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## News for Immediate Release

Dec. 16, 2015

### Auditor General DePasquale Says Audit Shows School District of Pittsburgh Finances Consistently Outperform Budget Expectations

*District making financial progress despite charter school costs doubling to \$54.2 million in 2014*

**PITTSBURGH** – Auditor General Eugene DePasquale today said his latest audit shows that despite a sharp increase in charter school tuition costs, the School District of Pittsburgh’s actual financial results consistently outperformed budget expectations. The district’s general fund balance was \$129.2 million as of December 2014.

“Students and taxpayers in Pittsburgh are fortunate that the school district turned its finances around before the ongoing budget stalemate stalled state funding in Harrisburg,” DePasquale said. “Other districts across Pennsylvania are borrowing nearly \$1 billion to make up for the missing state funding. Meanwhile, at \$129.2 million, Pittsburgh school district has accumulated the largest general fund balance in the state.

“It’s refreshing to see a large urban school district balancing rising expenses, despite reduced enrollment,” he said, noting that the district’s charter school tuition costs increased by 90 percent since 2010 — to \$54.2 million in 2014 — while its overall district enrollment decreased by six percent, or 1,628 students.

Despite frequent warnings that it was headed toward financial insolvency, the district is on sound financial ground, according to the audit report. Not only did the actual financial results outperform budgets, there were actually operating surpluses from 2011 through the end of 2014. The district revised its projected insolvency dates multiple times and never reached insolvency at any time during the review period.

Operating surplus over the past four years were driven mainly by:

- lowering debt service by reducing outstanding debt by \$142 million, or 29 percent,
- reducing staffing levels to align with declining enrollment, and
- selling unused buildings that generated \$13 million in revenue.

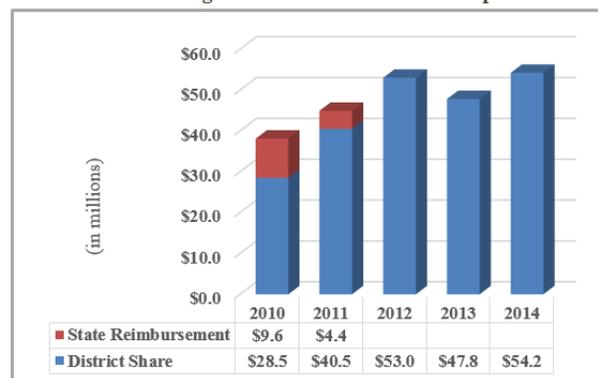
While praising the district’s current financial standing, DePasquale also had words of warning, “By consistently under-budgeting, the district may not be sufficiently ensuring that necessary resources are available to meet student needs.”

#### Land Sale

In reviewing the district’s initiative to sell unused buildings and land, the audit notes that 24 parcels of vacant land with an assessed value of \$502,200 were omitted from the initial sale initiative.

“I commend the district for creatively seeking alternative revenue by selling vacant and unused property. Fortunately, our auditors found an additional

SD of Pittsburgh: Charter School Costs Comparison



24 properties that have not been used for 50 to 90 years which could generate new revenue for the district.”

District management is now including the 24 parcels in its sale offering and working to fix county tax records that incorrectly list three of the parcels as including buildings valued at \$321,900, when all three parcels are vacant.

### **Student Data Reporting Errors**

The third finding in the audit is related to the district’s reporting of student enrollment data for 2011-12 to the Pennsylvania Department of Education (PDE). Auditors found variances in the number of non-resident students listed on the district’s internal reports and the number reported to PDE.

“I am pleased that the district agrees that it needs to improve its efforts to ensure that accurate student data is reported to PDE, because that information is used to calculate state subsidies to the district,” DePasquale said. “When the state budget is eventually resolved, I want to ensure that every dollar allotted for the School District of Pittsburgh gets into the classroom as quickly as possible.”

The School District of Pittsburgh audit report is [available online at www.PaAuditor.gov](http://www.PaAuditor.gov).

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