



## News for Immediate Release

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### **Auditor General DePasquale Provides Update to County Officials on 418 Audits Conducted in Berks County**

*More than \$29 million in questionable costs, errors, potential savings identified in school audits*

**READING, Berks County** – Auditor General Eugene DePasquale said today that of the more than 418 audits his office conducted in Berks County since 2013, the audits of eight school districts that identified more than \$29 million in questionable costs, errors and potential savings stand out.

The audit of a district court that helped lead to the discovery of the theft of more than \$112,000 in public funds is another example of how his office safeguards public monies every day, DePasquale said.

“Based on our audit reports, overall Berks County is in good shape, with the exception of a few cases,” DePasquale told a group of local business, community and government leaders during a briefing held today at the Berks County Community Foundation.

While 14 of the 24 school audits did not have findings, he said eight audits that had financial findings add up to more than \$29 million in questionable costs, errors and potential savings:

School	Audit Report	Amount	Issue(s)
<b>Kutztown Area School District</b>	July 2014	<b>\$41,266</b>	Reporting errors in non-resident students placed in private homes resulted in a reimbursement underpayment
<b>Hamburg Area School District</b>	June 2014	<b>\$2.1 million net loss</b> <b>\$2.3 million termination fee</b>	An interest rate management (“SWAP”) agreement resulted in \$4.4 million in losses and fees
<b>Oley Valley School District</b>	October 2013	<b>\$6.6 million</b>	An interest rate management “SWAP” agreement resulted in a \$6.5 million termination fee  \$30,400 in benefits paid to a former assistant superintendent was not contractually required  Reporting Errors resulted in a \$29,290 reduction in the district’s state education reimbursement
<b>Wyomissing Area School District</b>	October 2013	<b>\$22,450</b>	Pupil transportation errors resulted in a \$22,450 overpayment
<b>Boyertown Area School District</b>	September 2013	<b>\$50,050</b>	Inaccurate reporting of transportation data resulted in a \$50,050 underpayment

<b>Twin Valley School District</b>	August 2013	<b>\$49,052</b>	Inaccurate reporting of student data resulted in a \$49,052 underpayment
<b>Reading School District</b>	May 2013	<b>More than \$18 million</b>	A \$15.6 million receipt was erroneously recorded twice  There was no documentation to support \$2.8 million in revenue and expenses in empowerment grants.
<b>Schuylkill Valley School District</b>	April 2013	<b>\$33,142</b>	Ineligible retirement incentive of \$23,586 in health coverage paid to a former business manager  Inadequate documentation for students placed in private homes resulted in \$9,556 overpayment

DePasquale said that during the nine-month state budget impasse, his office tracked how much school districts and intermediate units had to borrow to keep classrooms open. Statewide he reported borrowing of nearly \$1 billion; including the Reading School District that borrowed \$20 million to cover the shortfall, which cost \$1,000 a day in interest.

### **Audit Result in Criminal Charges**

An audit of District Court 23-2-02 uncovered missing funds and other irregularities. The information was turned over to law enforcement agencies. A grand jury subsequently reviewed evidence that originated from the audit.

“As a result of our vigilance, the district magistrate judge was charged with multiple counts of theft for allegedly taking more than \$15,000 from the district court,” DePasquale said.

The investigation also revealed the district magistrate judge allegedly stole more than \$97,000 from a volunteer fire company in Berks County. He is also charged in that case. He has been suspended without pay, pending the disposition of his court cases.

“This is another example of how every day our auditors are protecting tax dollars and are making sure your tax dollars are handled properly,” DePasquale said.

### **Municipal Pensions**

Turning attention to municipal pension plan audits, DePasquale said that his office released \$7.7 million in pension aid in 2015 to Berks County municipalities with employee pension plans.

“Fifty-one of 54 municipalities in Berks County had pension plans with minimal or no distress,” he said, noting, “There were no severely distressed municipal pension plans.

“We will audit the City of Reading’s pension plans this year. During our previous audit in December 2014, the city was on the bubble between minimal distress and moderate distress. Reading is facing some issues with high employee and legacy costs and an \$85 million unfunded pension liability – the fifth largest in Pennsylvania. We want to see where their pension plans are now,” DePasquale said.

### **Volunteer Firefighter Relief Associations**

In 2015, DePasquale said his office distributed \$2 million in state aid to help 73 Volunteer Firefighter Relief Associations (VFRAs) protect their Berks County communities.

The majority of VFRA audits conducted in the county since 2013 had no, or minor, findings. In fact, 86 of the 89 VFRAs audited had two or less findings. The most common findings were for insufficient rosters or insufficient bond coverage.

### **County Offices**

DePasquale said his team conducted 21 audits of county offices since 2013, including 17 district courts.

He noted that three of the four row offices had no findings in the most recent audits.

However, he said, the Prothonotary had one finding for inadequate assesement and distribution of judicial computer access to justice fees. Management agreed and addressed the finding. Auditors will check on progress addressing the finding in the next review.

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**EDITOR'S NOTE:** All of the audit reports in Berks County are available online at:  
<http://www.paauditor.gov/audit-reports> (search by Berks County).