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Audit: Ellenville schools had too much in fund balance

ELLENVILLE -- The Ellenville school district retained more fund balance than was legally allowable, according to an audit by the state Comptroller's office released on Wednesday.

State auditors criticized the district's budgeting practices after reviewing Ellenville's budgets for 2012-13 through 2014-15.

State law allows districts to keep up to 4 percent of the current budget in a rainy day account which is known as fund balance.

Auditors said that the Ellenville Board of Education overestimated its spending by a total of \$11 million and wound up with fund balances ranging from 9.2 percent to 13.5 percent over those years. They recommended the district return some of that money to taxpayers.

"It is no secret that the allocation of state aid for schools is unpredictable," said Ellenville superintendent Lisa Wiles in an email.

"I think it is important to note that we have had a operational deficit for the last two years. We have used the surplus to offset that deficit," she added.

Wiles cast some blame on the cut in state aid called the Gap Elimination Adjustment which started in the 2010-2011 fiscal year and has yet to be eliminated fully.

"We have used a combination of our surplus and staff reductions to cover the Gap Elimination Adjustment," said Wiles.

The district which operates three schools with about 1,700 students and 386 employees is currently closed for spring break. Its current budget is \$48.6 million.

In her response to the Comptroller's office, Wiles said that the district is strengthening its budget practices to meet all appropriate legal recommendations. She explained that the district reduced its fund balance by \$471,602 in the current budget and the upcoming budget will reflect additional deductions.

The district will be presenting its 2016-2017 budget next month.

The state's 4 percent limit on fund balance has been a controversial topic. Some groups don't believe it's enough rainy day funding given the current economy.

" Parents and others concerned with providing a quality education to our students should applaud school district leadership for having the foresight to save enough funds to get them through lean times like this when they are facing a .12 percent tax cap this year and caps below 2 percent for the next three years according to inflation projections from the Federal Reserve," said Michael Borges, executive director of the State Association of School Business Officials.

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