



Email for Jeff Kent - Please forward

1 message

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Tue, May 2, 2017 at 11:50 AM

I publish a small newspaper in State College PA. Since last fall, I've been publishing a series of investigative reports on Centre Region Council of Governments and Centre Region Parks and Recreation Authority plans to renegotiate a Fulton Bank loan for the purpose of constructing a regional park (Whitehall Road Regional Park.)

In the course of my research, I've reviewed the original June 1, 2011 loan documents and the Sept. 11, 2014 minutes of the COG Finance Committee meeting, at which Mr. Kent appeared and answered some legislator questions about irregularities in accounting within the Parks Authority books. for FY2013

I also recently received and reviewed the FY2015 Maher Duessel audit documents (dated July 20, 2016) for the recreation authority accounting.

If Mr. Kent is not the auditor who completed the FY2015 audits for the Centre Region Council of Governments and the Centre Region Parks & Recreation Authority, please let me know as soon as possible which auditor I should contact instead.

The FY2015 audit package included a DCED document which included the following statements:

"Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

To meet the financial reporting requirements of the Commonwealth of Pennsylvania, the Schedules are prepared by the Authority on the basis of the instructions provided by DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared without financial statement disclosures, without cash flows, and without Management's Discussion and Analysis. The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Authority as of December 31, 2015 and the results of its operations for the year then ended."

Based on that information and information I've collected in the course of my reporting on these issues over the last two years, I believe that there are significant accounting irregularities that should, at minimum, give the public and elected officials pause when considering extending the Fulton Bank loan.

The issues are particularly relevant at the moment because on May 11, the COG Finance Committee, COG Parks Capital Committee and Parks Authority will be holding a joint meeting to discuss further financing options with Chris Gibbons of Concord Public Finance, ahead of a May 22 COG General Forum/Parks Authority joint meeting including a likely vote on a financing proposal, ahead of the current "final drawdown date" for the loan of June 1, 2017.

I am seeking an independent governmental auditor review of the loan documents, in conjunction with the 2015 audit materials, to provide the general public and the elected officials who comprise the COG General Forum with information relevant to their decision about whether to re-commit taxpayer funds at this time for the proposed Whitehall Road Regional Park project.

For example, to a lay reader such as myself, the original joint regional parks agreement from November 27, 2006 and the loan documents seem to be written to place all the specific performance burdens on the elected public bodies

borrowing the money from the bank, and none on the appointed public body tasked with spending the money to build the park.

For example, there is no duration clause in the joint agreement (in apparent violation of PA Title 53 Section 2307(2)); there are no clear exit clauses in the loan for non-performance by the Parks Authority board, whether due to their own actions or, as in this case, developments well outside their direct control; and there is no clear disbursement oversight by either the lender (Fulton Bank) or the Centre Region Council of Governments General Forum. There was only one bidder for the loan: Fulton Bank; I don't yet know what RFP procedures were used to solicit bids, but sole bidder scenarios raise red flags for public finance issues.

Further, a single solicitor - Terry Williams - serves as solicitor for the Parks Authority, the COG and one of the participating municipalities (State College), even though they all have different legal interests in the loan. This conflict has been pointed out to public officials repeatedly over the last few years, but not yet addressed.

In August 2016, Mr. Williams drafted a memo leading many of the elected officials to believe that their views on further financing for the project are advisory only, giving the impression that he believes the Parks Authority has ongoing taxation power independent of the participating municipalities.

For another example, one provision of the loan document requires that all construction contracts be approved unanimously by the five municipalities, which has not been done to date on the contracts for the first of the two parks. When asked about this by the municipal elected officials, the COG finance director and the conflicted solicitor have said that provision was "unenforceable."

In summary, please forward this package of information and request for independent review to Mr. Kent or, if he did not prepare the audits of the FY2015 books for the Centre Region Council of Governments, please forward these materials to the person who prepared those audits.

Also please feel free to contact me with questions.

Thank you very much.

-Katherine

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5 attachments



9.11.14 COG Finance Committee Minutes.pdf

105K

 **6.1.11 Regional Parks Loan and Guarantee Documents.pdf**
4861K

 **7.20.16 CR Parks Authority FY2015 DCED Audit Report.pdf**
149K

 **8.15.16 Williams Memo to COG Re Parks Authority.pdf**
1442K

 **11.27.06 Regional Parks Articles of Agreement.pdf**
3227K