EXECUTIVE SUMMARY

ELMWOOD PARK SCHOOL DISTRICT

We found the primary factor that contributed to the district’s fiscal years 2011 and 2012 year-end general fund deficits was a failure to address increasing costs by reducing expenses or increasing revenues. This was compounded by budgeting which did not reflect expected expenditures. We also found the financial transactions were related to the district’s programs, however, because of the conditions stated below, we found financial transactions that were not always reasonable or recorded properly in the accounting systems.

AUDIT HIGHLIGHTS

- The district’s budget process failed to address increasing costs by cutting expenses or increasing revenues. The district budgeted expenditures that were purposely understated to not exceed anticipated revenues. This was not identified during the budget approval process by the Department of Education. As would be expected, during fiscal years 2011 and 2012, actual expenditures exceeded available resources. Approximately $800,000 of the fiscal year 2012 $2.2 million deficit was identified as fiscal year 2011 expenses.

- The district failed to recognize cost inclusion errors in their 2012 Extraordinary Aid application and received only $437,994 even though costs were at their highest and higher aid was received in prior years. We estimate they were entitled to an additional $250,000.

- The district incurred unnecessary costs totaling $260,000 by not removing 46 separated employees from health benefit billings in a timely manner.

- The district made unnecessary separation payouts of $40,000. We found overpayments totaling $23,000 because of errors in calculating carryover time, exceeding the sick policy maximum payment amount, and the lack of leave time adjustments when employees did not work a full year. In addition, four individuals were paid an additional $17,000 for unused sick and vacation leave due to the district’s policy of calculating unused leave time payments for 12-month employees by dividing the employee’s annual salary by 240 days rather than using the actual number of compensable work days, between 260 and 262, in a year.

AUDITEE RESPONSE

District chose not to respond.

For the complete audit report, click here.