



New Jersey Legislature
★ *Office of* **LEGISLATIVE SERVICES** ★
OFFICE OF THE STATE AUDITOR

EXECUTIVE SUMMARY

LYNDHURST SCHOOL DISTRICT

July 1, 2016 to June 30, 2019

We identified the following factors contributed to the fiscal year 2017 and fiscal year 2018 year-end general fund budgetary unassigned fund balance deficits:

- The district's fiscal year 2017 deficit of \$1,115,000, as reported in the district's Comprehensive Annual Financial Report, resulted from inadequate budgeting for the costs of health benefits, tuition, salaries, and transportation. The fiscal year 2017 ending general fund balance required a \$1,616,000 adjustment for the unrecorded costs related to salaries, health benefits, transportation, tuition, and other services.
- The fiscal year 2018 deficit of \$4,471,000 resulted from inadequate budgeting for the costs of health benefits and transferring funds from its general fund to cover non-budgeted deficiencies in the preschool and food service funds. In addition, the district had to restrict the general fund balance for the disallowed grant costs and assigned fund balance for year-end encumbrances, contributing to the fiscal year 2018 deficit.
- The district paid \$650,000 for fiscal year 2016 tuition expenses and \$236,000 during fiscal year 2017 for fiscal year 2016 transportation expenses. Had these costs been properly reported in the 2016 financial report, the district would have recognized a \$789,000 deficit a year earlier in fiscal year 2016.

We recommended the district record expenditures in their proper fiscal year, prepare fiscally sound budgets, and adhere to the requirements of the N.J.A.C. 6A:23A-16.10 that prohibits a district board of education from approving an encumbrance or expenditure (liability or payment) that, when added to the total of existing encumbrances and expenditures, exceeds the amount appropriated by a district's board of education in the applicable line item account established pursuant to the minimum chart of accounts.

AUDITEE RESPONSE

The district generally concurs with our findings and recommendations.

For the complete audit report or to print this Executive Summary, click on the attached files.