

# LIMITED PROCEDURES ENGAGEMENT

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## Reynolds School District Mercer County, Pennsylvania

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June 2017



Commonwealth of Pennsylvania  
Department of the Auditor General  
Eugene A. DePasquale • Auditor General



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EUGENE A. DePASQUALE  
AUDITOR GENERAL

Mr. John Sibeto, Superintendent  
Reynolds School District  
531 Reynolds Road  
Greenville, Pennsylvania 16125

Mr. John W. Lowry, Board President  
Reynolds School District  
531 Reynolds Road  
Greenville, Pennsylvania 16125

Dear Mr. Sibeto and Mr. Lowry:

We conducted a Limited Procedures Engagement (LPE) of the Reynolds 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, 2016, 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 finding made in our prior audit?

Mr. John Sibeto  
Mr. John W. Lowry  
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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

June 21, 2017

cc: **REYNOLDS SCHOOL DISTRICT** Board of School Directors

## Background Information

School Characteristics 2015-16 School Year <sup>A</sup>	
County	Mercer
<b>Total Square Miles</b>	88
<b>Resident Population<sup>B</sup></b>	9,612
<b>Number of School Buildings</b>	2
<b>Total Teachers</b>	90
<b>Total Full or Part-Time Support Staff</b>	59
<b>Total Administrators</b>	12
<b>Total Enrollment for Most Recent School Year</b>	1,063
<b>Intermediate Unit Number</b>	4
<b>District Vo-Tech School</b>	Mercer County Career Center

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

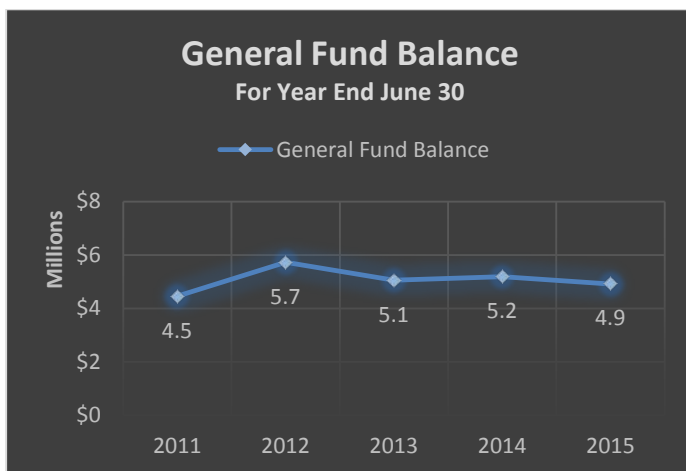
B - Source: United States Census  
<http://www.census.gov/2010census>.

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

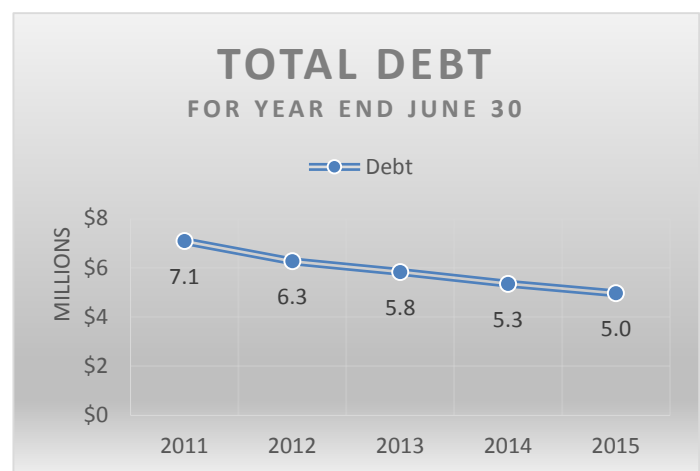
The mission statement avers the concept that all students are to be provided an excellent education, by all employees of the district, so that they may succeed in college, career and technical studies, or move directly into the workforce. Reynolds SD recognizes that this mission statement is intended to reflect the educational needs for each student to be successful in the 21<sup>st</sup> Century.

## 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**.

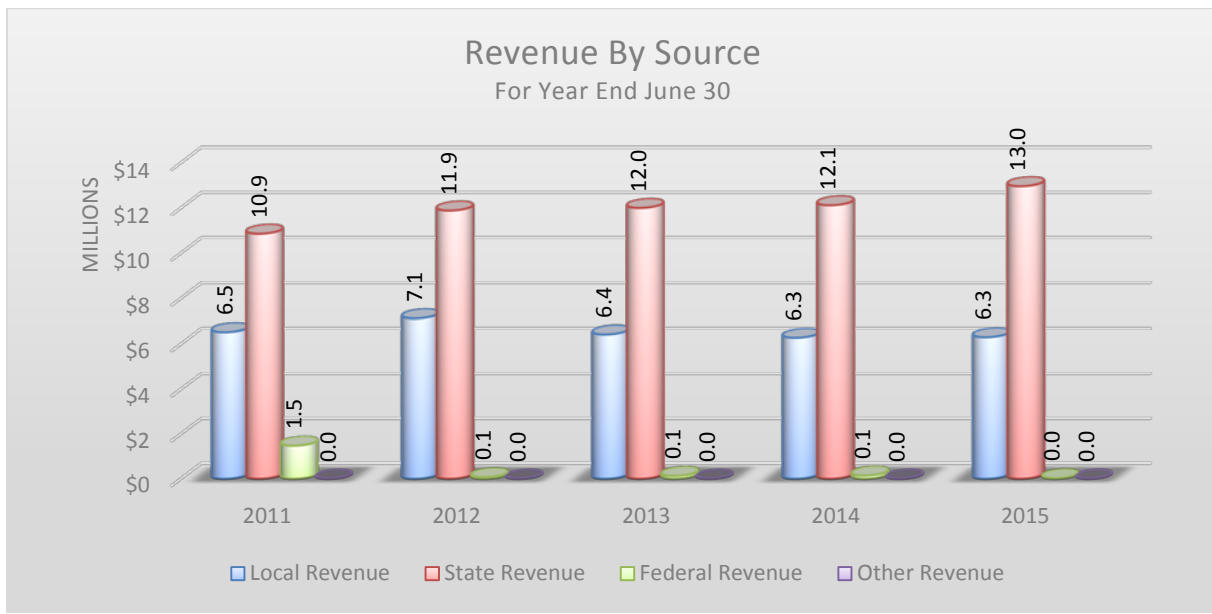
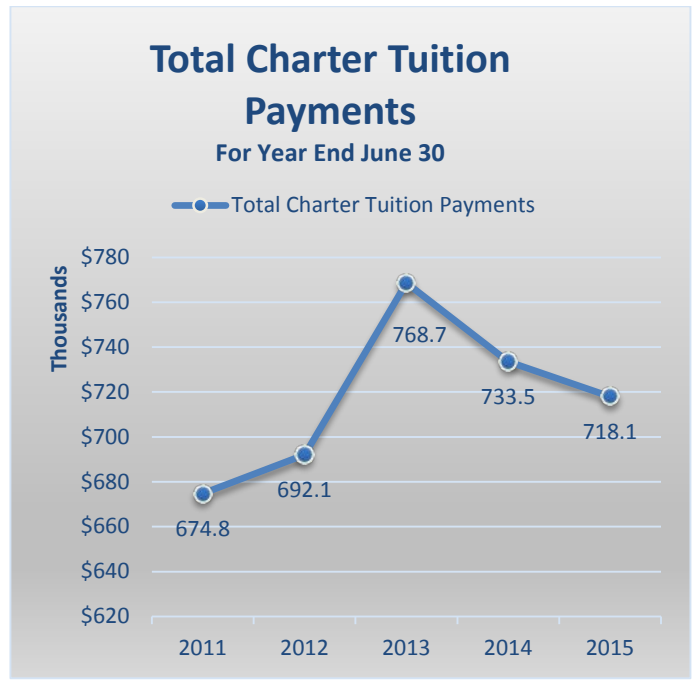
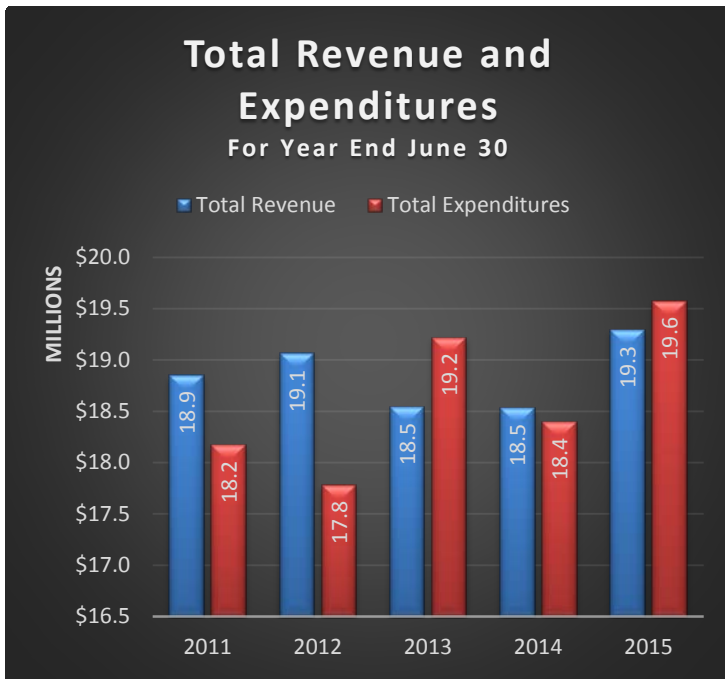


**Note:** General Fund Balance is comprised of the District's Committed, Assigned and Unassigned Fund Balances.



**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



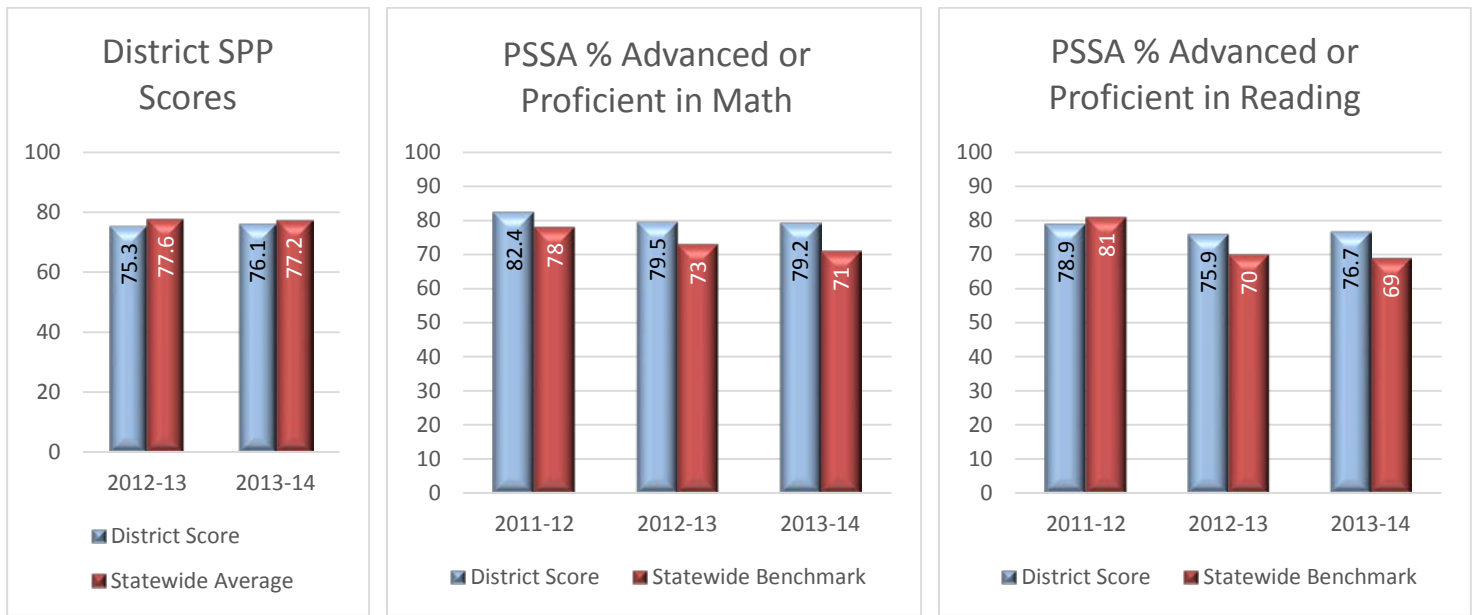
## Academic Information

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>Reynolds SD</i>	75.3	76.1	82.4	79.5	79.2	78.9	75.9	76.7
<i>SPP Grade<sup>4</sup></i>	C	C						



<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).

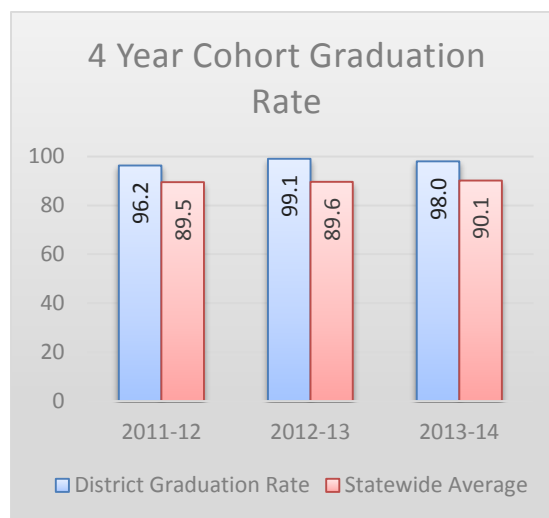
## Individual School Building SPP and PSSA Scores

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>Reynolds Elementary School</i>	77.1	80.1	89.2	84.2	84.7	79.6	74.3	76.9
<i>Reynolds Junior Senior High School</i>	73.5	72.1	75.6	74.7	73.7	78.1	77.5	76.6

## 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>.

## Status of Prior Audit Findings and Observations

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Our prior audit of the District released on March 27, 2014, resulted in one finding, 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 March 27, 2014

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**Prior Finding:** **Internal Control Weaknesses and Lack of Documentation Supporting Pupil Transportation Reimbursement**

Prior Finding Summary: During our prior audit of the District for the 2010-11 and 2011-12 school years, we found that the District did not maintain adequate supporting documentation to ensure that the District's transportation data was appropriately reported to PDE. In addition, the District did not maintain appropriate internal controls to ensure that its tax-exempt fuel was used appropriately and did not properly prepare its transportation contract.

Prior Recommendations: We recommended that the District should:

1. Send the District's transportation supervisor and the administrative support staff to training sessions relating to pupil transportation reporting and recordkeeping requirements.
2. Conduct an internal review of payments made to the District's transportation contractor to ensure the amount paid was accurately recorded and reported to PDE.
3. Prepare and maintain records on file of odometer readings between all bus stops and the school(s), as required by Chapter 23 regulations.
4. Ensure the contractor is paid in accordance with the terms of the transportation contract.
5. Review the transportation reports submitted to PDE for years subsequent to our audit and ensure the reported information is accurate and supporting documentation is on file to support all data reported for each bus.



6. Obtain a signed/detailed lease agreement with the contractor for the storage of tax-exempt fuel in accordance with the requirements of PDE.
7. Establish procedures to monitor the fuel usage to ensure all tax-exempt fuel purchased is used for transporting students to and from school only, including the separation of fuel used for extracurricular activities and pupil transportation services.

### Current Status

1. During our current review, we found that the District implemented our recommendations.

The District's Transportation Supervisor regularly attends training provided by Transfinder (the District's transportation routing software) as well as transportation webinars provided by PDE and the Pennsylvania Association of School Business Officials [PASBO].

2. The District hired an independent school business analyst on August 28, 2011, to review the transportation and other vendor contract payments to ensure the amounts reported to PDE were consistent with reporting requirements. In conjunction with the terms of a new contract, internal controls are now in place to ensure, when followed, the accuracy of payments to the contractor and accurate reporting to PDE.
3. Bus drivers provide the District with the starting and ending odometer readings for their routes. The Transfinder software, which accurately calculates the distance from the school to each bus stop using GPS data, was implemented at the beginning of the 2014-15 school year.
4. A new transportation contract was negotiated to clear up language in a number of areas, specifically the compensation section of the contract, which was modified to set a per diem rate for vehicles. This allows for the monthly invoice to be easily calculated. The new contract was signed September 18, 2013, with an addendum further clarifying contract language signed on January 14, 2014. The contract is in effect for seven successive school years effective school year 2013-14 through school year 2019-20.
5. Transfinder software was purchased in July 2014 and provides reports that assist with the PDE annual reporting requirements. The software provides more accurate accounting of loaded and unloaded miles, number of students assigned to a vehicle, and mileage from schools to the bus stops.

6. The District has a signed lease with the bus contractor. This lease concerns the contractor's use of District owned fuel storage tanks. The Lease of Fuel Storage Tanks was signed and approved by the Board of School Directors in July 2014, with the lease expiring June 30, 2020.
7. Monthly fuel usage for regular transportation is monitored by the District, with a running inventory of the fuel (diesel, gas) used and purchased. Effective November 2013, the drivers for extra-curricular activities report the fuel used for the trip, and the fuel usage is included in the inventory calculations. Fuel usage is updated on a monthly basis and reconciled annually.

## **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**

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Bureau of Budget and Fiscal Management  
Pennsylvania Department of Education  
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**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).