

# LIMITED PROCEDURES ENGAGEMENT

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Kane Area School District  
McKean County, Pennsylvania

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February 2019



Commonwealth of Pennsylvania  
Department of the Auditor General

Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. Jeffrey S. Kepler, Superintendent  
Kane Area School District  
400 West Hemlock Avenue  
Kane, Pennsylvania 16735

Mrs. Claire Ann Buckley, Board President  
Kane Area School District  
400 West Hemlock Avenue  
Kane, Pennsylvania 16735

Dear Mr. Kepler and Mrs. Buckley:

We conducted a Limited Procedures Engagement (LPE) of the Kane Area 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
  - Administrator Buyout
  - The Right-to-Know Law
- 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?
- Did the District pursue a contract buyout with an administrator and if so, what was the total cost of the buyout, what were the reasons for the termination/settlement, and did the employment contract(s) comply with the Public School Code<sup>1</sup> and Public School Employees' Retirement System (PSERS) guidelines?

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<sup>1</sup> 24 P.S. § 10-1073(e)(2)(v).

- To address this objective, we reviewed the contracts, settlement agreement, and board meeting minutes, board policies, and payroll records for the three administrators who separated employment from the District during the audit period. We verified the reasons for the separations and whether the total cost of the separations was made public in a board meeting. We reviewed the contracts to ensure that they complied with the provisions on the Public School Code regarding termination, buy-out and severance provisions, and to ensure that payments were made in accordance with those agreements. Finally, we reviewed payroll records to ensure these payments were correctly reported to the PSERS.

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 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 Pennsylvania Department of Education, and other appropriate officials as deemed necessary.

We appreciate the District's cooperation during the conduct of the engagement.

Sincerely,



Eugene A. DePasquale  
Auditor General

February 12, 2019

cc: **KANE AREA SCHOOL DISTRICT** Board of School Directors

## Background Information

School Characteristics 2017-18 School Year <sup>A</sup>	
County	McKean/Elk
Total Square Miles	247.85
Number of School Buildings	3
Total Teachers	7,436
Total Full or Part-Time Support Staff	76
Total Administrators	10
Total Enrollment for Most Recent School Year	1,124
Intermediate Unit Number	9
District Vo-Tech School	Seneca Highlands Career and Technical Center

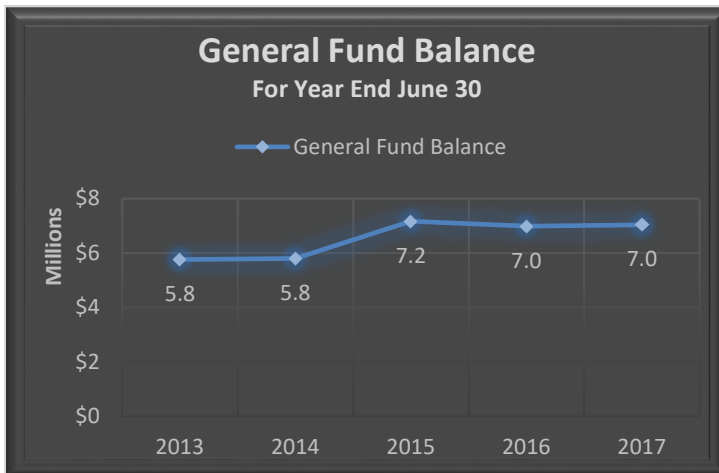
A - Source: Information provided by the District administration and is unaudited.

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

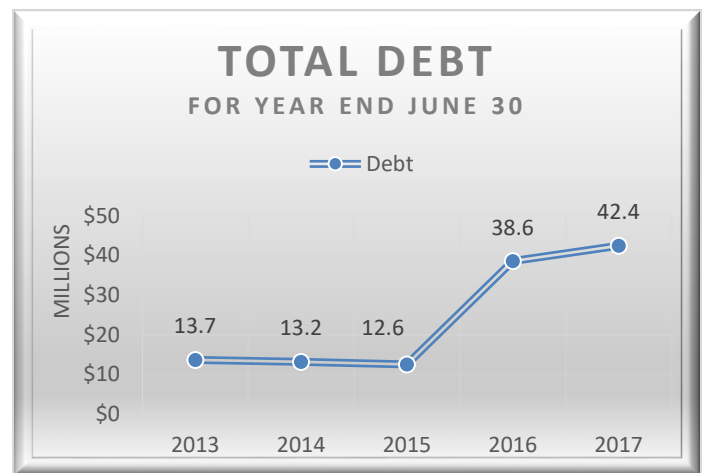
To provide students with an engaging, safe and challenging learning environment that is shared and valued by all.

## Financial Information

The following pages contain financial information about the Kane Area 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**.

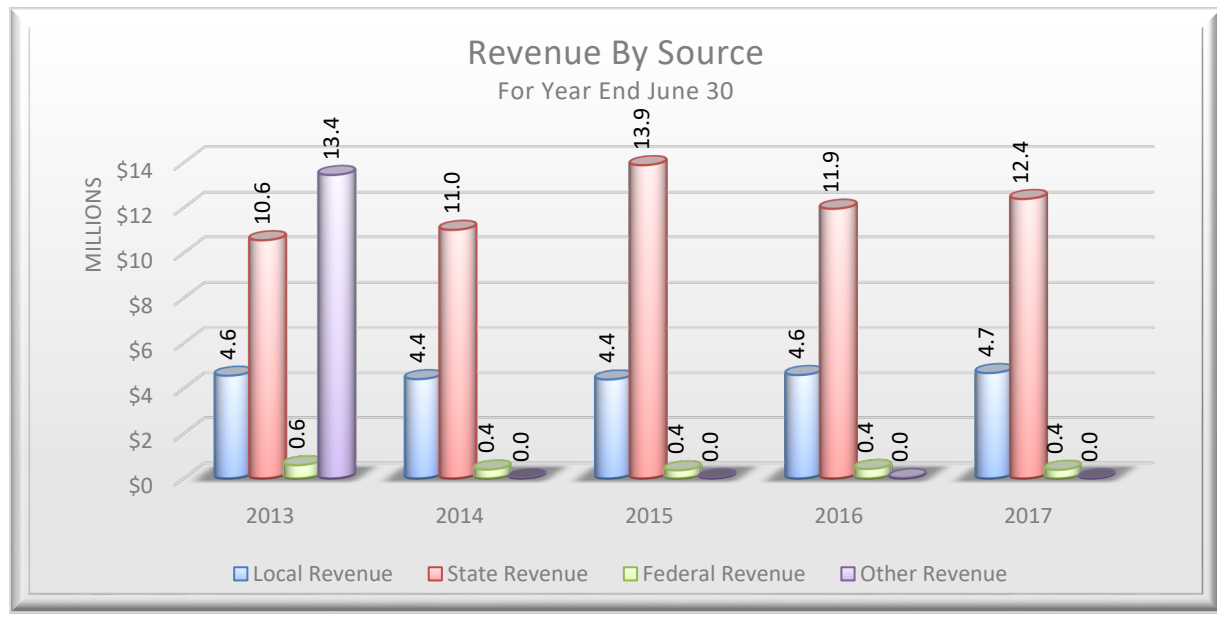
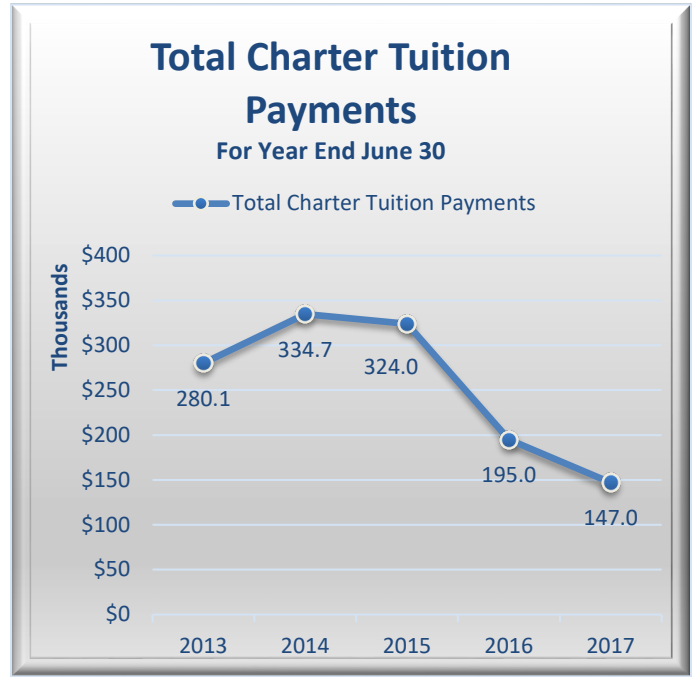
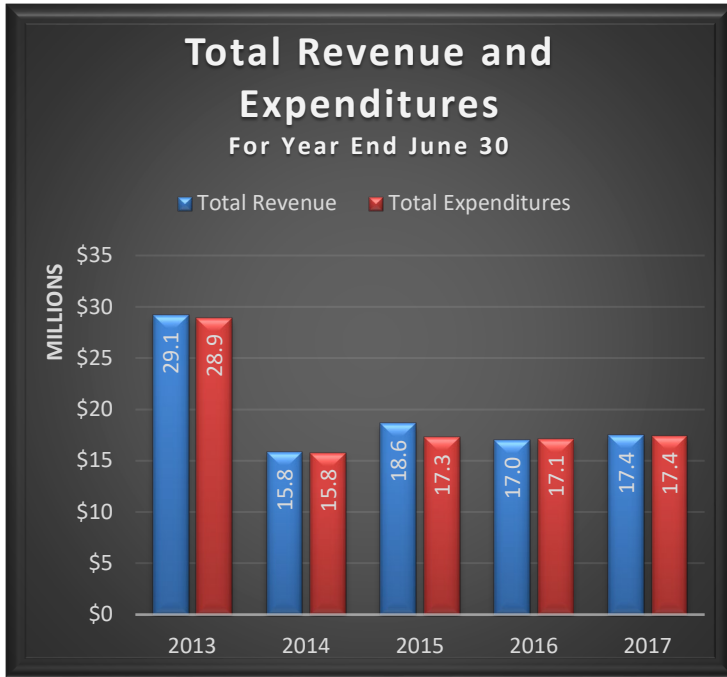


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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>2</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>3</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>4</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>5</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>6</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>2</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>3</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>4</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>5</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>6</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>7</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?**

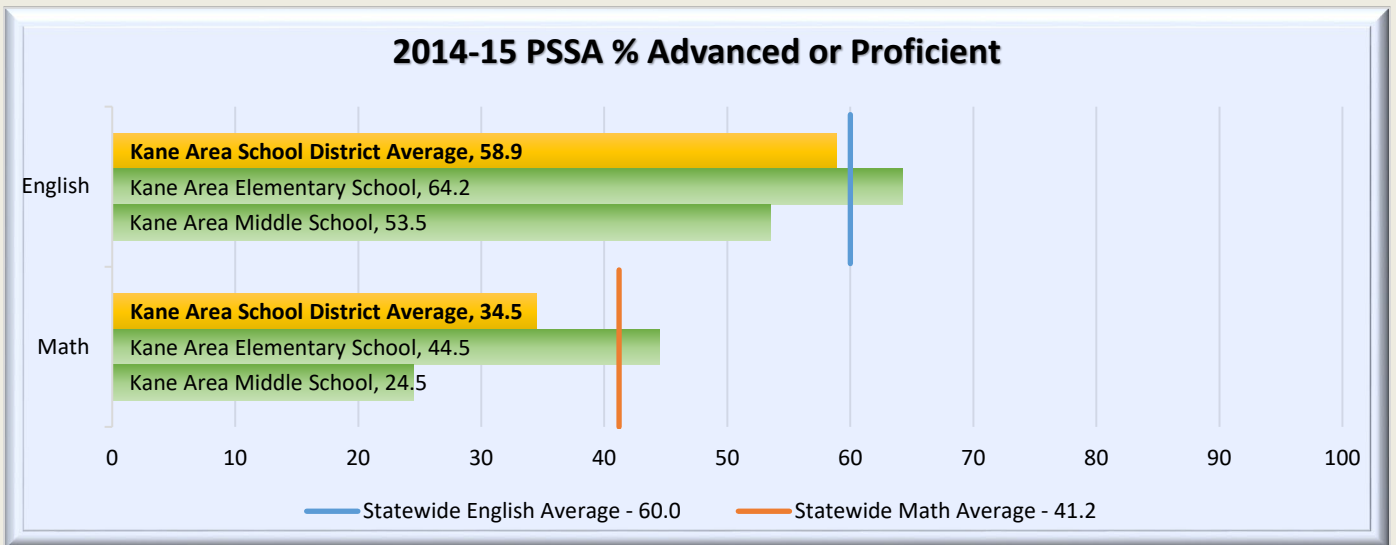
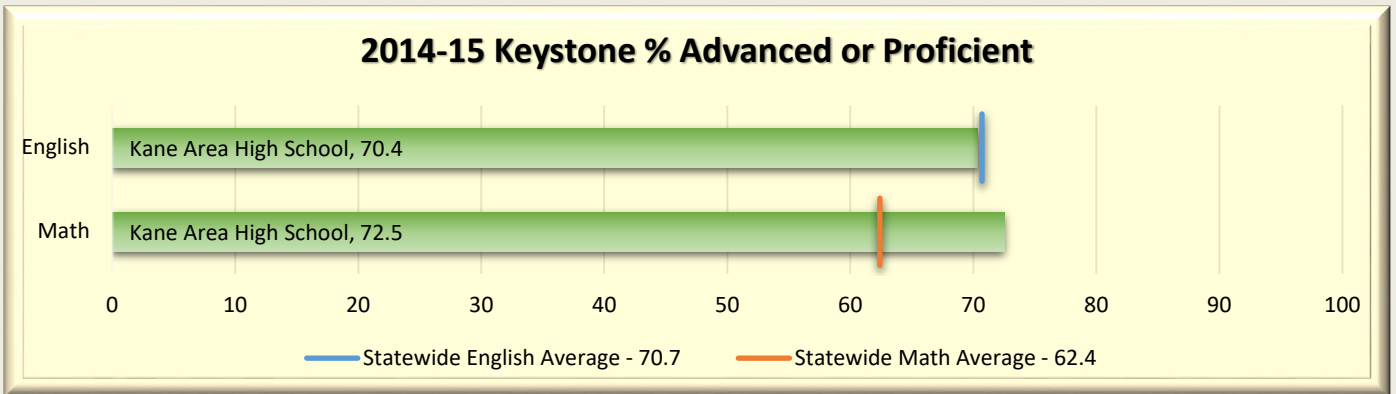
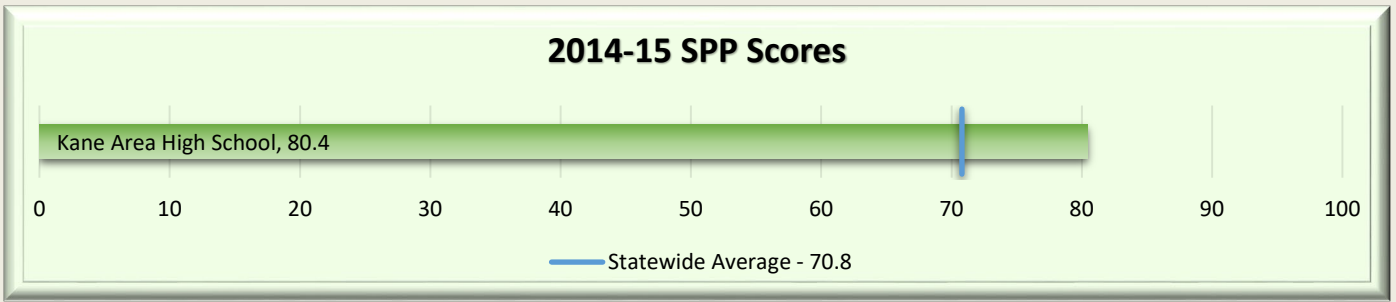
The PDE collects enrollment and graduate data for all Pennsylvania public schools, which is used to calculate graduation rates. Cohort graduation rates are a calculation of the percentage of students who have graduated with a regular high school diploma within a designated number of years since the student 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>8</sup>

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<sup>7</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>8</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>.

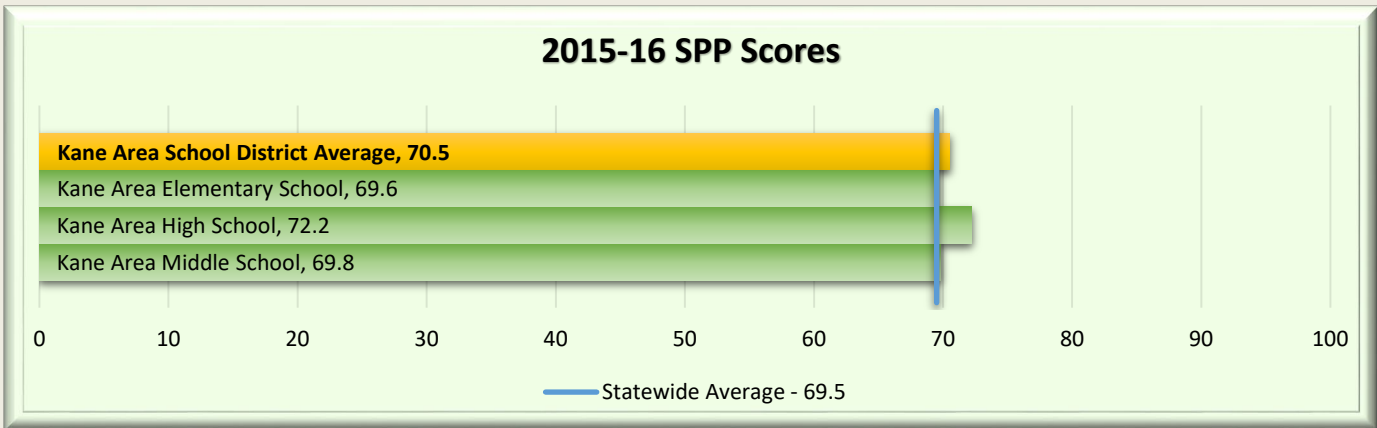
**2014-15 Academic Data**  
**School Scores Compared to Statewide Averages**



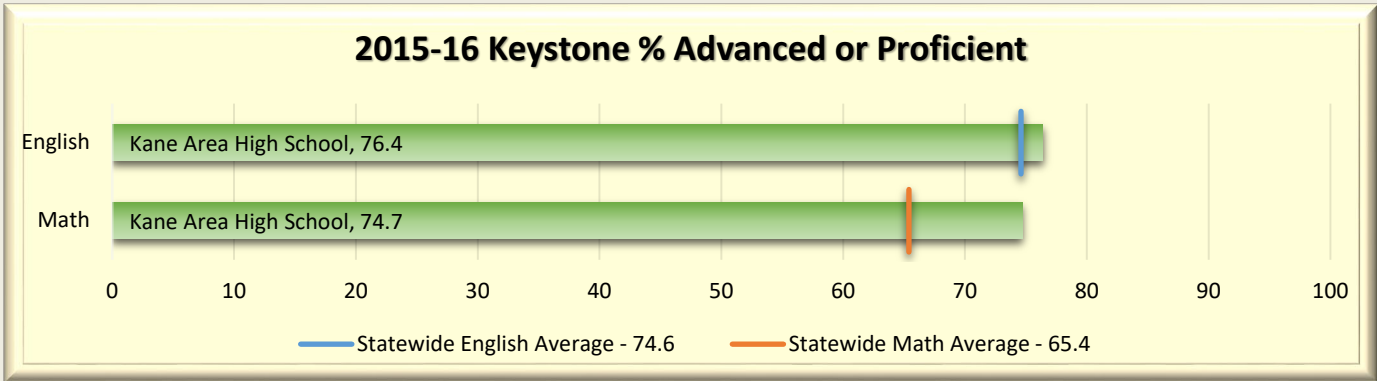


**2015-16 Academic Data**  
**School Scores Compared to Statewide Averages**

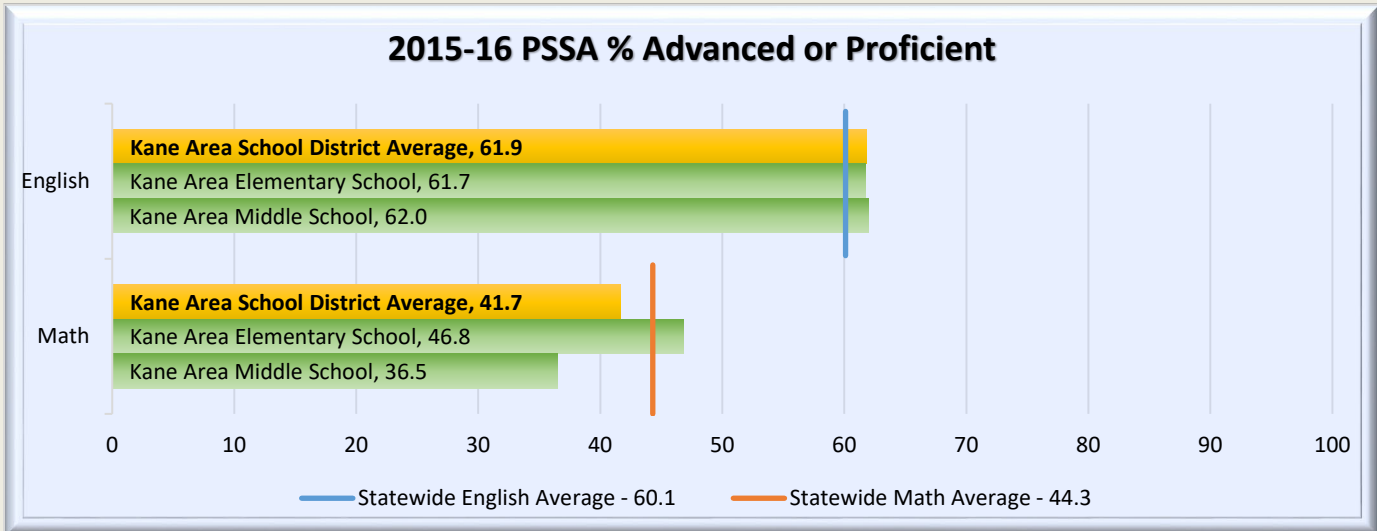
**2015-16 SPP Scores**



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

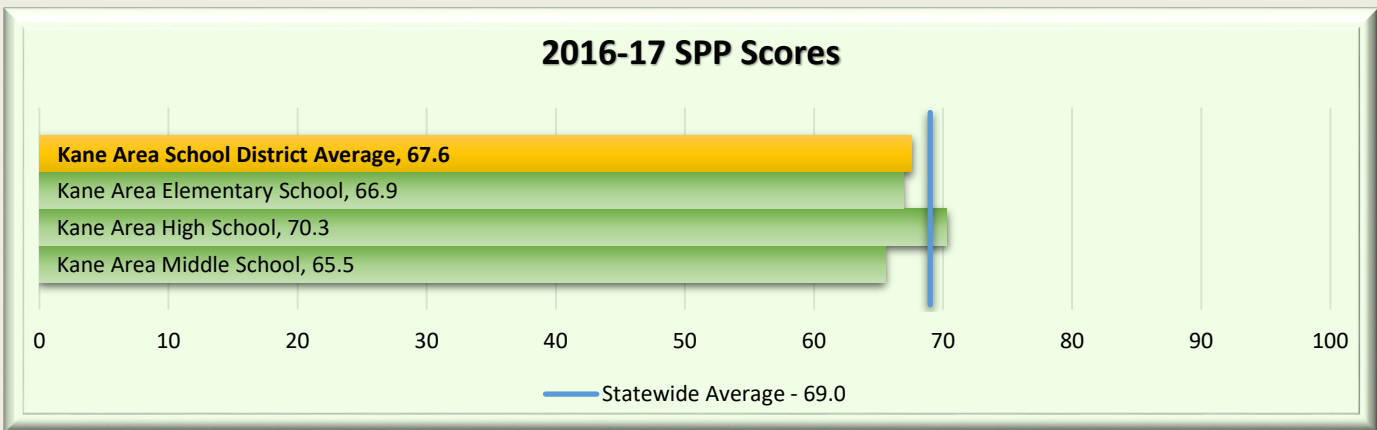


**2015-16 PSSA % Advanced or Proficient**

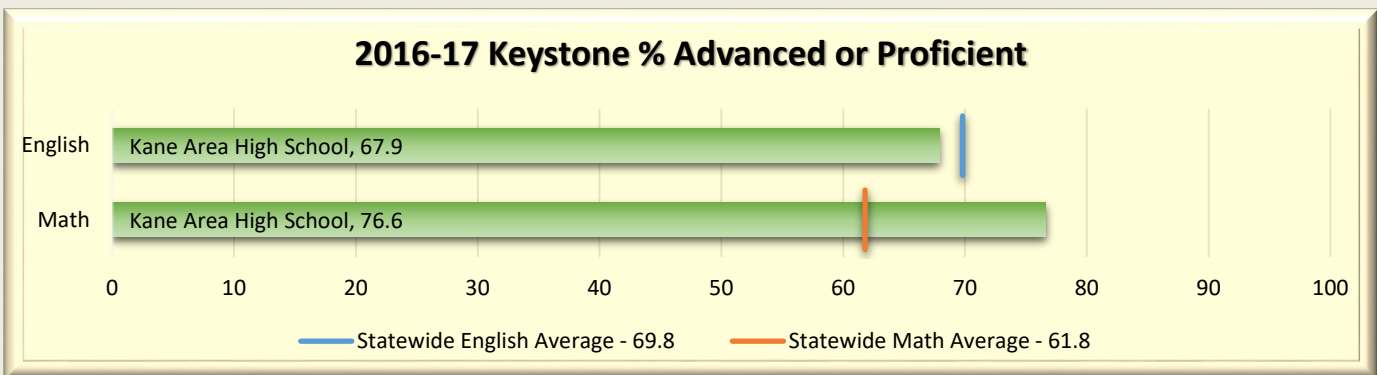


**2016-17 Academic Data**  
**School Scores Compared to Statewide Averages**

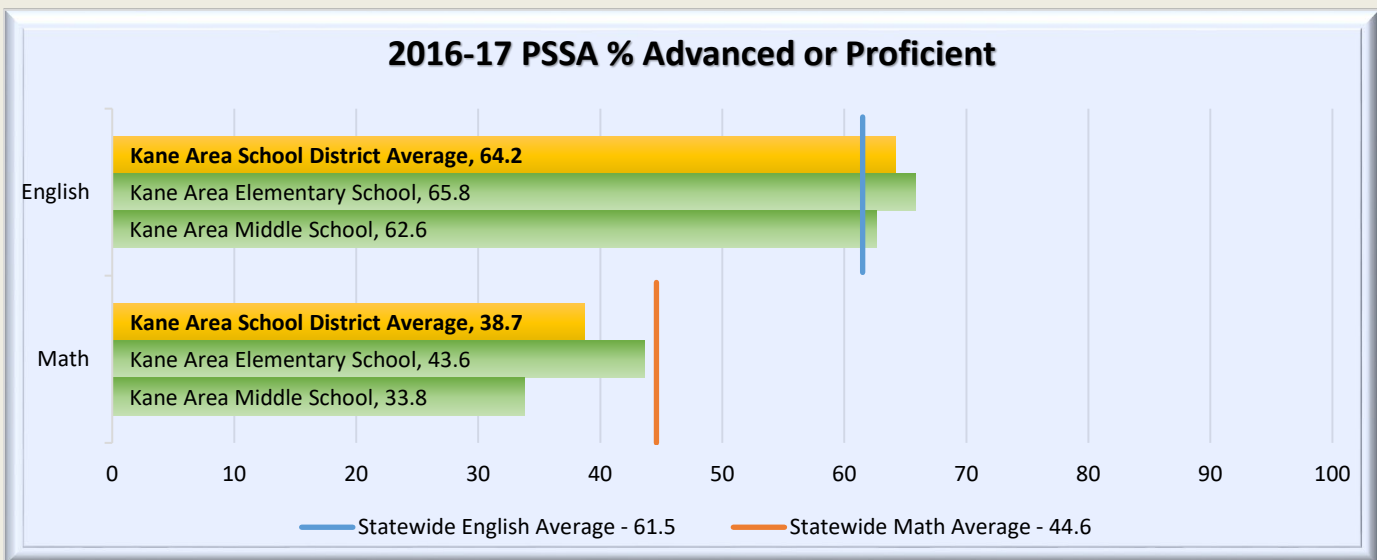
**2016-17 SPP Scores**



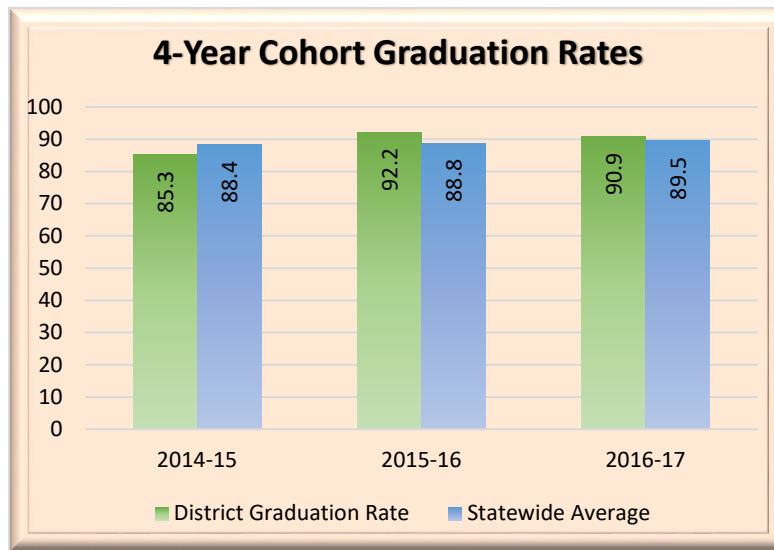
**2016-17 Keystone % Advanced or Proficient**



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



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



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

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**O**ur prior audit of the Kane Area 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

**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  
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](http://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](mailto:News@PaAuditor.gov).