

# PERFORMANCE AUDIT

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## Eastern Lebanon County School District Lebanon County, Pennsylvania

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May 2017



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General

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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Dr. David M. Zuilkoski, Superintendent  
Eastern Lebanon County School District  
180 Elco Drive  
Myerstown, Pennsylvania 17067

Ms. Carrie Boyer, Board President  
Eastern Lebanon County School District  
180 Elco Drive  
Myerstown, Pennsylvania 17067

Dear Dr. Zuilkoski and Ms. Boyer:

We have conducted a performance audit of the Eastern Lebanon County School District (District) for the period July 1, 2012, through June 30, 2015, except as otherwise indicated in the audit scope, objective, and methodology section of the report. We evaluated the District's performance in the following areas as further described in the appendix of this report:

- Sunshine Act
- Right-to-Know Law
- Bus Driver Requirements
- School Safety

The audit was conducted pursuant to Sections 402 and 403 of The Fiscal Code (72 P.S. §§ 402 and 403), and in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit found that the District performed adequately in the areas listed above.

We appreciate the District's cooperation during the course of the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale".

Eugene A. DePasquale  
Auditor General

May 15, 2017

cc: **EASTERN LEBANON COUNTY SCHOOL DISTRICT** Board of School Directors

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## Background Information

School Characteristics 2015-16 School Year <sup>A</sup>	
County	Lebanon
<b>Total Square Miles</b>	75
<b>Resident Population<sup>B</sup></b>	20,705
<b>Number of School Buildings</b>	5
<b>Total Teachers</b>	171
<b>Total Full or Part-Time Support Staff</b>	111
<b>Total Administrators</b>	13
<b>Total Enrollment for Most Recent School Year</b>	2,445
<b>Intermediate Unit Number</b>	13
<b>District Vo-Tech School</b>	Lebanon County CTC

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

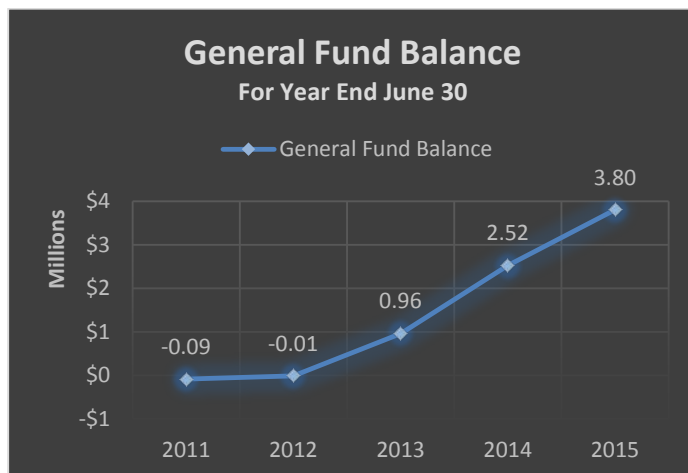
B - Source: United States Census  
<http://www.census.gov/2010census>.

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

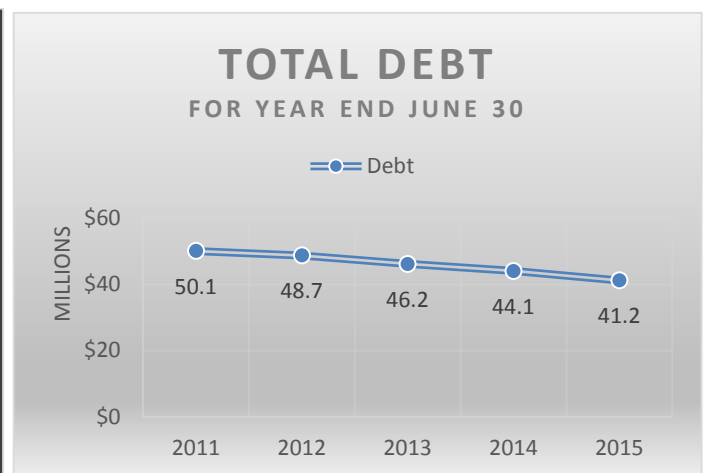
The mission of the ELCO School District is to prepare ALL students, K-12, to be successful for THEIR future.

## 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**.

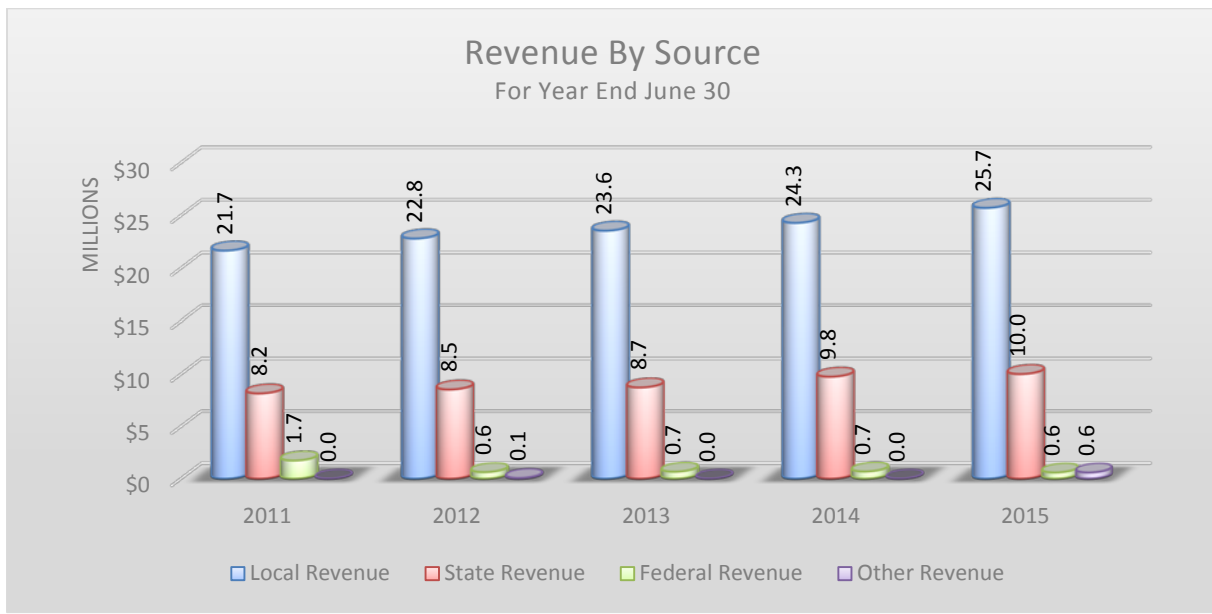
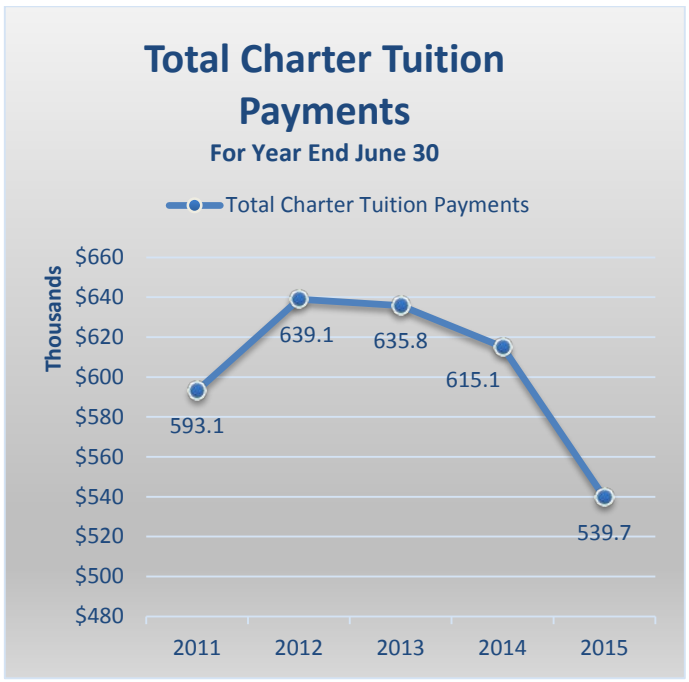
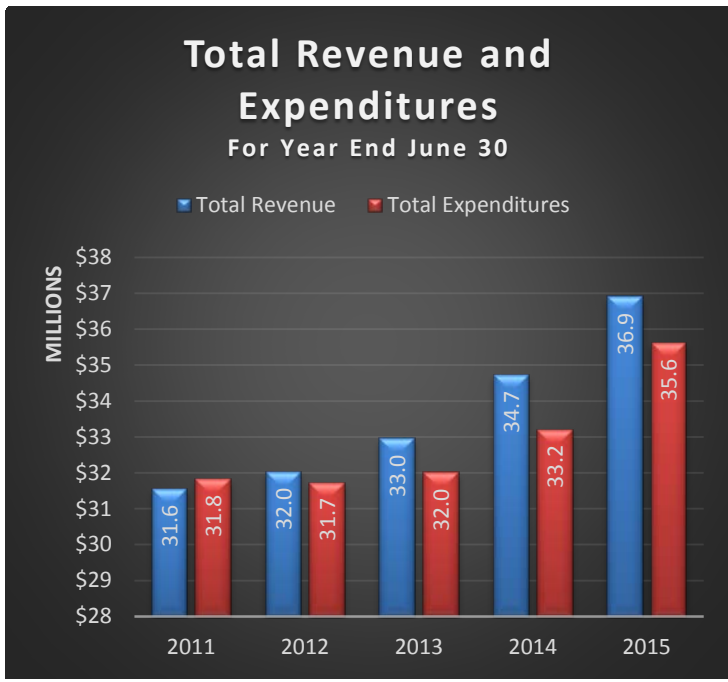


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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



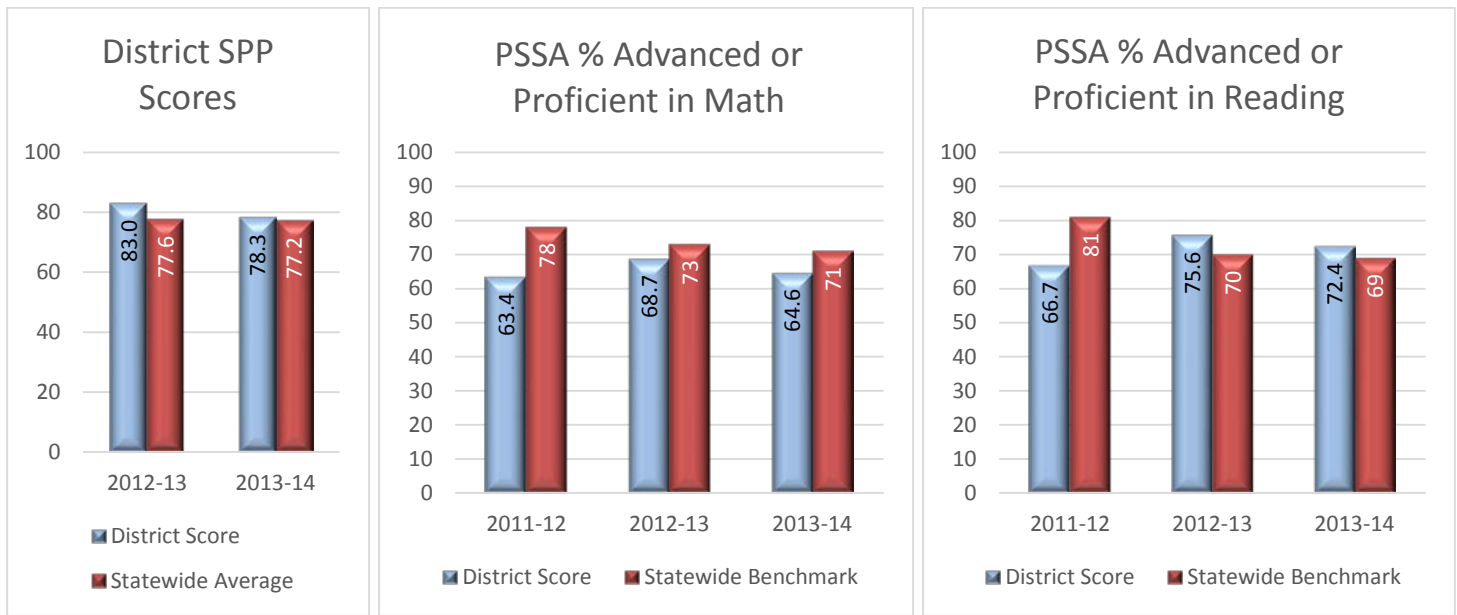
## Academic Information

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.<sup>1</sup> 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.<sup>2</sup> PSSA benchmarks and goals are determined by PDE each school year and apply to all public school entities.<sup>3</sup> 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>Eastern Lebanon County SD</i>	<b>83.0</b>	<b>78.3</b>	<b>63.4</b>	<b>68.7</b>	<b>64.6</b>	<b>66.7</b>	<b>75.6</b>	<b>72.4</b>
<i>SPP Grade<sup>4</sup></i>	<b>B</b>	<b>C</b>						



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

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

<sup>3</sup> 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.

<sup>4</sup> 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).

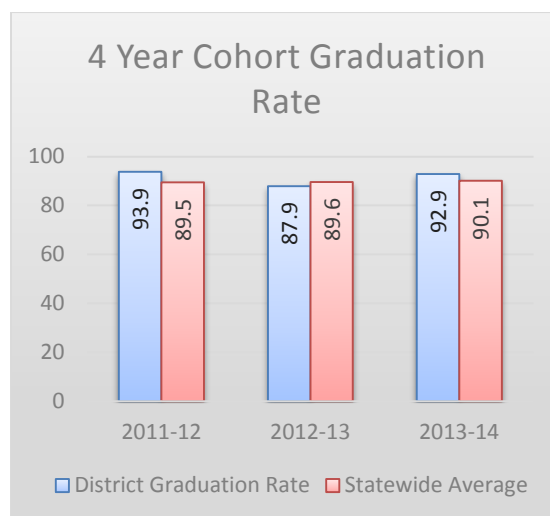
### Individual School Building SPP and PSSA Scores

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.<sup>5</sup>

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
<i>Statewide Benchmark</i>	77.6	77.2	78	73	71	81	70	69
<i>Eastern Lebanon County Middle School</i>	84.8	77.0	61.3	74.0	67.0	66.1	76.1	72.1
<i>Eastern Lebanon County Senior High School</i>	81.0	73.5	52.7	58.3	52.2	61.2	77.8	73.0
<i>ELCO Intermediate School</i>	87.0	81.6	76.3	73.7	68.9	72.9	72.9	71.2
<i>Fort Zeller Elementary School</i>	81.0	79.9			67.5			72.8
<i>Jackson Elementary School</i>	81.0	79.7			67.5			72.8

### 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.<sup>6</sup>



<sup>5</sup> PDE’s data does not provide any further information regarding the reason a score was not published.

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

## **Finding(s)**

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**F**or the audited period, our audit of the District resulted in no findings.



## Status of Prior Audit Findings and Observations

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Our prior audit of the District released on June 12, 2014, resulted in one observation, as shown below. As part of our current audit, 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 June 12, 2014

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**Prior Observation:**      **The District is Facing an Increasingly Precarious Financial Situation Including a Declining General Fund Balance and Rapidly Increasing Charter School Costs**

Prior Observation  
Summary:

Our prior review of the District's annual financial reports, independent auditor's reports, and General Fund budgets for the fiscal years ended June 30, 2009, 2010, 2011, and 2012, found that the District's General Fund balance decreased to \$190,035 at the end of the 2011-12 school year. Ongoing construction projects, increased charter school obligations, and an agreement requiring annual payback of overpaid taxes were cited as factors in the District's low General Fund balance.

Prior Recommendations: We recommended that the District should:

1. Use monthly budget status reports to scrutinize proposed expenditures for current operations and limit them to revenues received and the amounts appropriated.
2. Open a dialogue with the District's community to keep stakeholders informed of the financial status and health of the District.
3. Conduct a survey of parents sending children to a charter school to determine the reason why the District is losing more students to charter schools.

Current Status:

Our review showed that the District addressed all of our recommendations. Beginning in October 2012, the Board of School Director's (Board) receives a budget-to-actual report each month showing the District's current financial situation. We also determined that the public has an opportunity, at each public board meeting, to address any issue concerning District operations, including the financial standing of the District. Furthermore, while the District did not choose to survey parents or students on reasons for attending

charter schools, the District did implement its own Virtual Academy in an effort to retain students and reduce charter school costs. On April 18, 2011, the Board approved the Virtual Academy which began operation at the start of the 2011-12 school year. The District's current General Fund balance as of the fiscal year ending June 2016 was over \$3.6 million, which is over 11 percent of the District's expenditures for that year. The District has stabilized their financial position since our last audit.

## **Appendix: Audit Scope, Objectives, and Methodology**

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School performance audits allow the Pennsylvania Department of the Auditor General to determine whether state funds, including school subsidies, are being used according to the purposes and guidelines that govern the use of those funds. Additionally, our audits examine the appropriateness of certain administrative and operational practices at each local education agency (LEA). The results of these audits are shared with LEA management, the Governor, PDE, and other concerned entities.

Our audit, conducted under authority of Sections 402 and 403 of The Fiscal Code,<sup>7</sup> is not a substitute for the local annual financial audit required by the Public School Code of 1949, as amended. We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit.

### **Scope**

Overall, our audit covered the period July 1, 2012, through June 30, 2015. In addition, the scope of each individual audit objective is detailed on the next page.

The District's management is responsible for establishing and maintaining effective internal controls<sup>8</sup> to provide reasonable assurance that the District is in compliance with certain relevant state laws, regulations, contracts, and administrative procedures (relevant requirements). In conducting our audit, we obtained an understanding of the District's internal controls, including any information technology controls, which we consider to be significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal controls that were identified during the conduct of our audit and determined to be significant within the context of our audit objectives are included in this report.

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<sup>7</sup> 72 P.S. §§ 402 and 403.

<sup>8</sup> Internal controls are processes designed by management to provide reasonable assurance of achieving objectives in areas such as: effectiveness and efficiency of operations; relevance and reliability of operational and financial information; and compliance with certain relevant state laws, regulations, contracts, and administrative procedures.

## Objectives/Methodology

In order to properly plan our audit and to guide us in selecting objectives, we reviewed pertinent laws and regulations, board meeting minutes, annual financial reports, annual budgets, new or amended policies and procedures, and the independent audit report of the District's basic financial statements for the fiscal years July 1, 2012, through June 30, 2015. We also determined if the District had key personnel or software vendor changes since the prior audit.

Performance audits draw conclusions based on an evaluation of sufficient, appropriate evidence. Evidence is measured against criteria, such as laws, regulations, third-party studies, and best business practices. Our audit focused on the District's efficiency and effectiveness in the following areas:

- ✓ Sunshine Act
- ✓ Right-to-Know Law
- ✓ Bus Driver Requirements
- ✓ School Safety

As we conducted our audit procedures, we sought to determine answers to the following questions, which served as our audit objectives:

- ✓ Did the District comply with the relevant requirements of the Sunshine Act regarding informing the public about executive sessions?
  - To address this objective, we reviewed board meeting minutes from January 2013 through November 2016 to determine if the public was provided an acceptable reason for each of the 56 executive sessions held during that period. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District's denial of Right-to-Know requests comply with relevant requirements of the Right-to-Know Law?
  - To address this objective, we obtained all 53 Right-to-Know requests during the period from August 2013 through March 2017. We then determined that all 5 of the Right-to-Know requests that were denied were denied for valid reasons under the Right-to-Know law. Our review of this objective did not disclose any reportable issues.
- ✓ Did the District ensure that bus drivers transporting District students had the required driver's license, physical exam, training, background checks, and clearances as outlined in applicable laws?<sup>9</sup> Also, did the District have written policies and procedures governing the hiring of new bus drivers that would, when followed, provide reasonable assurance of compliance with applicable laws?

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<sup>9</sup> 24 P.S. § 1-111, 23 Pa.C.S. § 6344(a.1), 24 P.S. § 2070.1a *et seq.*, 75 Pa.C.S. §§ 1508.1 and 1509, and 22 *Pa. Code Chapter 8.*

- To address this objective, we haphazardly selected 10 of the 64 bus drivers employed by the District’s bus contractors to transport students during the 2016-17 school year. We reviewed documentation to ensure the District complied with the requirements for bus drivers. We also determined if the District had written policies and procedures governing the hiring of bus drivers and if those procedures were sufficient to ensure compliance, when followed, with bus driver hiring requirements. Our review of this objective did not disclose any reportable issues.
  
- ✓ Did the District take appropriate actions to ensure it provided a safe school environment?<sup>10</sup>
  - To address this objective, we reviewed a variety of documentation including, but not limited to, safety plans, training schedules, and anti-bullying policies. Due to the sensitive nature of school safety, the results of our review of this objective area are not described in our audit report. The results of our review of school safety are shared with District officials and, if deemed necessary, PDE.

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<sup>10</sup> 24 P.S. § 13-1301-A *et seq.*

## **Distribution List**

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This report 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

**Mrs. Danielle Mariano**

Director  
Bureau of Budget and Fiscal Management  
Pennsylvania Department of Education  
4th Floor, 333 Market Street  
Harrisburg, PA 17126

**Dr. David Wazeter**

Research Manager  
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400 North Third Street - Box 1724  
Harrisburg, PA 17105

**Mr. Nathan Mains**

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

This report is a matter of public record and is available online at [www.PaAuditor.gov](http://www.PaAuditor.gov). Media questions about the report 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](mailto:News@PaAuditor.gov).