



EXECUTIVE SUMMARY

SALEM CITY SCHOOL DISTRICT July 1, 2018 to September 30, 2023

We found a payroll error, transfer of anticipated surplus, and unrealized revenue contributed to the fiscal year 2019 budgetary deficit of \$621,115 in the General Fund. We also found some financial transactions were not related to the district's programs, reasonable, or properly recorded in the accounting system. We noted multiple areas meriting management's attention and made an observation regarding the solicitation of scholarships from vendors.

AUDIT HIGHLIGHTS

- The district did not properly bid for 57 percent of purchases above the threshold, including an annual contract with a college admissions counselor for \$187,000, construction projects totaling \$450,000, and goods such as laptops and sports apparel totaling more than \$650,000.
- We found five all-expenses-paid international trips averaging \$75,000 each to be excessive. Nine percent of international traveling expenses was wasted on unused airfare and hotel rooms. Poor monitoring of invoices resulted in overpayments to a travel agency totaling nearly \$5,000.
- The district paid \$115,650 for college tuition, fees, room, and board for former students.
- Resident students were improperly placed on a waitlist for the district's universal preschool program while nonresident students were admitted without tuition charges.
- The district made payments we found to be unreasonable: paying students a total of \$103,000 to sit for an exam prep course; spending \$37,000 for overnight football trips; and purchasing championship rings and jackets totaling \$45,300 for individuals including board members.
- Errors in its Application for State School Aid resulted in a \$1 million overpayment to the district, and errors in its certified cost per pupil limited the amount it could recover from sending districts by \$559,000.
- The district could have saved \$761,000 in premiums over three years if it had enrolled in the School Employees Health Benefits Program.
- Other areas with findings included: background checks; employee reimbursements and leave; teacher workload; post-retirement employment; athletic and pupil funds; use of facilities; nonresident admissions; information technology; and questionable use of district funds.

AUDITEE RESPONSE

The district generally concurs with our findings and recommendations.

For the complete audit report, click [here](#).