
COMMONWEALTH OF PENNSYLVANIA



A SPECIAL INVESTIGATION OF
CITYVEST,
LUZERNE COUNTY

November 2008

JACK WAGNER, AUDITOR GENERAL
PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL



November 26, 2008

Mr. Y. Judd Shoval
Chairman, Board of Directors
CITYVEST
7 North Wilkes-Barre Boulevard
Suite 432M
Wilkes-Barre, Pennsylvania 18702

Dear Mr. Shoval:

The Department of the Auditor General's ("Department") Office of Special Investigations ("OSI") has completed an investigation of a grant awarded to CityVest by the Department of Community and Economic Development ("DCED") through the Community and Municipal Facilities Assistance Program for the "Lofts at North Main Street" project. The original scope of the project included acquisition and renovation of two blighted properties at the corner of North Main and East North Streets in the City of Wilkes-Barre. However, after CityVest acquired the properties, it conveyed them to another non-profit community development corporation (Kinship Square) which is currently in the process of redeveloping the properties for eventual lease to King's College.

Our investigation determined that:

- CityVest expended DCED grant funds totaling \$84,016.03 for purposes not authorized by the terms of the Grant Contract;
- CityVest failed to deposit DCED grant funds into a separate and special expenditures account as required by the terms of the Grant Contract; and
- CityVest failed to submit a final audit of the entire contract within 120 days after the contract termination date as required by the terms of the Grant Contract.

We urge CityVest to implement all of the recommendations made in this report. The Department of the Auditor General will follow up at the appropriate time to determine whether our recommendations have been implemented. We are forwarding a copy of this report to DCED for whatever action it deems appropriate.

This report is a public document, and its distribution is not limited. Additional copies may be obtained through the Department's web site, www.auditor.gen.state.pa.us.

Sincerely,

/S/

JACK WAGNER
Auditor General

TABLE OF CONTENTS

Executive Summary	1
Background and Introduction	3
Findings:	
<u>Finding I:</u> CityVest expended DCED grant funds totaling \$84,016.03 for purposes not authorized by the terms of the Grant Contract.....	5
Conclusion and Recommendations.....	14
<u>Finding II:</u> CityVest failed to deposit DCED grant funds into a separate and special expenditures account as required by the terms of the Grant Contract.....	15
Conclusions and Recommendations	16
<u>Finding III:</u> CityVest failed to submit a final audit of the entire contract within 120 days after the contract termination date as required by the terms of the Grant Contract.	17
Conclusions and Recommendations	18
CityVest’s Response to Draft Report.....	19
The Department of the Auditor General’s Comments on the Response of CityVest to Draft Report.....	27
Distribution List	29

EXECUTIVE SUMMARY

FINDINGS	RECOMMENDATIONS
<p><u>FINDING I:</u> CityVest expended DCED grant funds totaling \$84,016.03 for purposes not authorized by the terms of the Grant Contract.</p>	<p>We recommend that CityVest:</p> <ul style="list-style-type: none"> • Repay the additional sum of \$40,753.50 to DCED, together with all interest earned on the grant funds while on deposit in CityVest’s money market account; • Either (1) open a separate bank account for each grant, if required, or (2) establish an accounting system in which the funds from each grant, and any interest or other income or accumulations earned by said funds, is separately identifiable, and in which each expenditure is attributed to the particular grant to which it is related; and • Implement such internal controls as will ensure that grant funds are expended only for purposes authorized by the terms of the Grant Contract and that all of its contractual obligations to the Commonwealth’s funding agencies are fulfilled.
<p><u>FINDING II:</u> CityVest failed to deposit DCED grant funds into a separate and special expenditures account as required by the terms of the Grant Contract.</p>	<p>We recommend that CityVest:</p> <ul style="list-style-type: none"> • Either (1) open a separate bank account for each grant, if required, or (2) establish an accounting system in which the funds from each grant, and any interest or other income or accumulations earned by said funds, is separately identifiable, and in which each expenditure is attributed to the particular grant to which it is related; and • Implement such internal controls as will ensure that grant funds are expended only for purposes authorized by the terms of the Grant Contract and that all of its contractual obligations to the Commonwealth’s funding agencies are fulfilled.

FINDING III:

CityVest failed to submit a final audit of the entire contract within 120 days after the contract termination date as required by the terms of the Grant Contract.

We recommend that CityVest:

- Submit to DCED a final audit of the entire contract as soon as possible, if it has not already done so; and
- Implement such internal controls as will ensure that grant funds are expended only for purposes authorized by the terms of the Grant Contract and that all of its contractual obligations to the Commonwealth's funding agencies are fulfilled.

BACKGROUND AND INTRODUCTION

On September 21, 2000, Articles of Incorporation were filed with the Pennsylvania Department of State for CityVest, a not-for-profit community development corporation located in Wilkes-Barre, Luzerne County, formed to qualify under Section 501(c)(3) of the United States Internal Revenue Code. The bylaws of CityVest state that the corporation was formed:

exclusively for charitable, educational and scientific purposes . . . , including without limitation to address the following recognized social, economic and environmental needs of cities, towns and smaller urban communities; . . . and the restoration and preservation of properties of special value for historic, architectural, or esthetic reasons.¹

CityVest is governed by a seven-member board of directors (“Board”) that reflects a partnership of the local business, civic, and higher education communities. Its mission is housing and urban redevelopment.

CityVest applied for a grant from the Pennsylvania Department of Community and Economic Development (“DCED”) in the amount of \$500,000 for the acquisition and rehabilitation of properties for CityVest’s “Lofts at North Main Street” project. This project involves the rehabilitation of two historic adjoining commercial buildings located at the corner of North Main and East North Streets in Wilkes-Barre. The project narrative in the Grant Contract states, in pertinent part:

CityVest is dedicated to housing and commercial development projects to advance the economic revitalization of Northeastern Pennsylvania’s Wyoming Valley, particularly the downtown urban centers of Wilkes-Barre, Nanticoke, and Pittston. CityVest acts as developer of last resort, involved in the acquisition, rehabilitation, and sale or rental of blighted, dilapidated and underutilized properties.²

The original scope of the project included acquisition and renovation of the properties. However, after CityVest acquired the properties, it conveyed them to another non-profit community development corporation (Kinship Square) which is currently in the process of redeveloping the properties for eventual lease to King’s College.

¹ Bylaws of CityVest, Article I, Section II (“Corporate Purpose”), adopted November 10, 2000.

² DCED Contract C000016733, executed January 11, 2006, (hereinafter referred to as “Grant Contract”) Appendix A (“Project Description and Special Conditions”).

The Pennsylvania Treasury Department received a complaint alleging that CityVest conspired with unknown City of Wilkes-Barre officials in the misuse or disappearance of \$500,000 in Commonwealth grant funds provided by DCED through the Community and Municipal Facilities Assistance Program. The Treasury Department referred the matter to the Department of the Auditor General (“Department”) for investigation.

An investigation by the Department’s Office of Special Investigations (“OSI”) included the following:

- Review of the Grant Contract;
- Review of CityVest documentation associated with the project;
- Review of CityVest bank records, including checking account statements, deposit slips, and cancelled checks;
- Review of vendor invoices;
- Interviews of vendors;
- Interviews of DCED’s Chief Counsel; and
- Interviews of CityVest’s Executive Director.

The Board of Directors of CityVest was provided with a draft copy of this report for review and comment. The Board’s response is included as an appendix to this report, followed by this Department’s comments on the Board’s response.

FINDINGS AND RECOMMENDATIONS

FINDING I: CityVest expended DCED grant funds totaling \$84,016.03 for purposes not authorized by the terms of the Grant Contract.

On July 1, 2005, DCED’s Community Revitalization Office approved \$500,000 in funding for CityVest through its Community and Municipal Facilities Assistance Program. On January 6, 2006, CityVest entered into a Grant Contract with DCED for the acquisition and rehabilitation of properties for the “Lofts at North Main Street” project. The Project Description in the contract is as follows:

CityVest is requesting \$500,000 for the acquisition and rehabilitation of the “Lofts at North Main Street”. The Lofts at North Main Street project involves the rehabilitation of two adjoining, historic, commercial buildings that sit at the corner of North Main and East North Streets across from the Scanlon Gymnasium of King’s College. Currently a blighted influence upon a surrounding neighborhood that is undergoing exciting renewal and development, they serve as an unfortunate northern gateway in Downtown Wilkes-Barre. “The Lofts” plan calls for the rehabilitation of these facilities to advance Downtown revitalization.³

On January 11, 2006, CityVest requested payment of \$500,000 from DCED. On February 15, 2006, CityVest received and deposited a \$500,000 Commonwealth of Pennsylvania check into a money market account at a commercial bank.

On June 16, 2006, CityVest’s Executive Director (“Executive Director”) submitted to DCED a “Single Application for Assistance” that included the project budget for the acquisition and rehabilitation of North Main and East North Streets properties. Table 1 summarizes the budget for the \$500,000 grant.

Table 1
CityVest’s Budget for Lofts at North Main Street Project

PURPOSE	PROJECT COSTS
Acquisition of Buildings	\$350,000
Renovations	\$140,000
Contingencies	\$10,000
TOTAL	\$500,000

³ Grant Contract, Appendix A (“Project Description and Special Conditions”).

In February 2007, OSI asked the Executive Director to produce all bank records and invoices submitted for payment related to this contract. Table 2 summarizes OSI's analysis of these expenditures.

Table 2
Project Expenditures from the CityVest Money Market Account

ITEM #	DATE	CHECK #	AMOUNT	CHECK PAYEE	PURPOSE/DESCRIPTION OF EXPENDITURES
1	8/1/06	101	Void	Cash	Transfer from Money Market to Checking.
2	8/31/06	102	\$281,904.25	The Escrow Agent for the real estate settlement	Settlement costs for the purchase of the properties located at 177 North Main Street, 165 North Main Street, and Rear 15-17 East North Street.
*3	9/7/06	103	\$10,000.00	Cash	Transfer to Checking Account to pay the Executive Director for professional services for the months of July and August.
*4	11/1/06	104	\$3,500.00	A real estate appraisal firm	Invoice 7813 dated 2/26/2004 for the appraisal services of the Corcoran properties located at 161-165 North Main Street and 173 North Main Street.
*5	11/7/06	105	\$10,000.00	The Executive Director	This check was issued to the Executive Director for professional services for the month of October.
*6	12/27/06	106	\$5,000.00	The Executive Director	This check was issued to the Executive Director for professional services for the month of November.
*7	12/28/06	107	\$45,516.03	A real estate management company	This check was issued to pay for invoice #37 & #38 for the October, November, and December service fee for the unrelated Hotel Sterling Project.
*8	4/27/07	108	\$10,000.00	The Executive Director	This check was issued to the Executive Director for professional services for the month of February.

9	6/4/07	109	Hold	An architectural firm	This check was unissued and held back by CityVest , which anticipated using the check to pay its architect for the February, March, and April invoices totaling \$25,410.74.
TOTAL			\$365,920.28		

** Expenditures determined by OSI to be not authorized by the terms of the Grant Contract (\$84,016.03).*

As shown in Table 2, CityVest expended a total of \$365,920.28 from August 1, 2006, through June 4, 2007. As will be discussed more fully below, of that total, only the \$281,904.25 for the acquisition and settlement charges of the North Main Street properties was authorized by the grant.

The original scope of the project included acquisition and renovation of the properties. However, after CityVest acquired the properties, it conveyed them to another non-profit community development corporation (Kinship Square) which is currently in the process of redeveloping the properties for eventual lease to King’s College.

The eligibility of project costs is governed by the terms of the Grant Contract. Article I (“Amount of the Contract”) provides, in pertinent part:

[T]he Department [DCED] hereby makes available to the Contractor [CityVest] out of funds appropriated a grant in the sum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) AND NO CENTS----- or such portion thereof as may be required by the Contractor and authorized by the Department, subject to the condition that it shall be used by the Contractor to carry out the activities described in the application submitted by the Contractor and as approved by the Department, and which is incorporated herein by reference. In addition, this Contract shall be subject to Appendix A, Project Description and Special Conditions, and Appendix B, Budget Summary

Article III (“Payment Provisions and Fiscal Responsibilities”) provides, in pertinent part:

- (a) The Department agrees to pay the Contractor for eligible project cost incurred under this contract between July 1, 2005 and June 30, 2007 (the “Contract Activity Period”) as follows:
 - (1) Subject to the availability of state funds and other terms and conditions of this Contract, the Department will reimburse the Contractor based upon the Department’s

determination of the Contractor's needs and in accordance with the proposed budget as set forth in Appendix B.

* * *

(c) The Contractor shall charge to the project account all approved costs of the project. All such costs, including activities contributed by the Contractor or others and charged to the project account, shall be supported by properly executed vouchers or other records indicating in proper detail the nature and propriety of the charge.

CityVest violated the above-noted sections of the Grant Contract by expending grant funds totaling \$84,016.03 for purposes not authorized by its terms.⁴ The unauthorized disbursements were to CityVest's Executive Director, to the real estate appraisal firm, and to the real estate management company, as more fully explained below.

Disbursements to Executive Director

CityVest's Executive Director received four payments totaling \$35,000 as compensation for his services (items 3, 5, 6, and 8 of Table 2). For the following reasons, OSI has determined that these payments were not authorized by the terms of the contract.

First, the project budget, as set forth in Section VII of CityVest's Single Application for Assistance, did not provide for any salaries to be paid with grant funds. Furthermore, OSI's review of the Grant Contract determined that neither Appendix A ("Project Description and Special Conditions") nor Appendix B ("Budget Summary") provide for any salaries to be paid with grant funds. Finally, in response to an inquiry from OSI, DCED's Chief Counsel sent an e-mail to OSI dated October 10, 2007, that stated, in pertinent part:

. . . I have reviewed the DCED Grant Contract with CityVest (DCED Contract No. C000016733). Neither the narrative nor the budget provide for any salaries to be paid with grant funds. This Department will, when requested in the project budget (original or amended) permit administrative costs to be included in a grant. In this case, the project contract period expired on June 30, 2007 and no such amendment was requested.

Disbursement to the Real Estate Appraisal Firm

On November 1, 2006, a real estate appraisal firm received a payment of \$3,500 for the appraisal of the properties located at 161-165 North Main Street and 173 North Main Street as described in item 4 of Table 2. Although these services appear to be related to this grant, the invoice dated February 26, 2004, did not fall within the contract period of July 1, 2005, to June 30, 2007.

⁴ The individual disbursements are noted with an asterisk in Table 2.

On September 18, 2007, OSI interviewed the president of the real estate appraisal firm. In response to questions, he provided the following information:

- He is a Pennsylvania State Certified General Appraiser, and was certified by the Commonwealth as a General Appraiser in 1999.
- The Executive Director of CityVest contacted him to perform the appraisal of the Corcoran commercial properties.
- The initial meeting took place at CityVest's headquarters in Wilkes-Barre.
- He performed the appraisal of the Corcoran commercial properties located on North Main Street for CityVest in February of 2004.
- He appraised the subject properties at a value of \$250,000.
- There was an existing appraisal of these properties at a value of \$415,000 completed in December 1998 by a New Jersey appraisal firm.
- He was very conservative with his appraisal, because the subject properties were found to be in a dilapidated state, and this explains the difference between the two appraisals.
- He was not asked by the Executive Director or any board member of CityVest to manipulate the price of the appraisal for the subject properties.
- He received payment for the appraisal two-and-half-years after the date of the invoice. He could not provide a reason for the delay in payment.

On September 26, 2007, OSI interviewed DCED's Chief Counsel in order to determine if this expenditure was allowable under the terms of the contract. In response to questions, the Chief Counsel provided the following information:

- The date of the invoice did not fall within the contract agreement period of July 1, 2005 to June 30, 2007.
- If an expenditure is grant-related, DCED will, when requested, grant the contractor an extension of time.
- In this case, the invoice was dated prior to the beginning of the contract period and is, therefore, an unallowable expense.
- Based on the evidence presented, CityVest would have to repay \$3,500 to the Commonwealth.

Disbursement to the Real Estate Management Company

CityVest contracted with a national developer and manager of residential and commercial properties ("Management Company"). CityVest disbursed a total of \$45,516.03 from its state-funded money market account to this company for monthly fees and expenses as a "Fee Developer" to coordinate and manage the development process for CityVest's Hotel Sterling project (see item 7 in Table 2). The disbursement was made to pay invoice # 37 dated November 1, 2006, in the amount of \$15,313.96 and invoice # 38 dated December 1, 2006, in the amount of \$30,202.07.

On August 1, 2007, OSI interviewed the Management Company's Senior Vice President to determine if this expenditure was related to CityVest's "Lofts at North Main

Street” project. In response to questions, the Senior Vice President provided the following information:

- He was recently hired by the Management Company and replaced the former senior vice president.
- The former senior vice president established the account with CityVest.
- In 2003, CityVest hired the Management Company as a fee developer to provide advisory services for their Hotel Sterling Project.
- CityVest agreed to pay the Management Company a monthly fee of \$15,000 plus expenses to coordinate and manage the development and planning process for the Hotel Sterling project.
- The Management Company did not work on CityVest’s North Main Street project.

On August 3, 2007, the Senior Vice President provided photocopies of invoices # 1 through # 39 and a photocopy of the billing summary for the Hotel Sterling project covering the period September 30, 2003, to February 10, 2007.

OSI’s review of the subject invoices and billing summary determined that CityVest used the state-funded money market account to pay invoices # 37 and # 38. All other invoices were paid using a different CityVest bank account.

During the aforementioned interview with DCED’s Chief Counsel on September 26, 2007, the Chief Counsel provided the following information:

- He reviewed the Grant Contract with CityVest.
- Neither the project description (Appendix A) nor the budget (Appendix B) provide for this cost.
- This expenditure was used for a different CityVest project that was unrelated to the Commonwealth grant agreement.
- The grant funds were not used for their intended purpose.
- Based on the evidence presented, CityVest would have to pay back \$45,516.03 to the Commonwealth.

Interview of CityVest Executive Director

On January 22, 2008, OSI interviewed CityVest’s Executive Director, in the presence of his personal attorney. In response to questions, he provided the following information:

- CityVest Board members approved the DCED Single Application for Assistance.
- CityVest requested \$500,000 from DCED for the acquisition and pre-construction activities of the Corcoran and MacIntosh properties located at North Main and East North Streets in the City of Wilkes-Barre.
- He made a cursory review of the terms of the Grant Contract and it appeared standard.
- In reference to the DCED Single Application for Assistance, he estimated the \$3,000 and \$7,000 amounts listed on the budget summary. These costs were

related to operating and professional costs such as salary associated with the project.

- CityVest did not receive additional state funds for projects other than the North Main Street project.
- He was responsible for setting up the accounts for CityVest.
- He opened a money market account and a checking account at a commercial bank in Wilkes-Barre.
- The CityVest Board authorized the opening of these two accounts.
- The errors cited in this report were due to his inexperience with Commonwealth funding.

In response to questions concerning CityVest checks #103, 105, 106, and 108, he provided the following information:

- As CityVest Executive Director, he is an employee of CityVest and annually receives an IRS Form 1099-MISC (“Miscellaneous Income”).
- The CityVest Board approved his salary for professional services of \$5,000 per month prior to the receipt of Commonwealth funding, which includes all expenses.
- He received this monthly salary for the past two years; however, there were many months during that time frame when he did not receive any compensation from CityVest.
- The Board approved his salary (\$5,000 per month) at an executive session.
- He did not receive additional state funds.
- He received \$35,000⁵ from CityVest for his salary for professional services over the past two years.
- His duties as Executive Director included oversight of property acquisition, stabilization of North Main Street properties, commissioning architectural and engineering analysis, and preparing the application for funding with Luzerne County.
- He organized and attended meetings with officials from the City of Wilkes-Barre, the County of Luzerne, and the Wilkes-Barre Area School District.
- Five percent of the grant funds were allocated for professional services that included his salary.
- He was not the decision-maker in terms of how grant money was spent.
- He admitted using the Commonwealth grant funds for his services and for the Hotel Sterling project, because Luzerne County matching funding was not ready concurrently with Commonwealth funds.
- The Luzerne County Commissioners approved matching funding for CityVest for this project.
- CityVest received the matching funding from Luzerne County, but the funding was not drawn as of the date of the interview because the County and CityVest had not executed their grant agreement documents.
- CityVest used the state funds first because they were readily available.

⁵ See items 3, 5, 6, and 8 of Table 2.

In response to questions concerning CityVest check #104, he provided the following information:

- A real estate appraisal firm conducted the appraisal of the Corcoran and MacIntosh buildings in 2004 for \$3,500.
- The real estate appraisal firm held the invoice for two years until CityVest received its Commonwealth funding in February 2006.
- He admitted that the invoice for the appraisal was dated outside of the contract activity period, but he contended that it was grant-related.

In response to questions concerning CityVest check #107, he provided the following information:

- He authorized payment to the Management Company for its monthly service fee as Project Manager for CityVest’s Hotel Sterling project.
- He admitted using DCED grant funds for this project, which was unrelated to the “Lofts at North Main Street” project.
- He admitted this was an error on his behalf, because CityVest had cash flow problems.
- He anticipated reimbursing the state-funded money market account.

Partial Repayment of Grant Funds

At the conclusion of this interview, the Executive Director’s attorney stated that he would like to clarify matters and discuss the most recent developments concerning the status of the North Main Street redevelopment project. The attorney provided a copy of a letter dated November 15, 2007, from CityVest to a Pennsylvania State Senator, which contained the following information relative to the status of the project:

To date, CityVest’s expenses from the DCED grant are as follows:

Acquisition	\$281,904.25 ⁶
Appraisal	3,500.00 ⁷
Property Insurance	3,503.50 ⁸
Stabilize Properties	350.00 ⁹
Structural Engineering Report	8,400.00 ¹⁰

⁶ This was an authorized expenditure. See item 2 of Table 2.

⁷ This was not an authorized expenditure because the service was performed prior to the contract activity period. See item 4 of Table 2.

⁸ This item combines two invoices. Invoice #395026, in the amount of \$1,273, was dated within the contract activity period and would have been authorized by the contract; however, CityVest paid this invoice from a different CityVest account. Invoice for policy number 3CX3382, in the amount of \$2,230.50, was signed and dated July 10, 2007, which was after the contract activity period and, therefore, was not an authorized expenditure.

⁹ This would have been an authorized expenditure, but it was paid from a different CityVest account.

¹⁰ This was not an authorized expenditure, because the invoice was dated August 1, 2007, which was after the contract activity period.

Operating and Related Cost	<u>25,000.00</u> ¹¹
Total	\$322,657.75
Remaining Balance	\$177,342.25

Most recently, with these critical first steps now complete, CityVest has been approached by a new Wilkes-Barre community development corporation -- Kinship Square -- that has expressed its interest in carrying the project forward. Since CityVest has accomplished its primary mission of serving as a developer of last resort until or unless another developer surfaces -- and Kinship Square has stepped forward as the next developer -- CityVest respectfully requests instructions from you as to the process by which CityVest shall transfer title of the properties to Kinship Square as well as the unspent balance of the DCED funding. [Footnotes added.]

After summarizing the contents of this letter, the attorney reported on the following developments that occurred after the November 15, 2007, letter was sent:

- CityVest transferred title of the North Main Street properties to Kinship Square.¹²
- As a result of this letter, the State Senator asked CityVest to make a check payable to DCED in the amount of \$177,342.25, which represents the unused funding from the DCED grant.
- CityVest issued a check for the said amount and delivered the check to the State Senator's office with the understanding the State Senator's office was to forward a copy of the correspondence and the CityVest check to DCED.

On February 21, 2008, DCED confirmed receipt of a check tendered by CityVest in the amount of \$177,342.25. As stated above, CityVest contends that this is the balance of the \$500,000 grant that was either not spent at all or was spent for purposes not authorized by the terms of the grant. An analysis of the payment reveals that CityVest apparently contends that only \$43,262.53 was spent for purposes not authorized by the terms of the grant, rather than the \$84,016.03 found by OSI. While CityVest is to be commended for returning at least a portion of the improperly spent grant funds to DCED, the sum of \$40,753.50 is still due and owing to the Commonwealth, as is illustrated on the following page.

¹¹ To the extent that the expenditures included in the item exceed the \$3,000 budgeted for "Operating Costs/Working Capital" and the \$7,000 budgeted for "Related Costs," they are not authorized expenditures.

¹² According to a news article in the September 3, 2008 edition of the *Wilkes-Barre Citizens Voice*, Kinship Square will lease the properties to the Radnor Property Group of Wayne, Delaware County, which will redevelop the properties and then lease them to King's College.

Analysis of Expenditures under DCED Grant Contract #C000016733

Ineligible Expenditures as Determined by OSI		\$84,016.03
Less: Additional Grant Funds Returned by City Vest:		
Check Tendered by City Vest	\$177,342.25	
Grant Awarded to City Vest	\$500,000.00	
Less: Total Expenditures (Table 2)	<u>(365,920.28)</u>	
Unexpended Grant Funds	<u>(134,079.72)</u>	
Additional Grant Funds Returned		<u>(43,262.53)</u>
<u>Amount Still Due and Owing the Commonwealth</u>		<u>\$40,753.50</u>

Conclusion and Recommendations:

We conclude that CityVest expended a total of \$84,016.03 of DCED grant funds for purposes not authorized by the terms of the Grant Contract. We further find that the check tendered by CityVest to DCED is not sufficient to reimburse DCED for grant funds not expended or expended for unauthorized purposes.

Therefore, we recommend that CityVest:

- Repay the additional sum of \$40,753.50 to DCED, together with all interest earned on the grant funds while on deposit in CityVest’s money market account;¹³
- Either (1) open a separate bank account for each grant, if required,¹⁴ or (2) establish an accounting system in which the funds from each grant, and any interest or other income or accumulations earned by said funds, is separately identifiable, and in which each expenditure is attributed to the particular grant to which it is related;¹⁵ and
- Implement such internal controls as will ensure that grant funds are expended only for purposes authorized by the terms of the Grant Contract and that all of its contractual obligations to the Commonwealth’s funding agencies are fulfilled.

¹³ Grant Contract, Article III, (“Payment Provisions and Fiscal Responsibilities”), Section (d) (“Requirement to Invest Grant Funds”) provides: “Interest or any other income or accumulations earned on funds awarded pursuant to this Contract and totaling more than \$50.00 in any calendar year shall be repaid to the Department [of Community and Economic Development] on an annual calendar year basis unless otherwise directed by the Department.”

¹⁴ This is an express requirement of the DCED grant that is the subject of this finding.

¹⁵ Not all grant contracts require that grant funds be segregated in a separate bank account; grant funds must merely be accounted for separately.

FINDING II: CityVest failed to deposit DCED grant funds into a separate and special expenditures account as required by the terms of the Grant Contract.

Article III (“Payment Provisions and Fiscal Responsibilities”), Section (d) “Requirement to Invest Grant Funds”) of the Grant Contract states:

The funds paid to the contractor in accordance with this Contract shall be deposited by the Contractor in a bank or other financial institution in a separate and special expenditures account, to be maintained within its existing accounting system or set up independently; identifiable by reference to [DCED], proposal name or contract number. Said account shall be insured by FDIC.

OSI reviewed bank statements provided by CityVest and prepared a deposit analysis of the money market account into which the DCED grant funds were deposited for the period February 15, 2006 (date of deposit of the grant funds) to June 30, 2007 (expiration of contract activity period). Table 3 summarizes the results of this analysis.

Table 3
Deposit Analysis of the CityVest Money Market Account

DEPOSIT DATE	AMOUNT	SOURCE
<i>Beginning Balance</i>	\$ 6,017.06	<i>Sources other than DCED Grant</i>
2/15/2006	500,000.00	DCED Grant Check
2/28/2006 thru 6/30/2007	12,040.63	Interest Credits
11/2/2006	6,000.00	FNMA Check (Unrelated to DCED Grant)
TOTAL DEPOSITS	\$518,040.63	

Our review determined that there was a beginning balance of \$6,017.06 that was unrelated to this grant. From February 15, 2006, to June 30, 2007, there were nineteen deposits or credits to this account totaling \$518,040.63. Of that total, \$500,000 was the DCED grant, and \$6,000 was a grant from Federal National Mortgage Association (“FNMA” or “Fannie Mae”) for architectural drawings, site planning, and project planning for the Lofts at North Main Street project. The balance of \$12,040.63 consisted of monthly interest accruals.

In the January 22, 2008, OSI interview of CityVest’s Executive Director, he provided the following information concerning the money market account:

- Prior to the deposit of the DCED funds, there was a beginning balance of \$6,017.06 from a private grant source.

- CityVest received a \$6,000 private grant from Fannie Mae for the purpose of community development, and he deposited said funds into the money market account.
- He did not set up a segregated account for the state funds.
- This was an error on his part, because it was his first experience with this type of funding.
- He is responsible for making deposits into the CityVest accounts.
- He and the bookkeeper review all invoices prior to submitting them to the Board.
- The bookkeeper worked for CityVest free of charge.
- The Board authorizes payment and signs all checks.
- As Executive Director, he does not have the authority to sign checks.
- CityVest commingled Commonwealth grant funds because it was experiencing cash flow problems.

Conclusions and Recommendations:

CityVest deposited into the money market account a total of \$12,017.06 (the original balance of \$6,017.06 plus the Fannie Mae check for \$6,000.00) that was unrelated to the DCED grant both prior to and after the receipt of the grant funds. Therefore, we recommend that CityVest:

- Either (1) open a separate bank account for each grant, if required,¹⁶ or (2) establish an accounting system in which the funds from each grant, and any interest or other income or accumulations earned by said funds, is separately identifiable, and in which each expenditure is attributed to the particular grant to which it is related;¹⁷ and
- Implement such internal controls as will ensure that grant funds are expended only for purposes authorized by the terms of the Grant Contract and that all of its contractual obligations to the Commonwealth's funding agencies are fulfilled.

¹⁶ This is an express requirement of the DCED grant that is the subject of this finding.

¹⁷ Not all grant contracts require that grant funds be segregated in a separate bank account; grant funds must merely be accounted for separately.

FINDING III: CityVest failed to submit a final audit of the entire contract within 120 days after the contract termination date as required by the terms of the Grant Contract.

Article XIV of the Grant Contract (“Contract Audit and Closeout Requirements”) states, in pertinent part:

If the amount of the Contract is \$100,000.00 or more, a final audit of the entire Contract (Project Audit) is required by [DCED] within 120 days after the termination of project activities but no later than 120 days after the Contract termination date. This audit is the responsibility of the Contractor. Audits performed under the [federal] Single Audit Act of 1984 will not be accepted in lieu of a Project Audit required under this Contract.

On April 16, 2007, the Director of DCED’s Financial Management Center sent a letter to CityVest’s Executive Director concerning the contract audit and closeout requirements, stating, in pertinent part:

The grant contract expired on June 30, 2007. In order to close the grant contract you must provide this office with an acceptable audit conducted by an independent Certified Public Accountant. Two copies of the audit must be submitted within 120 days of contract expiration.

Note: All grant funds must be expended, services received and work completed by the close of business on the contract expiration date. Unspent grant funds and interest must be returned to [DCED].

On July 11, 2007, the Director of DCED’s Financial Management Center sent another letter to CityVest’s Executive Director, stating, in pertinent part:

The above grant expired on 6/30/2007. To close out this contract you must file an acceptable audit report with [DCED] within one hundred twenty (120) days of the expiration date.

Failure to submit the audit required for this grant (and any past due audits or closeout reports for other [DCED] grants awarded to you) will render your organization **ineligible** to receive additional funding assistance from [DCED].

During OSI’s interview with DCED’s Chief Counsel on September 26, 2007, the Chief Counsel provided the following information:

- CityVest is required to submit a final audit of the entire contract 120 days after the termination of the contract period.
- As of the date of the interview, DCED had not received CityVest's audit of the entire contract.

During the January 22, 2008, OSI interview of CityVest's Executive Director, he provided the following information regarding this matter:

- He was not aware of the grant closeout requirements and requested from OSI a copy of the DCED letter dated April 16, 2007 ("Notice of Closeout Requirements").
- He was not aware of CityVest's audit responsibility and requested from OSI a copy of the DCED letter dated July 11, 2007 ("Notification of Audit Responsibility").
- As of the date of the interview, no audit of project expenditures had been submitted to DCED.

Conclusions and Recommendations:

According to the terms of the grant contract, CityVest was required to submit a final audit of the entire contract within 120 days after June 30, 2007, the date the contract expired. CityVest did not fulfill this requirement, and as of November 20, 2008, CityVest has still not submitted a final audit. Therefore, we recommend that CityVest:

- Submit to DCED a final audit of the entire contract as soon as possible; and
- Implement such internal controls as will ensure that grant funds are expended only for purposes authorized by the terms of the Grant Contract and that all of its contractual obligations to the Commonwealth's funding agencies are fulfilled.

CITYVEST'S RESPONSE TO DRAFT REPORT

CITYVEST RESPONSE TO THE DRAFT REPORT OF THE DEPARTMENT OF THE AUDITOR GENERAL'S SPECIAL INVESTIGATION

Global Points

- All of the activities for which CityVest used Commonwealth funds were exclusively part of the North Main Street project. Indeed, the Commonwealth draft does not contend, nor does it identify, any activities that were not in furtherance of the North Main Street Project.
- The Commonwealth draft letter points to 6 expenditures that it deems ineligible, but its rationale rests entirely on clerical, not substantive grounds:
 - Three of those expenditures (property appraisal, the structural engineering analysis, and the second property insurance invoice) are deemed ineligible only because the dates of the invoice, not the substantive work for which payment was made, fall outside the Contract Period of 7/1/05—6/30/07. The Commonwealth does not at anytime contend that these changes were improper project activities and, to the contrary, the Commonwealth acknowledges that the subject activities were properly in furtherance of the project.
 - Two other expenditures (stabilize the property and the first property insurance bill) are deemed ineligible solely because CityVest paid the bills from a different CityVest bank account (its checking account, instead of its money market account). Notably, the Commonwealth acknowledges that both expenditures “would have been authorized” if paid from CityVest’s other bank account and both expenditures were made during the contract period. Again, no dispute exists as to the fact that the bases for the charges were properly in furtherance of the project.
 - The final expenditure (Operating Expense – Executive Director stipend) is deemed ineligible, even though the Commonwealth confirms that it permits administrative expenses. Instead, the Commonwealth concludes that while CityVest relied on the plain terms of the Application (which explicitly references “salaries” and “professional services”), CityVest should have requested an amendment to the Contract to expand the scope of administrative expense. Neither the Application nor any other Commonwealth communication to CityVest during the entire Contract period informed CityVest of this requirement and the ex post facto declaration of ineligibility therefore is manifestly unfair and unwarranted. To the contrary, the Application includes the very terms “salaries” and “professional services”. Inexplicably, even though the Commonwealth acknowledges that CityVest included an expenditure

in its Application for this category, the Commonwealth now seeks reimbursement for both this budgeted amount and any additional amounts paid. See detailed response below.

Specific Expenditures

1. Structural Engineering Report

Activity: CityVest engaged an engineering firm to conduct a structural engineering assessment and report of the North Main Street properties.

Cost: \$8,400.00

Commonwealth Determination: The invoice was dated August 1, 2007 – 30 days after the Contract Period – and therefore was not an eligible expense.

Response: All of the engineer's work occurred during the Contract Period and merely the invoice was dated after the Contract Period.

The engineering firm's written report of structural engineering analysis (a copy of which was provided to the Commonwealth) was most certainly conducted during the Contract Period. The report confirms that the inspections occurred from June 21-25, 2007, dates which fall within the Contract period. The engineer made site visits, reviewed property documents, and held meetings with CityVest officials even before the dates of the formal on-site inspections, further evidencing that its work occurred during the Contract Period.

Because the actual inspection occurred within the contract date, this expense should of course be deemed an eligible expense. Merely because the engineer did not date its invoice until August cannot and should not render this activity ineligible.

2. Appraisal of Building

Activity: CityVest secured a commercial real estate appraisal of the North Main Street Buildings from Rosen Real Estate.

Cost: \$3,500

Commonwealth determination: Invoice of 2/26/04 was issued before the Contract Period. The Commonwealth does not contend that this activity was not properly in furtherance of the project.

Response: CityVest considered the appraisal as part of the Property Acquisition and relied upon this appraisal to estimate the budget range for acquisition and to negotiate the acquisition price with the sellers. The invoice was issued at the time that the appraisal firm conducted its site visit, but the appraisal service continued into the Commonwealth grant contract period.

- For this reason, CityVest deemed the appraisal stage of the project to be ongoing up to and including the date on which CityVest executed the property acquisition sales agreement – which was within the Commonwealth Contract period. While the appraiser’s site visit occurred before the Commonwealth Contract period, the appraiser provided ongoing consultation to CityVest up to the date of property acquisition.
- CityVest conferred multiple times with the Appraiser during the Commonwealth Contract period (and prior to the purchase of the property).
- CityVest considered the Invoice an “open item” – and deemed the appraisal services to continue -- until the property acquisition was completed in August 2006.
- As evidence of this, CityVest paid the invoice after property acquisition was completed.

3. Property Insurance

Activity: CityVest secured property insurance on the North Main Street buildings from the date of acquisition to the date on which it transferred ownership of the buildings to Kinship Square.

Cost: Invoice 1 -- \$1,273.00
Invoice 2 -- \$2,230.50
Total \$3,503.50

Commonwealth Determination: Invoice 1 was dated within the Contract Period and would have been authorized by the contract, but CityVest paid the invoice from a different CityVest bank account.

Invoice 2 was dated 7/10/07 – 10 days after the Contract Period – and therefore is not authorized.

Response: CityVest secured property insurance from the date it purchased the buildings to the date it sold the properties. The insurance policies were for one year, with an annual renewal provision. During the time that CityVest owned the North Main Street properties, the policy was renewed, hence the two invoices.

CityVest maintained two bank accounts – a checking account and a money market account. It paid all bills for its projects from these two accounts and only from these two accounts. [CityVest provided the Commonwealth with the full account records from both the checking and money market account.]

In the case of Invoice 1, the bookkeeper prepared payment on CityVest's checking account and that is the account from which payment was made. At most, this is a clerical error, but should not be deemed an ineligible expense. Both Invoice 1 and Invoice 2 were exclusively for property insurance on the North Main Street project and CityVest appropriately counted both invoices as eligible expenditures, regardless of whether it drew funds from its checking or money market account to pay the invoice.

4. Stabilize Properties

Activity: CityVest engaged a contractor to secure the buildings with plywood over broken windows and doors on the ground floor.

Cost: \$350.00

Commonwealth Determination: "This would have been an authorized expenditure, but it was paid from a different CityVest account."

Response: As with the property insurance invoice above, CityVest paid invoices from both its checking and money market

funds for its multiple projects. In this instance, the bookkeeper prepared payment on a check from CityVest's checking account and that is the account from payment was made. At most, this is a clerical error, but should certainly not be deemed an ineligible expenditure.

5. Executive Director Compensation

Activity: During the two years of the Contract Period, CityVest paid the Executive Director a total of \$25,000.

Cost: \$25,000

Commonwealth Determination: While the Commonwealth permits salaries and administrative costs as an eligible expense, CityVest should have submitted an Amendment to the Contract for this purpose.

Response: The Single Application that CityVest completed, and that the Commonwealth approved, includes multiple budget categories for this expenditure. Both the Operating Costs and the Related Costs Sections of the Contract expressly include line items for salaries, professional services, and travel.

- At no time when CityVest submitted the application, or during the entire Contract Period, did the Commonwealth ever inform City Vest – in writing or otherwise – that the categories “Operating and Related Costs” could not be used for the Executive Director’s professional services. To the contrary, subcategories within both the “Operating” and “Related Costs” section of the Commonwealth application explicitly list “salaries and fringe benefits” and “professional services.” CityVest reasonably relied on this descriptive language in deeming its expenditures within the program budget. Even after CityVest submitted the application with line item expenditures in this category, the Commonwealth never informed CityVest of any need for a contract amendment.
- There is no language in the Contract suggesting that CityVest is not permitted to use these items for general operating and overhead, which necessarily include the

Executive Director's stipend. In fact, the Contract provides no limitation on Operating and Related Costs.

- It was not until after the audit was completed – in the Draft letter of 9/30/08—that CityVest learned for the first time from the DCED's General Counsel that CityVest should have supplemented its line item budget with an amendment for the budget to provide for salaries. Again, CityVest was never made aware by the Commonwealth of this requirement; to the contrary, the line items in the budget expressly included "salaries" and "professional services," so CityVest was therefore reasonable in concluding that its budget included such expenditures.
- CityVest's original budget as set forth in the Commonwealth application included \$10,000 in the two line-item categories for Operating and Related Costs from the Commonwealth grant funds.
- In addition to the Commonwealth grant for the North Main Street project, CityVest had also received approval of a County grant to match the Commonwealth grant and CityVest included line item expenditures for Operating and Related Costs from the County grant funds as well. CityVest had not drawn down any of the County funds at the time CityVest completed the Commonwealth grant, but CityVest's application to the Commonwealth included an additional \$38,500 in County funding under the category "Related Costs" – to supplement the Commonwealth funding in this category.
- Therefore, CityVest intended to devote approximately \$48,500 of the total \$1 million in grant funds (Commonwealth plus County) to Operating and Related Costs. This constituted less than 5 percent of the total grant funds for this project. In reality, CityVest spent only \$25,000 – approximately half the total amount set forth in the Single Application – over a two-year period. The Executive Director paid all of his administrative expenses (e.g., travel, telephone, office equipment and supplies, and benefits) out of his own pocket, even though these too are eligible line-item expenses.

- The \$25,000 constitutes a total of 2.5% of the combined grant funds. At the time of the State's audit of CityVest's project expenditures, the \$25,000 had been expended from the Commonwealth grant because the funds from the awarded County grant had not been sent to CityVest. But even putting the County grant award aside, CityVest's total expenditure of \$25,000 for Operated and Related Costs totals a mere 5% of the Commonwealth funds, which is likely on the very low range of overhead expenditures for similar not-for-profit entities. The Application also includes line items for travel, office equipment, space costs, fringe benefits, and other indirect costs – but CityVest required all of these expenditures to be included in the compensation to the Executive Director.
- In conclusion on this point, while monies were appropriated differently within the grant than originally budgeted, all expenditures were properly made in furtherance of the Project. When considering the amount paid for the property and administrative costs (as compared with budget), CityVest actually saved the Commonwealth money, all of which was returned to DCED.

Summary Points

- At most, there was a clerical and bookkeeping error by CityVest not to open a separate account for the Commonwealth funds. This was City Vest's first Commonwealth grant and none of the federal, County or private foundation grants it had ever received included a requirement to maintain a separate account. Neither CityVest's bookkeeper nor its Executive Director had any prior experience with Commonwealth grant procedures.
- At the time that CityVest submitted its Single Application to the State, it provided best estimates of line item expenditures. In the case of property acquisition, for instance, the approved application included \$350,000.00, but CityVest was successful in acquiring the property for less than this approved amount. Due to its lack of prior experience, CityVest did not submit a revised Budget to the State, but intended for its final audit by its outside CPA firm to include a detailed itemization of all project expenditures and supporting documents.
- On its own initiative, CityVest set forth in correspondence to Senator Raphael Musto, dated November 15, 2007, all expenditures made from the

Commonwealth's grant and returned to the Commonwealth the unspent balance of the grant. Unquestionably, all funds expended related to and were for the project which was the subject of the grant.

- As set forth earlier in this response, at no time during the Contract Period was CityVest aware of the need to revise the Budget, otherwise it surely would have done so. In the middle of the project, the Commonwealth commenced its review of this project, and therefore drew conclusions of eligibility only from the original budget. Like most, if not all, projects, the budget estimates prepared at the time of completing the Single Application turned out to be just that. A review of the entirety of CityVest's expenditures – as itemized in that letter to Senator Musto – confirms that every expenditure was for the North Main Street project; that CityVest did not exceed the total budgeted amount; that CityVest returned the unspent balance; and that CityVest was reasonable in its interpretation of the eligible expenditures as defined and described in the Single Application.
- There can be no dispute that all of CityVest's expenditures were in furtherance of the North Main Street Project. The mere fact that CityVest paid for some of its North Main Street projects from a different account and paid for other projects from the same account in which it deposited the Commonwealth grant funds should: (1) neither deem the North Main Street expenditures ineligible; or (2) infer that CityVest intended to use Commonwealth funds for any other project. That checking transactions occurred in its two bank accounts for multiple projects is the result – solely – of inadvertent bookkeeping and the oversight of not establishing a separate account – not an inappropriate use of grant funds, and therefore, we submit, not the basis for reimbursement.
- Given that the Application expressly permits expenditures for salaries, professional services and other Operating and Related Costs – and that the Commonwealth never informed CityVest of the need for an amendment governing administrative expenses, even after CityVest submitted the Application with these budget line items included – CityVest's expenditures under these categories should be deemed eligible and fully authorized.

THE DEPARTMENT OF THE AUDITOR GENERAL'S COMMENTS ON THE RESPONSE OF CITYVEST TO DRAFT REPORT

We are disappointed that CityVest has chosen not to respond to the findings of this draft report (“the report”), but rather to merely expand upon the positions it asserted in its letter of November 15, 2007 to DCED (“the letter”). The findings in the report describe what CityVest did wrong or failed to do during the period covered by the grant. In contrast, City Vest’s letter to DCED was an attempt to rectify its mistakes, render an accounting, and make restitution to DCED after the grant had expired. CityVest’s response blurs the distinction between these two entirely separate issues and has led it to make some contentions that are factually inaccurate and misleading.

For example, the statement in the first “Global Point” to the effect that the draft report “does not contend, nor does it identify, any activities that were not in furtherance of the North Main Street Project” is not true. Table 2 identifies a disbursement of \$45,516.03 of grant funds to a real estate management company for services rendered on the completely unrelated Hotel Sterling Project (Item 7). When interviewed by OSI on January 22, 2008, the Executive Director admitted using DCED grant funds for this unrelated project because CityVest had “cash flow problems,” but that he anticipated reimbursing the account.¹⁸

Table 2 also identifies four disbursements totaling \$35,000 paid to the Executive Director for “professional services” (Items 3, 5, 6, and 8). Not only do these payments exceed the \$3,000 budgeted for “Operating Costs/Working Capital” and the \$7,000 budgeted for “Related Costs,” which are the only two categories in which they could conceivably fall, but there is also no documentation to show that the “professional services” rendered are of the type that would qualify under either of the categories. Furthermore, there is no documentation to show that these services were even rendered on the North Main Street Project.

What CityVest evidently meant to say is that the report did not identify any of the expenditures *enumerated in its after-the-fact letter to DCED* as being not in furtherance of the North Main Street Project. However, we do not believe that this is entirely true either. The letter claims that CityVest is entitled to retain \$25,000 of the grant funds for “Operating and Related Cost,” even though, as pointed out in the preceding paragraph, the budget for the Project submitted to DCED allows for, at most, \$10,000 for such costs. Furthermore, CityVest’s response explains that the \$25,000 represents compensation paid to the Executive Director and contends that the compensation was paid for services rendered in furtherance of the grant project. However, no documentation was provided to support this contention.

¹⁸ Although the money market account into which the DCED grant funds were deposited contained funds from other sources, the funds from other sources totaled only about \$12,000. See Table 3.

CityVest also seeks to justify the payments to the Executive Director on the grounds that the budget for a separate grant that it hoped to receive from the County of Luzerne contained a line item for \$38,500 that could have been used for that purpose. As it turned out, the grant funds from the County never materialized. However, even if they had, the expenditure of the state funds was still improper, notwithstanding the fact that CityVest may have intended to reimburse the state account if and when the County funds became available.

We similarly regard the contentions that the payments to the Executive Director were of the type that would customarily be approved and that the amounts were not excessive as mitigating factors at best, which do not justify or excuse the fact that the improper payments were made

Finally, CityVest's response seeks to minimize the importance of some of the improper expenditures set forth in the report by characterizing them as "clerical" as opposed to "substantive." Granted, some of the invalid expenditures did result from clerical or timing errors, such as paying for an authorized expense from another account or paying for a service that would have been an authorized expense if it had been rendered within the time frame required by the contract. However, the fact remains that these expenditures were not in conformity with the terms and conditions of the grant contract. Therefore, we feel constrained to include them together with the more serious improprieties and notify DCED, as the grantor, of all of them.

We urge CityVest to reconsider its position and, instead, accept the findings and implement the recommendations made in this report. The Department of the Auditor General will follow up at the appropriate time to determine whether our recommendations have been implemented.

DISTRIBUTION LIST

This report was initially distributed to the following:

The Honorable Edward G. Rendell
Governor

The Honorable Robin L. Wiessmann
State Treasurer

The Honorable John Blake
Acting Secretary of Community and Economic Development

The Honorable Pedro A. Cortés
Secretary of the Commonwealth

The Honorable Mary A. Soderberg
Secretary of the Budget

The Honorable Jacob D. Corman, III
Chair, Senate Appropriations Committee

The Honorable Jay Costa, Jr.
Democratic Chair, Senate Appropriations Committee

The Honorable Dwight Evans
Chair, House Appropriations Committee

The Honorable Mario J. Civera, Jr.
Republican Chair, House Appropriations Committee

The Honorable John Pippy
Chair, Senate Urban Affairs and Housing Committee

The Honorable Shirley Kitchen
Democratic Chair, Senate Urban Affairs and Housing Committee

The Honorable Thomas Petrone
Chair, House Urban Affairs Committee

The Honorable John Taylor
Republican Chair, House Urban Affairs Committee

Anna Maria Anderson
Chief Accounting Officer
Office of the Budget

The Honorable Maryanne C. Petrilla, Chairman
The Honorable Stephen A. Urban
The Honorable Gregory A. Skrepnak
Board of Commissioners of Luzerne County

The Honorable Thomas M. Leighton, Mayor
City of Wilkes-Barre

The Honorable Kathy Kane, Chairperson
Wilkes-Barre City Council

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. If you have any questions regarding this report or any other matter, you may contact the Department of the Auditor General by accessing our website at www.auditorgen.state.pa.us.