

**LAKWOOD BOARD OF EDUCATION  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS -  
FINANCIAL COMPLIANCE AND PERFORMANCE  
JUNE 30, 2016**

**LAKESWOOD BOARD OF EDUCATION  
TABLE OF CONTENTS**

**AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS  
- FINANCIAL, COMPLIANCE AND PERFORMANCE**

	<u>Page No.</u>
Report of Independent Auditors'	1
Scope of Audit	2
Administrative Practices and Procedures	2
Financial Planning, Accounting and Reporting	2-4
School Purchasing Programs	5
Food Service Fund	5-6
Student Body Activities	6
Application for State School Aid	7
Pupil Transportation	7
Facilities and Capital Assets	8
Follow-Up Prior Year Findings	8
Suggestions to Management	8
Schedule of Meal Count Activity	9
Net Cash Resources Schedule	10
Schedule of Audited Enrollments	11-13
Calculation of Excess Surplus	14
Recommendations	15-16
Acknowledgement	16



# 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  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

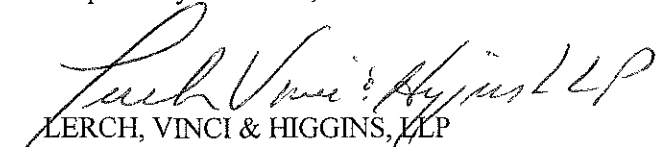
Honorable President and Members  
of the Board of Trustees  
Lakewood Board of Education  
Lakewood, New Jersey

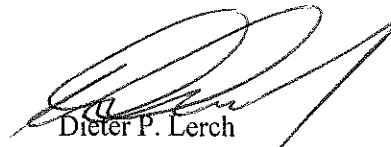
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Lakewood Board of Education, County of Ocean, State of New Jersey as of and for the year ended June 30, 2016, and have issued our report thereon dated November 29, 2016.

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  
November 29, 2016

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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	\$600,000

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.

**Financial Planning, Accounting and Reporting**

**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.

**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.

All payrolls tested were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/Business Administrator.

The District filed the required certification (E-CERT1) of compliance with requirements for income tax compensation of certain administrators with the NJ Department of Treasury by the March 15 due date.

**Finding** – Excess balances exist in the net payroll and payroll agency bank accounts at year end.

**Recommendation** – Balances remaining in the net payroll and payroll agency bank account be reviewed for and be disbursed or transferred accordingly.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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.

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.

Board Secretary's Records

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

Acknowledgment of the Board's receipt of the Board Secretary's monthly financial reports was included in the minutes.

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

**Finding** – The District ended the year with cumulative fund deficits in the General and Special Revenue Funds. **(CAFR Findings 2016-001 and 2016-003)**

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

**Finding** – Our audit of the District's general fund budget report indicated budgetary line items for transportation and unallocated benefits in which expenditures incurred exceeded available budget appropriations **(CAFR Findings 2016-001 and 2016-003)**.

**Recommendation** – The District develop a course of action to ensure that sufficient funds are available prior to incurring general fund budgetary expenditures.

Treasurer's Records

The Treasurer did perform monthly reconciliations of the general operating, net payroll and payroll agency bank accounts

Acknowledgment of the Board's receipt of the Treasurer's monthly financial reports was included in the minutes.

Unemployment Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund. The financial transactions of this fund are reported in the Expendable Trust Fund.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 and, III of the Elementary and Secondary Education Act as amended and reauthorized.

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.

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 Chapter 192 – Non-Public Auxiliary Services program revealed the following with respect to the required Forms 407-1 (**CAFR Finding 2016-004**):

- Forms were not always signed approving such services by appropriate District personnel.
- Forms did not always include the dates of the services provided.

**Recommendation** – Forms 407-1 for Non- Public Auxiliary Services be reviewed to ensure all required information is included and that only eligible students are receiving services.

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

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. No exceptions were noted.

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 90 day grant liquidation period required by the Office of grants Management. The expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

Non Public State Aid

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

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**School Purchasing Programs**

**Contracts and Agreements Requiring Advertisement for Bids**

The bid thresholds in accordance with N.J.S.A. 18A:18A-2 (as amended) and 18A:18A-3(a) are \$40,000 (with a Qualified Purchasing Agent) and \$29,000 (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 \$18,800. 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.

**Food Service Fund**

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims and as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The financial transactions and statistical records of the school food services were maintained in satisfactory condition.

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

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.

**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Food Service Fund (Continued)**

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.

**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 and athletic account collections were not always deposited in a timely manner.

**Recommendation** – Monies received in the student activity and athletic accounts be deposited in a timely manner.



**LAKEWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Application for State School Aid**

Our audit procedures included a test of information reported in the October 15, 2015 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 the following (**CAFR Finding 2016-005**):

On-Roll

- Certain students were not able to be verified to class registers.

Private School for the Disabled

- Certain IEP’s were not able to be provided for audit.
- Students reported were not always able to be verified to a tuition bill.
- Tuition contracts were not always able to be provided for audit.

Low Income

- Meal applications and/or household information surveys were not always able to be provided for audit.
- Certain students were not able to be verified to class registers.

Special Education

- Certain IEP’s were not able to be provided for audit.

**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 2015-16 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report without exception. The results of our procedures noted differences for amounts tested which are presented in the Schedule of Audited Enrollments.

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, 2016**

**Facilities and Capital Assets**

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

**Finding** – Our audit indicated that contract balances due to vendors for capital improvement projects exceed the amount of referendum funds available as of June 30, 2016 (**CAFR Finding 2016-002**).

**Recommendation** – A course of action be developed to ensure sufficient funds are made available for the payment of contract balances due on capital improvement projects funded through referendum.

**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.
- Consideration be given to closing inactive district bank accounts.
- Surety bond coverage for the Treasurer of School Monies be increased to ensure continued compliance with statutory minimum requirements.

**LAKWOOD BOARD OF EDUCATION  
FOOD SERVICE FUND  
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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, 2016**

**NET CASH RESOURCES SCHEDULE**

**Net Cash Resources**

**Current Assets**

Cash and Cash Equivalents	\$	364,881
Accounts Receivable		404,717
Due from Other Funds		2,294,651

**Current Liabilities**

Accounts Payable		(291,970)
Due to Other Funds		(265,000)

<b>Net Cash Resources</b>	<b>\$</b>	<b><u>2,507,279</u></b>	<b>(A)</b>
---------------------------	-----------	-------------------------	------------

**Operating Expenditures**

Total Operating Expenditures		5,221,912
Less Depreciation		(50,642)
Less USDA Commodities		(274,861)

<b>Adjusted Total Operating Expenditures</b>	<b>\$</b>	<b><u>4,896,409</u></b>	<b>(B)</b>
--	-----------	-------------------------	------------

**Average Monthly Operating Expense:**

B / 10	\$	<u>489,641</u>	(C)
--------	----	----------------	-----

**Three times monthly Average:**

C x 3	\$	<u>1,468,923</u>	(D)
-------	----	------------------	-----

---

TOTAL IN BOX A	\$	2,507,279
----------------	----	-----------

LESS TOTAL IN BOX D	\$	<u>1,468,923</u>
---------------------	----	------------------

NET	\$	<u>1,038,356</u>
-----	----	------------------

**LAKWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2015**

	2016-2017 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on A.S.S.A. On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Register On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools	Sample for Verifi- cation	Sample Verified	Sample Errors	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared					
Half Day Preschool - 3 years																	
Full Day Preschool - 3 years	2		3		(1)			3									
Half Day Preschool - 4 years																	
Full Day Preschool - 4 years	256		257		(1)			123		122							
Half Day Kindergarten			-														
Full Day Kindergarten	475		475					230		214							
1st Grade	537		537					212		212							
2nd Grade	497		494		3			117		115							
3rd Grade	527		524		3			103		103							
4th Grade	449		447		2			179		179							
5th Grade	428		427		1			160		160							
6th Grade	355		354		1			354		353							
7th Grade	333		333					333		305							
8th Grade	296		296					296		296							
9th Grade	301		301					301		301							
10th Grade	287		285		2			285		274							
11th Grade	201	26	200	27	1	(1)		200	27	190	27						
12th Grade	194	34	193	34	1	-		193	34	178	34						
<b>Subtotal</b>	<b>5,138</b>	<b>60</b>	<b>5,126</b>	<b>61</b>	<b>12</b>	<b>(1)</b>		<b>3,089</b>	<b>61</b>	<b>3,002</b>	<b>61</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Spec Ed - Elementary	536		538		(2)			47		43				197	96	79	17
Spec Ed- Middle School	184		184					184		176				34	16	16	
Spec Ed - High School	139	10	138	11	1	(1)		138	11	123	11			68	34	32	2
<b>Subtotal</b>	<b>859</b>	<b>10</b>	<b>860</b>	<b>11</b>	<b>(1)</b>	<b>(1)</b>		<b>369</b>	<b>11</b>	<b>342</b>	<b>11</b>	<b>27</b>	<b>-</b>	<b>299</b>	<b>146</b>	<b>127</b>	<b>19</b>
<b>Totals</b>	<b>5,997</b>	<b>70</b>	<b>5,986</b>	<b>72</b>	<b>11</b>	<b>(2)</b>		<b>3,458</b>	<b>72</b>	<b>3,344</b>	<b>72</b>	<b>114</b>	<b>-</b>	<b>299</b>	<b>146</b>	<b>127</b>	<b>19</b>
<b>Percentage Error</b>					<b>0.18%</b>	<b>-2.86%</b>						<b>3.30%</b>					<b>13.01%</b>

LAKEWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2015

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A as Low Income	Reported on Work papers as Low Income	Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A as LEP Low Income	Reported on Work papers as LEP Low Income	Errors	Sample Selected from Work papers	Verified to Application and Register	Sample Errors
Half Day Preschool - 3 Yrs												
Full Day Preschool - 3 Yrs												
Half Day Preschool - 4 Yrs												
Full Day Preschool - 4 Yrs												
Half Day Kindergarten												
Full Day Kindergarten	320.0	315.0	5.0	20.0	19.0	1.0	206	203	3	33	30	3
1st Grade	454.0	447.0	7.0	26.0	23.0	3.0	300	295	5	48	45	3
2nd Grade	465.0	465.0		27.0	20.0	7.0	295	295		47	39	8
3rd Grade	493.0	491.0	2.0	29.0	20.0	9.0	273	271	2	44	34	10
4th Grade	435.0	432.0	3.0	25.0	22.0	3.0	129	128	1	20	17	3
5th Grade	403.0	404.0	(1.0)	24.0	20.0	4.0	62	62		10	8	2
6th Grade	331.0	330.0	1.0	16.0	9.0	7.0	19	19		3	3	
7th Grade	316.0	314.0	2.0	18.0	11.0	7.0	12	12		2	2	
8th Grade	272.0	273.0	(1.0)	18.0	10.0	8.0	15	15		2	1	1
9th Grade	269.0	269.0		15.0	7.0	8.0	20	20		3	3	
10th Grade	243.0	244.0	(1.0)	14.0	5.0	9.0	26	26		5	3	2
11th Grade	190.0	188.5	1.5	12.0	2.0	10.0	15	15		2	1	1
12th Grade	172.0	171.5	0.5	11.0	6.0	5.0	6	5	(1)	1	1	-
<b>Subtotal</b>	<b>4,363.0</b>	<b>4,344.0</b>	<b>19.0</b>	<b>255.0</b>	<b>174.0</b>	<b>81.0</b>	<b>1,378</b>	<b>1,366</b>	<b>10</b>	<b>220</b>	<b>187</b>	<b>33</b>
Spec Ed - Elementary	564.0	579.0	(15.0)	34.0	23.0	11.0	99	107	(8)	16	15	1
Spec Ed - Middle School	199.0	203.0	(4.0)	12.0	6.0	6.0	4	4	-	1	1	-
Spec Ed - High School	173.5	184.5	(11.0)	11.0	8.0	3.0	1	1	-	1	1	-
<b>Subtotal</b>	<b>936.5</b>	<b>966.5</b>	<b>(30.0)</b>	<b>57.0</b>	<b>37.0</b>	<b>20.0</b>	<b>104</b>	<b>112</b>	<b>(8)</b>	<b>18</b>	<b>17</b>	<b>1</b>
Co Voc Reg												
Train Sch/Secure Care	1.0		1.0									
Res Mental Health Ctr	1.0		1.0									
Juvenile Comm Ctr	1.0		1.0									
Juvenile Det Ctr	4.0		4.0									
<b>Subtotal</b>	<b>7.0</b>	<b>-</b>	<b>7.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>#</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Totals</b>	<b>5,306.5</b>	<b>5,310.5</b>	<b>(4.0)</b>	<b>312.0</b>	<b>211.0</b>	<b>101.0</b>	<b>1,482.0</b>	<b>1,478.0</b>	<b>2.0</b>	<b>238.0</b>	<b>204.0</b>	<b>34.0</b>
---------------	----------------	----------------	--------------	--------------	--------------	--------------	----------------	----------------	------------	--------------	--------------	-------------

Percentage Error			<u>-0.08%</u>						<u>0.13%</u>			<u>14.29%</u>
------------------	--	--	---------------	--	--	--	--	--	--------------	--	--	---------------

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Regular - Public Schools	2,163	2,163	-	37	32	5
Transported - Non-Public	15,919	15,919	-	272	272	-
Regular - Spec.	28	28	-	1	1	-
Special Needs - Public	717	717	-	12	12	-
<b>Totals</b>	<b>18,827</b>	<b>18,827</b>	<b>-</b>	<b>322</b>	<b>317</b>	<b>5</b>
			<u>0.00%</u>			<u>1.55%</u>

**LAKWOOD BOARD OF EDUCATION  
APPLICATION FOR STATE SCHOOL AID (A.S.S.A.)  
SCHEDULE OF AUDITED ENROLLMENTS  
OCTOBER 15, 2015**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on A.S.S.A as Not Low Income	Reported on Workpapers as Not Low Income	Errors	Sample Selected from Workpapers	Verified to Register	Sample Errors
Half Day Preschool (3 Yrs)						
Full Day Preschool (3 Yrs)						
Half Day Preschool (4 Yrs)						
Full Day Preschool (4 Yrs)						
Half Day Kindergarten						
Full Day Kindergarten	73	73		12	12	
1st Grade	41	44	(3)	7	7	
2nd Grade	12	12		2	2	
3rd Grade	17	17		3	3	
4th Grade	3	6	(3)	1	1	
5th Grade	9	9		1	1	
6th Grade	8	8		1	1	
7th Grade	7	7		1	1	
8th Grade	7	7		1	1	
9th Grade	11	11		1	1	
10th Grade	11	11		1	1	
11th Grade	5	5		1	1	
12th Grade	4	5	(1)	1	1	-
<b>Subtotal</b>	<u>208</u>	<u>215</u>	<u>(7)</u>	<u>33</u>	<u>33</u>	<u>-</u>
Spec Ed - Elementary	3	3		1	1	
Spec Ed- Middle School						
Spec Ed - High School			-			-
<b>Subtotal</b>	<u>3</u>	<u>3</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
<b>Totals</b>	<u>211</u>	<u>218</u>	<u>(7)</u>	<u>34</u>	<u>34</u>	<u>-</u>
Percentage Error			<u>-3.32%</u>			<u>0.00%</u>

**LAKWOOD BOARD OF EDUCATION  
CALCULATION OF EXCESS SURPLUS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**SECTION 1**

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

2015-2016 Total General Fund Expenditures Reported on Exhibit C-1		\$ 135,914,789
Decreased by:		
Expenditures Allocated to Restricted Federal Resources	\$ 1,656,635	
On-Behalf TPAF Pension & Social Security	7,644,700	
Assets Acquired Under Capital Lease	<u>898,819</u>	
		<u>10,200,154</u>
Adjusted 2015-2016 General Fund Expenditures		125,714,635
2% of Adjusted 2015-2016 General Fund Expenditures		<u>\$ 2,514,293</u>
Enter Greater of 2% of Adjusted 2015-2016 General Fund Expenditures or \$250,000	\$ 2,514,293	
Increased by: Allowable Adjustment*	<u>299,159</u>	
Maximum Unassigned Fund Balance		<u>\$ 2,813,452</u>

**SECTION 2 - All Districts**

Total General Fund - Fund Balances at June 30, 2016 (Per CAFR Budgetary Comparison Schedule/Statement)		\$ (3,791,814)
Decreased by:		
Year End Encumbrances		<u>3,032,188</u>
Total Unassigned Fund Balance		<u>\$ (6,824,002)</u>

**SECTION 3**

<b>Reserved Fund Balance - Excess Surplus</b>		<u>\$ -</u>
---	--	-------------

**\*Detail of Allowable Adjustments**

Additional Nonpublic School Transportation Aid		<u>\$ 299,159</u>
--	--	-------------------



**LAKWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**RECOMMENDATIONS**

**I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Balances remaining in the net payroll and payroll agency bank account be reviewed for and be disbursed or transferred accordingly.
- \* 2. Continued efforts be made to eliminate cumulative deficits in the General and Special Revenue Funds.
3. The District develop a course of action to ensure that sufficient funds are available prior to incurring general fund budgetary expenditures.
4. Forms 407-1 for Non- Public Auxiliary Services be reviewed to ensure all required information is included and that only eligible students are receiving services.

**III. School Purchasing Program**

There are none.

**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 monies received in the student activity and athletic accounts be deposited in a timely manner.

**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.

**LAKEWOOD BOARD OF EDUCATION  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**RECOMMENDATIONS**

**VII. Transportation**

There are none.

**VIII. Facilities and Capital Assets**

It is recommended that a course of action be developed to ensure sufficient funds are made available for the payment of contract balances due on capital improvement projects funded through referendum.

**IX. Miscellaneous**

There are none.

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

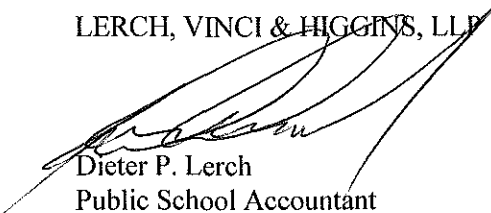
A review was performed on all prior years' recommendations and corrective action was taken on all prior year findings, however further action is required for those recommendations denoted by an asterisk (\*).

**ACKNOWLEDGEMENT**

We received the complete cooperation of all the officials of the school district and we greatly appreciate the courtesies extended to us.

Respectfully submitted,

LERCH, VINCI & HIGGINS, LLP



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756