

LIMITED PROCEDURES ENGAGEMENT

South Middleton
School District
Cumberland County, Pennsylvania

January 2017



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. Alan Moyer, Superintendent
South Middleton School District
4 Forge Road
Boiling Springs, Pennsylvania 17007

Mr. Michael Berk, Board President
South Middleton School District
4 Forge Road
Boiling Springs, Pennsylvania 17007

Dear Dr. Moyer and Mr. Berk:

We conducted a Limited Procedures Engagement (LPE) of the South Middleton 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, 2015, 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 take appropriate corrective action to address the findings made in our prior audit, and were the actions taken into effect?

Dr. Alan Moyer
Mr. Michael Berk
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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.

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

January 10, 2017

cc: **SOUTH MIDDLETON SCHOOL DISTRICT** Board of School Directors

Background Information

School Characteristics 2015-16 School Year ^A	
County	Cumberland
Total Square Miles	49.03
Resident Population ^B	14,663
Number of School Buildings	4
Total Teachers	177
Total Full or Part-Time Support Staff	95
Total Administrators	16
Total Enrollment for Most Recent School Year	2,116
Intermediate Unit Number	15
District Vo-Tech School	Cumberland Perry AVTS

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

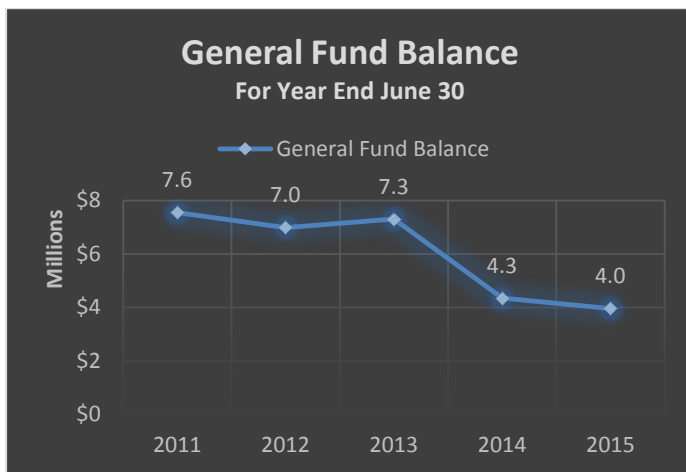
B - Source: United States Census
<http://www.census.gov/2010census>

Mission Statement^A

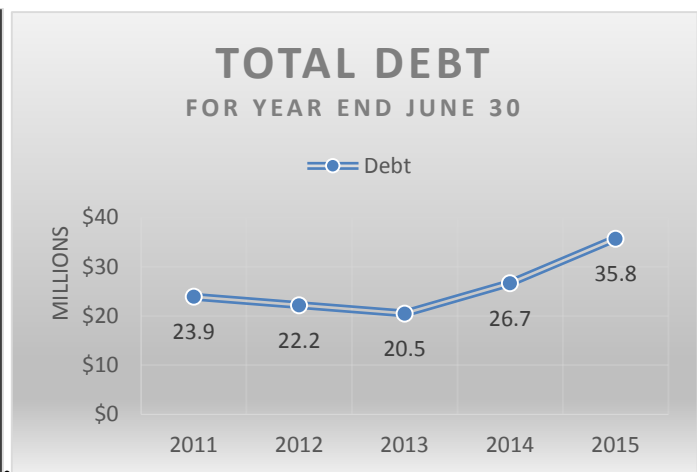
To provide a challenging education in a safe, supportive environment that empowers all students to become lifelong learners and productive, respectful citizens of our diverse and changing world.

Financial Information

The following pages contain financial information about the 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**.

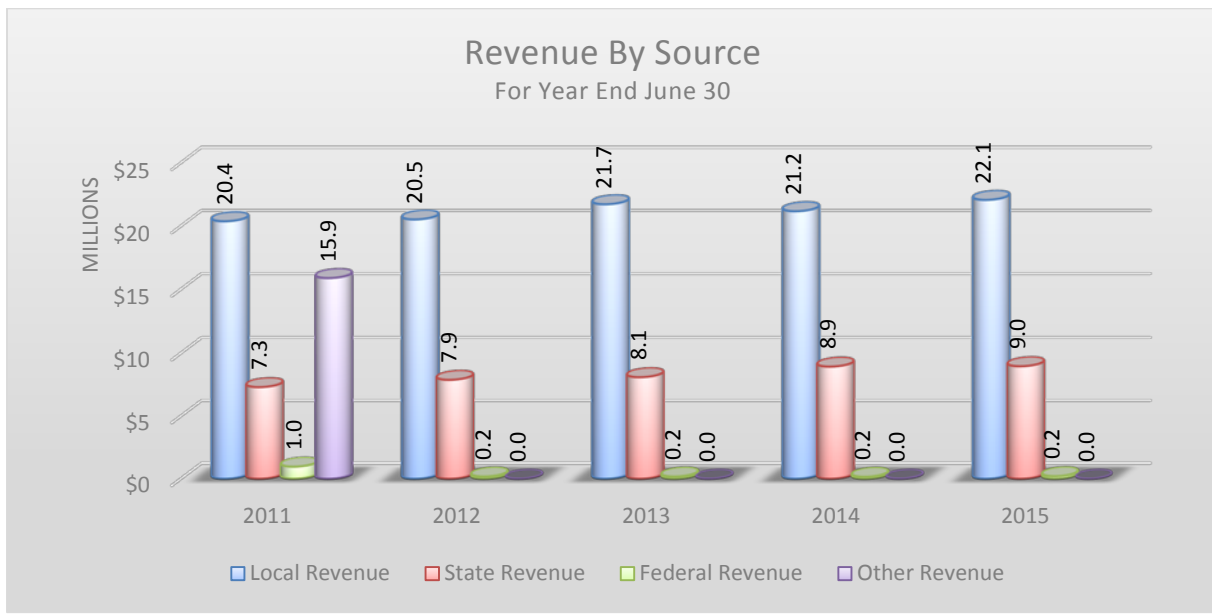
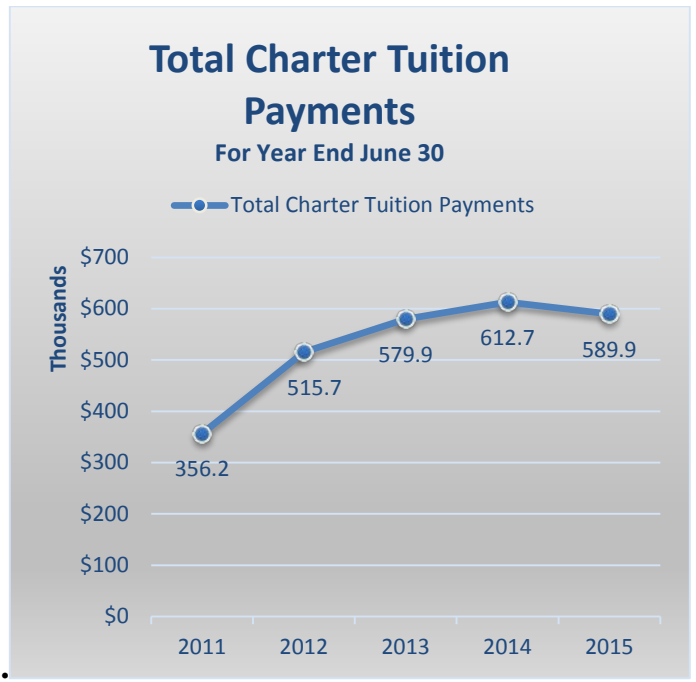
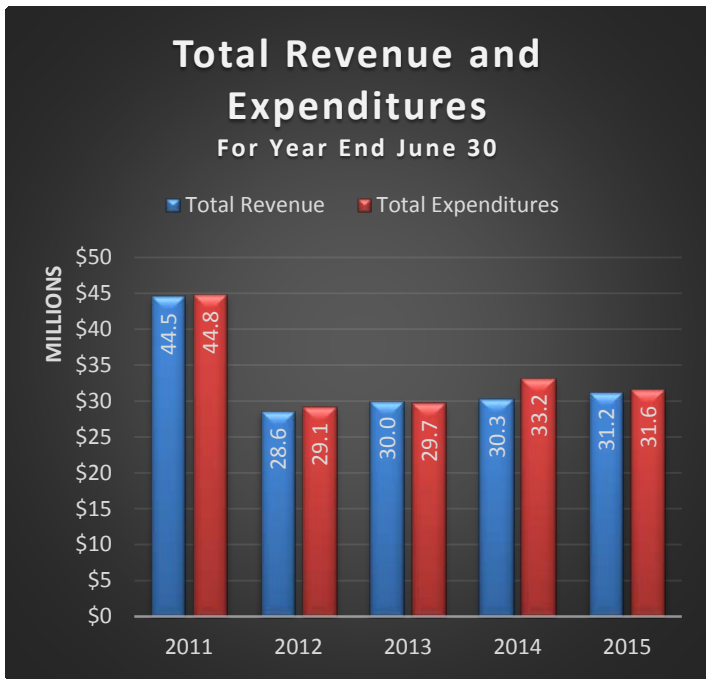


Note: General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



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

Financial Information Continued



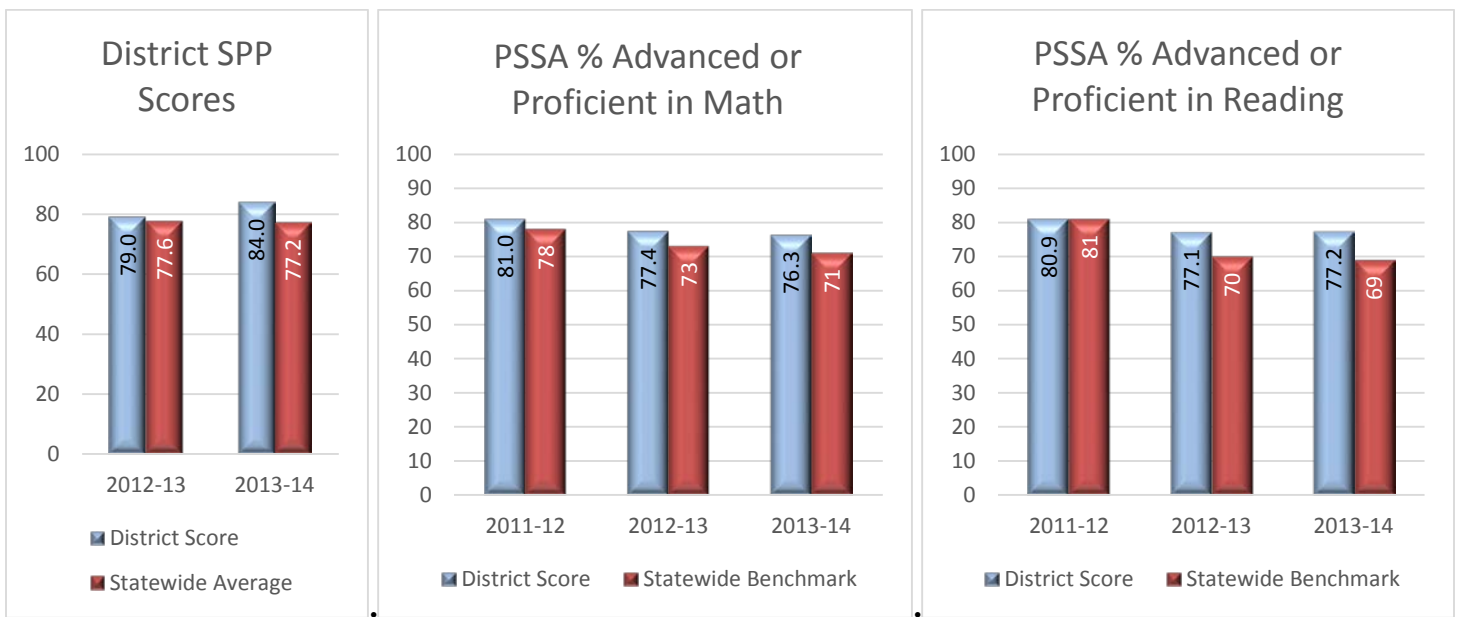
Academic Information

The following table and charts consist of School Performance Profile (SPP) scores and Pennsylvania System of School Assessment (PSSA) results for the entire District obtained from PDE's data files.¹ These scores are presented in the District's audit report for **informational purposes only**, and they were not audited by our Department.

SPP benchmarks represent the statewide average of all district school buildings in the Commonwealth.² PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.³ District SPP and PSSA scores were calculated using an average of all of the individual school buildings within the District. Scores below SPP statewide averages and PSSA benchmarks/goals are presented in red.

Districtwide SPP and PSSA Scores

District	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>South Middleton SD</i>	79.0	84.0	81.0	77.4	76.3	80.9	77.1	77.2
<i>SPP Grade⁴</i>	C	B						



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

² Statewide averages for SPP scores were calculated based on all district school buildings throughout the Commonwealth, excluding charter and cyber charter schools.

³ PSSA benchmarks apply to all district school buildings, charters, and cyber charters. In the 2011-12 school year, the state benchmarks reflect the Adequate Yearly Progress targets established under No Child Left Behind. In the 2012-13 and 2013-14 school years, the state benchmarks reflect the statewide goals based on annual measurable objectives established by PDE.

⁴ The following letter grades are based on a 0-100 point system: A (90-100), B (80-89), C (70-79), D (60-69), F (59 or below).

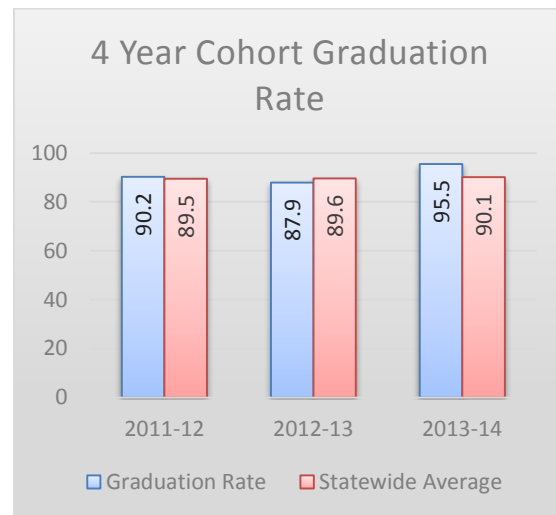
Individual School Building SPP and PSSA Scores

The following table consists of SPP scores and PSSA results for each of the District's school buildings. Any blanks in PSSA data means that PDE did not publish a score for that school for that particular year.⁵

School Name	SPP Scores		PSSA % Advanced or Proficient in Math			PSSA % Advanced or Proficient in Reading		
	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
Statewide Benchmark	77.6	77.2	78	73	71	81	70	69
Boiling Springs High School	79.0	79.3	58.7	67.1	57.0	74.1	71.9	70.3
Iron Forge Educational Center	79.2	82.2	90.0	80.7	85.6	81.0	79.0	73.5
W.G. Rice Elementary School	84.6	89.3	91.6	80.9	83.4	84.4	81.6	85.1
Yellow Breeches Middle School	73.2	85.2	83.5	80.8	79.2	83.9	76.0	80.0

4 Year Cohort Graduation Rates

The 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.⁶



⁵ PDE's data does not provide any further information regarding the reason a score was not published.

⁶ <http://www.education.pa.gov/Data-and-Statistics/Pages/Cohort-Graduation-Rate-.aspx>.

Status of Prior Audit Findings and Observations

Our prior audit of the District, released on October 2, 2013, resulted in two findings, as shown below. As part of our current engagement, 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 PDE, interviewed District personnel, and performed audit procedures as detailed in each status section below.

Auditor General Performance Audit Report Released on October 2, 2013

Prior Finding No. 1: Pupil Transportation Reporting Errors Resulted in Overpayments of \$25,002

Prior Finding Summary: Our prior audit of the District's transportation records for the 2008-09, 2009-10, 2010-11, and 2011-12 school years found that for all four school years the District improperly reported transportation data for pupils who attended extended school year education to PDE.

These errors resulted in total subsidy overpayments of \$25,002 for the 2008-09, 2009-10, and 2010-11 school years. The exact financial impact of the errors for the 2011-12 school year could not be calculated at the time of the prior audit, since there were still outstanding payments to the District; however, we estimated the 2011-12 overpayment to be \$9,458, based on preliminary transportation data.

Prior Recommendations: We recommended that the District should:

1. Review the instructions furnished by PDE to ensure that only eligible transportation data is reported for reimbursement.
2. Review years subsequent to our audit to ensure only eligible transportation data has been submitted to PDE. If ineligible data has been submitted the District should resubmit the correct information to ensure the proper subsidy is received.

We also recommended that PDE should:

3. Recover the overpayments of \$25,002 from the District for the 2008-09, 2009-10, and 2010-11 school years.
4. Recover the overpayment for the 2011-12 school year, after the District receives all subsidy payments, based on the data reported by the District to PDE.

Current Status: The District took corrective action and implemented our recommendations. The District submitted a revised report for the 2011-12 school year, which resulted in an adjustment of the subsidy for that school year and final resolution to the issue. PDE recovered revised subsidy overpayments of \$7,081 and \$9,572 for the 2008-09 and 2009-10 school years, respectively, on January 5, 2016. On September 27, 2016, PDE confirmed resolution of the overpayment of \$8,382 for the 2010-11 school year was still pending.

Prior Finding No. 2: Internal Control Weaknesses Regarding the Reporting of Membership Data

Prior Finding Summary: Our prior audit of membership data for the 2008-09, 2009-10, 2010-11, and 2011-12 school years found that for all audit years District personnel failed to reconcile the student membership data reported to PDE with the membership reports from the District's student information system (SIS). This resulted in minor discrepancies related to pupils that had withdrawn and did not re-enroll and an overstatement of 35 membership days for a nonresident child placed in a private home who was educated by the Capital Area Intermediate Unit 16. These two issues were isolated to the 2010-11 school year.

The primary issue that was noted in the 2009-10, 2010-11, and 2011-12 school years was the improper reporting of part-time area vocational-technical school (AVTS) membership days. Part-time AVTS students are normally coded as being enrolled 50 percent of the time at the District, as they are enrolled at the AVTS the other 50 percent of the time. The membership days were reported for 100 percent of the time because of improper coding within the District's SIS. The District also reported the wrong school term for the same AVTS students during the 2010-11 school year, which had a minimal impact.

Prior Recommendations: We recommended that the District should:

1. Develop and implement procedures to reconcile the District's student detail reports to final PDE reports.
2. Ensure all students are properly classified for each school calendar to ensure the proper percentage of time is reported for each student.
3. Request additional training and guidance from PDE regarding the reporting of membership data.

4. Develop written procedures for the collection and reporting of all membership data to ensure future turnover in staff does not prohibit accurate reporting of membership.
5. Review school years subsequent to our audit and, if errors are found, submit revised reports to PDE.

Current Status:

Our review confirmed the District took corrective action and implemented our recommendations.

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 Timothy Reese

State Treasurer
Room 129 - Finance Building
Harrisburg, PA 17120

Mrs. Danielle Mariano

Director
Bureau of Budget and Fiscal Management
Pennsylvania Department of Education
4th Floor, 333 Market Street
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Dr. David Wazeter

Research Manager
Pennsylvania State Education Association
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Harrisburg, PA 17105

Mr. Nathan Mains

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

This letter is a matter of public record and is available online at www.PaAuditor.gov. Media questions about the letter can be directed to the Pennsylvania Department of the Auditor General, Office of Communications, 229 Finance Building, Harrisburg, PA 17120; via email to: News@PaAuditor.gov.