are made in accordance with Section 2505.1 of the Public School Code and include revenue for medical, dental, nurse and health services.

Social Security and Medicare Taxes

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of the Social Security and Medicare taxes for covered employees who are not federally funded.

Retirement

Revenue received from the Commonwealth as subsidy designated as the Commonwealth's matching share of the employer's contribution of retirement contributions for active members of the Public School Employees' Retirement System.

INTERBORO SCHOOL DISTRICT
PERFORMANCE AUDIT REPORT

SUPPLEMENTARY INFORMATION
[UNAUDITED]

Other Program Subsidies/Grants

Revenue received from the Commonwealth not specified elsewhere.

BUREAU OF SCHOOL AUDITS

AUDIT REPORT DISTRIBUTION LIST

This report was initially distributed to the superintendent of the school district, the board members, and the following:

The Honorable Edward G. Rendell
Governor
Commonwealth of Pennsylvania
Harrisburg, PA 17120

The Honorable Gerald Zahorchak, D.Ed.
Secretary of Education
1010 Harristown Building #2
333 Market Street
Harrisburg, PA 17126

The Honorable Robin L. Wiessmann
State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mr. John Godlewski
Director, Bureau of Budget and Fiscal Management
Department of Education
4th Floor, 333 Market Street
Harrisburg, PA 17126

Mr. David Wazeter
Research Manager
Pennsylvania State Education Association
400 North Third Street - Box 1724
Harrisburg, PA 17105

Dr. David Davare
Director of Research Services
Pennsylvania School Boards Association
P.O. Box 2042
Mechanicsburg, PA 17055

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.