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Auditor General DePasquale Says Audit of Ambridge Area School District Finds Costly Retirement Benefits for Administrators

HARRISBURG – Auditor General Eugene DePasquale today said a recent audit of the Ambridge Area School District, Beaver County, showed health insurance retirement benefits included in contracts for a current and former superintendent could have significant long-term financial implications for taxpayers.

“Contracts for both the former and current superintendents included provisions providing health insurance until age 65, yet there is no requirement to work for the Ambridge School District for a minimum number of years to receive those benefits,” DePasquale said. “Providing this type of long term benefit without a service requirement could be very costly to taxpayers.”

The audit covers July 2012 through June 2016. The 17-page audit report contains one finding and one recommendation for improvement.

Auditors found that when the former superintendent retired in September 2016 — after just over three years of service — the district incurred significant costs as a result of the provision to provide health care benefits to her, her spouse, and dependents from the time of retirement up to and including the 2027-28 school year.

For the 2016-17 school year, the district’s benefit payments for the former superintendent totaled \$19,428. Using this current benefit payment as a benchmark, auditors calculated that the district will incur considerable future costs that could exceed \$223,000.

“Providing more than 10 years of health care retirement benefits to someone who worked for the district for only three years is unusual,” DePasquale said. “While the long term benefit may be warranted in this situation, district officials must realize that it diverts funding away from providing educational opportunities for Ambridge School District students.”

DePasquale also noted that, although the current superintendent’s contract does not provide extended health care benefits for family members, it still contains a similar provision to provide health care benefits without a minimum years of service requirement.

“Not providing extended health care benefits for family members is definitely a step in the right direction,” DePasquale said. “However, it is critical for the Ambridge Area School District to include a years-of-service provision in every one of its employment contracts.”

DePasquale recommends that all future employment contracts contain a minimum years of service provision that requires an employee to work in the district for a specific timeframe before receiving health insurance benefits upon retirement.

“The failure of Ambridge Area School District to implement my recommendation could result in additional financial costs to the district and impact taxpayers for many years to come,” DePasquale said.

The Ambridge Area School District audit report is available online at: www.PaAuditor.gov.

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