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# AUDITOR GENERAL

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## News for Immediate Release

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### **Auditor General DePasquale Says Pottsville Area School District Must Make Immediate Changes to Turn Around Finances**

**HARRISBURG** – Auditor General Eugene DePasquale today said that the Pottsville Area School District in Schuylkill County must do a better job of managing its finances after his latest audit found the district’s general fund balance dipped to a negative \$1.2 million.

“School district officials need to better manage the district’s finances to ensure that students are getting the best possible education,” DePasquale said. “This audit is especially alarming because in just five years, the general fund balance decreased from \$12.5 million in 2013 to a negative \$1.2 million by the end of our audit period.”

Auditors found the school board did not plan for a multi-year budget or factor the costs associated with retirements, healthcare costs, and charter schools. For example, the district failed to plan for charter school costs, which increased from \$1.7 million in 2013 to \$2.4 million in 2017. The board also approved budgets that counted on revenue that the district did not receive.

“Poor fiscal management and rising charter school costs all contributed to the general fund slipping into the red,” DePasquale said. “If immediate changes are not made, Pottsville Area School District runs the risk of being placed on financial watch status by the state.”

The audit found:

- A board-approved separation agreement cost district taxpayers more than \$200,000;
- The district inaccurately reported the number of nonpublic and charter school students it transported, resulting in a net under-reimbursement by the state of \$21,175;
- The district failed to retain the required supporting documentation for multiple components of its transportation reimbursement; and
- The district failed to conduct all required monthly fire drills and did not maintain adequate supporting documentation.

“The school board and administration must adopt a reality-based approach to budgeting while making sure to correctly report student transportation data and not leave reimbursement money on the table,” DePasquale added.

Pottsville Area School District agreed with the audit’s five findings and 17 recommendations and is working to correct the findings. Review the [Pottsville Area School District audit report](#) and learn more about the Department of the Auditor General online at [www.pauditor.gov](http://www.pauditor.gov).

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