

**LAKWOOD BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2015**

**LAKEWOOD BOARD OF EDUCATION  
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
KATHLEEN WANG, CPA  
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ANDREW PARENTE, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA

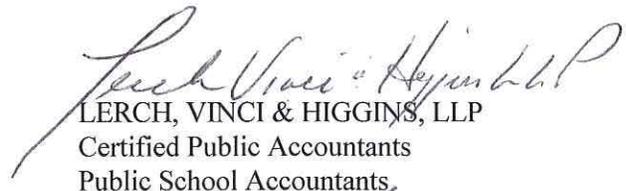
Honorable President and Members  
of the Board of Trustees  
Lakewood Board of Education  
Lakewood, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Lakewood Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2015, and have issued our report thereon dated December 16, 2015.

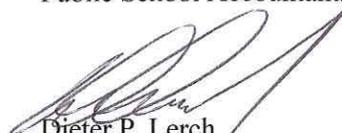
As part of our audit, we performed procedures required by the Office of School Finance, Department of Education, State of New Jersey and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
December 16, 2015

**LAKESWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Scope of Audit**

The audit covered the financial transactions of the Board Secretary, School Business Administrator and Treasurer of School Monies, the activities of the Board of Education, the records of the various funds under the auspices of the Board of Education.

**Administrative Practices and Procedures**

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule contained in the district's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Kenneth Jannarone	Treasurer of School Monies	500,000

There is an Employees' Crime and Fidelity Coverage Policy with the American Guarantee and Liability Insurance Company covering all other employees with a coverage limit of \$500,000 per occurrence.

**Finding** – Our audit indicated that surety bond coverage for the Treasurer of School Monies was insufficient.

**Recommendation** – Surety bond amount for the Treasurer of School Monies be increased to ensure sufficient coverage in accordance with N.J.A.C. 6A:23A-16.4.

Examination of Claims

An examination of claims paid during the period under review did not reveal any discrepancies with respect to signatures, certification or supporting documentation.

**Financial Planning, Accounting and Reporting**

Payroll Account

The net salaries of all employees of the District were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

Salary withholdings were promptly remitted to the proper agencies for the payroll periods tested.

Payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

**LAKESWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Financial Planning, Accounting and Reporting (Continued)**

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, for goods not yet received or services not yet rendered. Also, unpaid purchase orders included in the balance of accounts payable were reviewed for propriety and to determine that goods were received and services were rendered, as of June 30.

**Finding** – Our audit revealed certain outstanding purchase orders classified as accounts payable in the Special Revenue Fund did not accurately reflect year end obligations of the District. In addition, certain liabilities in the General and Capital Projects Funds were not accrued at year end (CAFR Findings 2015-002, 2015-005 and 2015-006).

**Recommendation** – Internal controls be reviewed and enhanced to ensure all obligations of the District are accurately reported in the financial records.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-2.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection included administrative coding classifications to determine overall reliability and compliance with NJAC 6A:23-8.2. As a result of the procedures performed, no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes maintained by the Board Secretary were in good condition.

Our review of the financial and accounting records maintained by the Board Secretary disclosed the following:

**Finding** – Our audit revealed that the Special Revenue Fund original budget, as reported on the District's budget appropriation report, was not in agreement with the approved budget.

**Recommendation** – Internal controls over the budgetary reporting system be reviewed and enhanced to ensure that the budget appropriation report properly reflects the District's final approved budget.

**Finding** – The District ended the year with cumulative deficits in the General and Special Revenue Funds (CAFR Findings 2015-001 and 2015-010).

**Recommendation** – Continued efforts be made to eliminate the cumulative deficits in the General and Special Revenue Funds.

Treasurer's Records

**Finding** – Our audit revealed certain adjustments reflected on the reconciliation of the District's operating bank account were invalid.

**Recommendation** – Reconciling items on the operating bank account reconciliation be reviewed and properly adjusted on the monthly report of the Treasurer of School Monies.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Financial Planning, Accounting and Reporting (Continued)**

**Elementary and Secondary School Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001**

The E.S.E.A./NCLB financial exhibits are contained within the Special Revenue section of the CAFR. This section of the CAFR documents the financial position pertaining to projects under Titles I, II, III and IV of the Elementary and Secondary Education Act as amended and reauthorized.

Our examination of the E.S.E.A./NCLB funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**Finding** – With respect to our audit of Title I, the contracts approved with nonpublic service providers did not specifically identify rates to be charged for specific services performed.

**Recommendation** – Contract with nonpublic service providers be reviewed by the Board attorney to ensure rates for individual services to be performed are specifically identified.

**Other Special Federal and/or State Projects**

The district's Special Projects were approved as listed on Exhibit K-3 and Exhibit K-4 located in the CAFR.

Our examination of the Federal and State funds on a test basis indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

**Finding** – Our audit of the District's extraordinary aid application revealed that costs claimed for students sent out of district were not always in agreement with the respective tuition contract. In addition, costs claimed for in district students were not always supported by sufficient documentation (CAFR Finding 2015-007).

**Recommendation** – Only eligible costs be claimed on the Application for Special Education Extraordinary Aid and documentation to retained to support such costs.

**Finding** – Our audit indicated a prior year grant receivable for the American History award remains uncollected in the amount of \$361,024.

**Recommendation** – Efforts be made to collect the American History grant receivable balances reported in the Special Revenue Fund or in lieu thereof the District seek approval to have the balance credited against amounts due to the Federal government.

The financial exhibits contained herein represent a true statement of the financial position pertaining to the aforementioned special projects.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Financial Planning, Accounting and Reporting (Continued)**

**T.P.A.F. Reimbursements**

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund.

**T.P.A.F. Reimbursement to the State for Federal Salary Expenditures**

The amount of the expenditure charged to the current year's Final Report(s) for all federal awards for the school district to reimburse the State for the TPAF/FICA payments made by the State on-behalf of the school district for those employees whose salaries are identified as being paid from federal funds was made prior to the end of the 60 day grant liquidation period required by the Office of grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

**Finding** – Our audit revealed that 2013-14 reimbursements due to the State of New Jersey for pension and social security for salaries funded by federal programs has not been filed (CAFR Finding 2015-003).

**Recommendation** – The 2013-14 reimbursement due to the State for TPAF pension and FICA for federally funded programs be filed and paid.

**Non Public State Aid**

Project completion reports were finalized and transmitted to the State by the due date.

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

Effective July 1, 2010 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (without a Qualified Purchasing Agent), respectively. The law regulating bidding for public school transportation contracts under N.J.S.A. 18A:39-3 is currently \$17,500. The Board designated the District Purchasing Agent as the Qualified Purchasing Agent.

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Board Attorney's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed; however, to determine whether any clear-cut violations existed.

The results of our examination did not indicate any individual payments, contracts, or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that purchases were made through the use of State contracts.

**LAKESWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**School Purchasing Programs (Continued)**

**Contracts and Agreements Requiring Advertisement for Bids (Continued)**

**Finding** – Our audit indicated that the District did not submit the required notification to the Office of the State Comptroller of a certain contract awarded exceeding \$2 million in accordance with N.J.S.A. 52:15C-10 (CAFR Finding 2015-004).

**Recommendation** – In all instances notification to the Office of the State Comptroller be submitted for contracts awarded by the District which exceed \$2 million.

**Finding** – Our audit revealed that payments to a vendor for fire alarm services exceeded the amount awarded upon solicitation of bids.

**Recommendation** – Expenditures incurred for fire alarm services that exceed the bid threshold be made in accordance the Public School Contracts Law.

**Food Service Fund**

The financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against meal count records with immaterial exceptions noted. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement vouchers were timely filed.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The free and reduced price meal and free milk policy is uniformly administered throughout the school system. The required verification procedures for free and reduced price applications was completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursement records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Food Distribution Program commodities were received and a separate inventory were maintained on a first-in, first-out basis.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds.

The District utilizes a food service management company (FSMC) and is expending program monies in accordance with N.J.S.A. Provisions of the FSMC contract were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will return a profit of at least \$500,000. The operating results provision has been met.

**Finding** – Our audit indicated that net cash resources of the food service fund exceeded three months average expenditures.

**Recommendation**- Continued efforts be made to reduce the net cash resources of the food service fund.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Student Body Activities**

The Board has a policy, which clearly established the regulation of student activity funds.

Cash receipts and disbursements records for the various schools were maintained in satisfactory condition.

**Finding** – Our audit indicated that student activity account collections were not always deposited in a timely manner.

**Recommendation** – Monies received be deposited in a timely manner.

**Finding** – Our audit of student activity accounts revealed old outstanding checks remain on the year end reconciliation of the athletic bank account.

**Recommendation** – Old outstanding checks in the athletic account be reviewed and cleared of record.

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2014 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with exceptions noted. The information that was included on the workpapers was verified with exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

**Finding** – Our audit of the District's Application for State School Aid (ASSA) revealed that documentation to support students reported were not retained for audit (CAFR Finding 2015-008).

**Recommendation** – Internal controls be enhanced to ensure that documentation to support students reported on the Application for State School Aid is retained for audit.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District had adequate written procedures for the recording of student enrollment data.

**Pupil Transportation**

Our audit procedures included a test of on roll status reported in the 2014-15 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exception. The results of our procedures noted differences for amounts tested which are presented in the Schedule of Audited Enrollments.

**Finding** – Our audit revealed that B6T and B7T forms were not always able to be located for students reported in their respective schools (CAFR Finding 2015-009).

**Recommendation** – In all instances, B6T and B7T forms be filed and categorized by school for students transported to non public schools as reported on the DRTRS.

Our procedures also included a review of transportation related contracts and purchases.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Facilities and Capital Assets**

Our procedures included a review of the District's capital assets for consistency in recording acquisitions and dispositions.

**Follow-up Prior Year Findings**

In accordance with government standards, our procedures included a review of all prior year recommendations.

**Suggestions to Management**

- In accordance with NJAC 6A:23A-5.2(a)(3), the District have a resolution or memorandum to acknowledge that the District exceeds 130% of the statewide average for legal costs and to implement specific internal controls for the reduction of costs or to provide evidence that such procedures would not result in a reduction of costs.
- The District consider revising its payroll procedures from bi-weekly payroll periods to bi-monthly.
- Unexpended balances from prior year lease purchase proceeds be cancelled and transferred accordingly.

**LAKESWOOD BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Not Applicable**

**LAKWOOD BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NET CASH RESOURCES SCHEDULE**

**Net Cash Resources**

**Current Assets**

Cash and Cash Equivalents	\$	283,650
Accounts Receivable		385,974
Due from Other Funds		2,408,682

**Current Liabilities**

Accounts Payable		(293,412)
Due to Other Funds		(265,000)

<b>Net Cash Resources</b>	<b>\$</b>	<b><u>2,519,894</u></b>	<b>(A)</b>
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**Operating Expenditures**

Total Operating Expenditures	5,112,822
Less Depreciation	(18,759)
Less USDA Commodities	(244,884)

<b>Adjusted Total Operating Expenditures</b>	<b>\$</b>	<b><u>4,849,179</u></b>	<b>(B)</b>
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**Average Monthly Operating Expense:**

B / 10	<b>\$</b>	<b><u>484,918</u></b>	<b>(C)</b>
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**Three times monthly Average:**

C x 3	<b>\$</b>	<b><u>1,454,754</u></b>	<b>(D)</b>
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TOTAL IN BOX A	\$	2,519,894
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LESS TOTAL IN BOX D	\$	<u>1,454,754</u>
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NET	\$	<u>1,065,140</u>
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**LAKWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014**

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Sample	Sample	Sample
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as	for		
	On Roll		On Roll				Workpapers		On Roll		On Roll		Private	Verifi-	Verified	Errors
Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	cation			
Half Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (4yrs)	151	-	123	-	(28)	-	123	120	-	(3)	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	536	-	530	-	(6)	-	530	517	-	(13)	-	-	-	-	-	-
Grade 1	552	-	541	-	(11)	-	129	124	-	(5)	-	-	-	-	-	-
Grade 2	564	-	550	-	(14)	-	165	170	-	5	-	-	-	-	-	-
Grade 3	511	-	500	-	(11)	-	88	85	-	(3)	-	-	-	-	-	-
Grade 4	457	-	430	-	(27)	-	182	165	-	(17)	-	-	-	-	-	-
Grade 5	362	-	360	-	(2)	-	119	146	-	27	-	-	-	-	-	-
Grade 6	365	-	344	-	(21)	-	320	295	-	(25)	-	-	-	-	-	-
Grade 7	311	-	300	-	(11)	-	259	220	-	(39)	-	-	-	-	-	-
Grade 8	329	-	320	-	(9)	-	269	240	-	(29)	-	-	-	-	-	-
Grade 9	293	-	289	-	(4)	-	245	247	-	2	-	-	-	-	-	-
Grade 10	246	-	244	-	(2)	-	212	209	-	(3)	-	-	-	-	-	-
Grade 11	202	34	205	34	3	-	154	145	-	(9)	(34)	-	-	-	-	-
Grade 12	148	39	148	39	-	-	113	106	-	(7)	(39)	-	-	-	-	-
Adult HS (15+Credits)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	5,027	73	4,884	73	(143)	-	2,908	73	2,789	-	(119)	(73)	-	-	-	-
Sp Ed- Elementary	459	-	408	-	(51)	-	84	84	-	-	-	162	84	72	(12)	-
Sp Ed - Middle School	145	-	184	-	39	-	184	180	-	(4)	-	40	21	20	(1)	-
Sp Ed - High School	149	11	143	11	(6)	-	143	140	-	(3)	-	58	30	24	(6)	-
Subtotal	753	11	746	11	(18)	-	411	-	404	-	(7)	-	260	135	116	(19)
Totals	5,780	84	5,630	84	(161)	-	3,319	73	3,193	-	(126)	(73)	260	135	116	(19)
Percentage Error					<u>-2.79%</u>	<u>0.00%</u>					<u>-3.80%</u>	<u>0.00%</u>				<u>-14.07%</u>

**LAKESWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Pre K (3yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Pre K (4yrs)	-	-	-	1.0	1.0	-	-	-	-	-	-	-
Full Day Pre K (4yrs)	-	-	-	-	-	-	-	-	-	-	-	-
Half Day Kindergarten	-	-	-	-	-	-	-	-	-	-	-	-
Full Day Kindergarten	433.0	426.0	(7.0)	33.0	33.0	-	308.0	304.0	(4.0)	76.0	74.0	(2.0)
Grade 1	536.0	522.0	(14.0)	34.0	34.0	-	321.0	321.0	-	76.0	76.0	-
Grade 2	545.0	530.0	(15.0)	30.0	30.0	-	312.0	355.0	43.0	61.0	61.0	-
Grade 3	496.0	481.0	(15.0)	28.0	28.0	-	248.0	266.0	18.0	23.0	23.0	-
Grade 4	441.0	415.0	(26.0)	23.0	23.0	-	52.0	148.0	96.0	4.0	3.0	(1.0)
Grade 5	348.0	346.0	(2.0)	22.0	22.0	-	13.0	84.0	71.0	4.0	4.0	-
Grade 6	351.0	332.0	(19.0)	20.0	20.0	-	8.0	17.0	9.0	3.0	3.0	-
Grade 7	296.0	282.0	(14.0)	18.0	18.0	-	17.0	23.0	6.0	3.0	3.0	-
Grade 8	296.0	287.0	(9.0)	19.0	19.0	-	19.0	28.0	9.0	3.0	3.0	-
Grade 9	258.0	253.0	(5.0)	14.0	14.0	-	20.0	28.0	8.0	2.0	2.0	-
Grade 10	222.0	219.0	(3.0)	13.0	13.0	-	12.0	18.0	6.0	2.0	2.0	-
Grade 11	178.5	166.0	(12.5)	8.0	8.0	-	7.0	11.0	4.0	2.0	2.0	-
Grade 12	138.0	122.0	(16.0)	7.0	7.0	-	12.0	15.0	3.0	-	-	-
Subtotal	4,538.5	4,381.0	(157.5)	270.0	270.0	-	1,349.0	1,618.0	269.0	259.0	256.0	(3.0)
Sp Ed - Elementary	583.0	498.0	(85.0)	23.0	23.0	-	41.0	23.0	(18.0)	-	-	-
Sp Ed - Middle School	176.0	185.0	9.0	11.0	11.0	-	1.0	1.0	-	-	-	-
Sp Ed - High School	173.0	145.0	(28.0)	8.0	8.0	-	2.0	-	(2.0)	-	-	-
Subtotal	932.0	828.0	(104.0)	42.0	42.0	-	44.0	24.0	(20.0)	-	-	-
Totals	5,470.5	5,209.0	(261.5)	312.0	312.0	-	1,393.0	1,642.0	249.0	259.0	256.0	(3.0)

Percentage Error	<u>-4.78%</u>	<u>0.00%</u>	<u>17.88%</u>	<u>1.16%</u>
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	Transportation					
	Reported on DRTRS by County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	1,956.0	2,038.0	(82.0)	34.0	32.0	2.0
Special Ed. - Public	290.0	278.0	12.0	5.0	4.0	1.0
Transported - Non - Public	16,002.0	15,982.0	20.0	277.0	247.0	30.0
Special Needs - Public	380.0	392.0	(12.0)	6.0	4.0	2.0
<b>Subtotal</b>	<b>18,628.0</b>	<b>18,690.0</b>	<b>(62.0)</b>	<b>322.0</b>	<b>287.0</b>	<b>35.0</b>

Percentage Error	<u>-0.3%</u>	<u>11%</u>
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**LAKWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID  
ENROLLMENT AS OF OCTOBER 15, 2014  
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A	Reported on Workpapers	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Pre K (3yrs)			-			-
Full Day Pre K (3yrs)			-			-
Half Day Pre K (4yrs)			-			-
Full Day Pre K (4yrs)			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	67.0	67.0	-	8.0	8.0	-
Grade 1	7.0	7.0	-	1.0	1.0	-
Grade 2	5.0	5.0	-	1.0	1.0	-
Grade 3	5.0	5.0	-	1.0	1.0	-
Grade 4	3.0	3.0	-	-	-	-
Grade 5	3.0	3.0	-	1.0	1.0	-
Grade 6	3.0	3.0	-	-	-	-
Grade 7	2.0	2.0	-	-	-	-
Grade 8	8.0	8.0	-	1.0	1.0	-
Grade 9	10.0	10.0	-	1.0	1.0	-
Grade 10	5.0	5.0	-	2.0	1.0	(1.0)
Grade 11	3.0	3.0	-	-	-	-
Grade 12	2.0	2.0	-	-	-	-
Subtotal	123.0	123.0	-	16.0	15.0	(1.0)
Sp Ed - Elementary	1.0	-	(1.0)	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	2.0	2.0	-	-	-
Subtotal	1.0	2.0	1.0	-	-	-
Totals	124.0	125.0	1.0	16.0	15.0	(1.0)
			<u>-0.81%</u>			<u>6.25%</u>

**LAKWOOD BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**SECTION 1**

**Calculation A: 2% Excess Surplus:**

2014-2015 Total General Fund Expenditures Reported on Exhibit C-1	\$ 123,299,894
Decreased by:	
On-Behalf TPAF Pension & Social Security	6,575,852
Adjusted 2014-2015 General Fund Expenditures	116,724,042
2% of Adjusted 2014-2015 General Fund Expenditures	\$ 2,334,481
Enter Greater of 2% of Adjusted 2014-2015 General Fund Expenditures or \$250,000	\$ 2,334,481
Increased by: Allowable Adjustment*	-
Maximum Unassigned Fund Balance	\$ 2,334,481

**SECTION 2 - All Districts**

Total General Fund - Fund Balances at June 30, 2015 (Per CAFR Budgetary Comparison Schedule/Statement)	\$ (2,952,396)
Decreased by:	
Year End Encumbrances	-
Restricted - Excess Surplus, Designated for Subsequent Year's Expenditures	-
Total Unassigned Fund Balance	\$ (2,952,396)

**SECTION 3**

Reserved Fund Balance - Excess Surplus	\$ -
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**Recapitulation of Excess Surplus as of June 30, 2015**

Reserved Excess Surplus	\$ -
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**\*Detail of Allowable Adjustments**

Extraordinary Aid	\$ -
Additional Nonpublic School Transportation Aid	-
	\$ -

**LAKESWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

It is recommended that surety bond amount for the Treasurer of School Monies be increased to ensure sufficient coverage in accordance with N.J.A.C. 6A:23A-16.4.

**II. Financial Planning, Accounting and Reporting**

It is recommended that:

1. Internal controls be reviewed and enhanced to ensure all obligations of the District are accurately reported in the financial records.
- \* 2. Internal controls over the budgetary reporting system be reviewed and enhanced to ensure that the budget appropriation report properly reflects the District's final approved budget.
- \* 3. Continued efforts be made to eliminate cumulative deficits in the General and Special Revenue Funds.
4. Reconciling items on the operating bank account reconciliation be reviewed and properly adjusted on the monthly report of the Treasurer of School Monies.
5. Contract with nonpublic service providers be reviewed by the Board attorney to ensure rates for individual services to be performed are specifically identified.
6. Only eligible costs be claimed on the Application for Special Education Extraordinary Aid and documentation to retained to support such costs.
7. Efforts be made to collect the American History grant receivable balances in the Special Revenue Fund or in lieu thereof, the District seek approval to have the balance credited against amounts due to the Federal government.
8. The 2013-14 reimbursement due to the State for TPAF pension and FICA for federally funded programs be filed and paid.

**III. School Purchasing Program**

It is recommended that:

1. In all instances notification to the Office of the State Comptroller be submitted for contracts awarded by the District which exceed \$2 million.
- \* 2. Expenditures incurred for fire alarm services that exceed the bid threshold be made in accordance the Public School Contracts Law.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**RECOMMENDATIONS**

**IV. School Food Services**

- \* It is recommended that continued efforts be made to reduce the net cash resources of the food service fund.

**V. Student Body Activities**

It is recommended that internal controls over student activity and athletic accounts be reviewed and enhanced to ensure that:

- \*
  1. Monies received are deposited in a timely manner.
  2. Old outstanding checks in the athletic account be reviewed and cleared of record.

**VI. Application for State School Aid**

- \* It is recommended that internal controls be enhanced to ensure that documentation to support students reported on the Application for State School Aid is retained for audit.

**VII. Transportation**

- \* It is recommended that, in all instances, B6T and B7T forms be filed and categorized by school for students transported to non public schools as reported on the DRTRS.

**VIII. Facilities and Capital Assets**

There are none.

**IX. Miscellaneous**

There are none.

**X. Status of Prior Years' Audit Findings/Recommendations**

A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings, however further action is required for those recommendations denoted by an asterisk (\*).

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us. In addition, it should be noted that the Business Office deserves much credit for the significant improvements made since the previous audit report.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP

A handwritten signature in black ink, appearing to read "Dieter P. Lerch", is written over the typed name and title.

Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756