

LAKEWOOD TOWNSHIP SCHOOL DISTRICT

**Lakewood, New Jersey
County of Ocean**

**Auditor's Management Report on Administrative Findings -
Financial, Compliance and Performance
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE**

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**AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS – FINANCIAL, COMPLIANCE AND PERFORMANCE**

Honorable President and Members
of the Board of Education
Lakewood Township School District
County of Ocean
Lakewood, New Jersey 08068

We have audited, in accordance with generally accepted audit standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Lakewood Township School District in the County of Ocean for the year ended June 30, 2020, and have issued our report thereon dated January 27, 2021

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

This report is intended for the information of the Lakewood Township School District's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Matthew Holman
Certified Public Accountant
Public School Accountant, No. 20CS00260100

Toms River, New Jersey
January 27, 2021

**ADMINISTRATIVE FINDINGS -
 FINANCIAL, COMPLIANCE AND PERFORMANCE**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator, the activities of the Board of Education, and 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 Exhibit J-20, Insurance Schedule contained in the School District's CAFR.

Official Bonds (N.J.S.A. 18A:17-26, 18A:17-32, 18A:13-13)

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Charles J. Fallon, CPA	Treasurer of School Monies	\$600,000

There is an Employee's 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

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

Payroll Account

The net salaries of sampled employees of the board were deposited in the Payroll Account. Employee's payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

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

Sampled salary withholdings were promptly remitted to the proper agencies, including health benefits premium amounts withheld due to the general fund.

Payrolls were delivered to the School Business Administrator/Board Secretary who then deposited with warrants in separate bank accounts for net payroll and withholdings.

Employee Position Control Roster

A sample inquiry and subsequent review of the Position Control Roster found no inconsistencies between the payroll records, employee benefit records (e.g. pension reports and health benefit coverage reports), the general ledger accounts to where wages are posted (administrative versus instruction), and the Position Control Roster.

Reserve for Encumbrances and Accounts Payable

A sample of outstanding issued purchase orders was made as of June 30 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23 A-16.29(f)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of a sample of expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-8.3*. As a result of the procedures performed, a transaction error rate of 0% percent overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the board secretary were found to be in satisfactory condition.

Treasurer's Records

Our review of the financial and accounting records maintained by the Treasurer were found to be in satisfactory condition.

Elementary and Secondary Education Act (E.S.E.A.) as amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized. Note to auditor: Refer to Section II-SA of this Audit Program for E.S.E.A. flexibility waiver information that may affect requirements that school districts would otherwise implement during the school year under audit and the previous school year.

T.P.A.F. Reimbursement

Our audit procedures included a sample test of the biweekly reimbursements 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.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A.18A:18A-1 et seq. (Public School Contracts Law), the associated rules and related information on the statute, and school contracts in general is available on the website: <http://www.state.nj.us/dca/divisions/dlgs/programs/lpcl.html>

Current statute is posted on the New Jersey Legislature website at: http://lis.njleg.state.nj.us/cgi-bin/om_isapi.dll?clientID=1319801&depth=2&expandheadings=off&headigswithhits=on&infobase=statutes.nfo&softpage=TOC_Frame_Pg42

The bid thresholds in accordance with *N.J.S.A. 18A:18A-2* 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 student transportation contracts under *N.J.S.A. 18A:39-3* is \$19,000 for 2019-2020.

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

Based on the results of our tests on sample basis, we did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, 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*.

School Food Service

COVID – 19 EMERGENCY

In accordance with the Governor's Declaration of Emergency pertaining to the COVID 19 Virus all Public, Charter, Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to Free and Reduced Price eligible students during the period of school closures.

Therefore, SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and

N.J.S.A.18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of Free and Reduced Price meal eligible students.

SFAs were notified of the requirement to maintain and report separate meal count records and financial records of all applicable costs incurred in providing meals to all free and reduced price meal eligible students during the emergency.

The financial transactions and statistical records of the school food service fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

Cash receipts and bank records were reviewed for timely deposit.

The district/charter school/renaissance school project utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with *N.J.S.A. 18A:17-34*, and 19-1 through 19-4.1. Provisions of the FSMC Cost Reimbursable or Fixed Price contract/addendum 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 \$790,000. The operating results provision has been met. All vendor discounts, rebates, and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

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

The cash disbursements 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.

Net cash resources did not exceed three months average expenditures.

Time sheets were reviewed, and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the board of education/board of trustees. No exceptions were noted.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served was compared to the number of valid applications /or to the list of directly certified students on file, times the number of operating days, on a school-by-school basis. The free and reduced price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions I and II were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced price applications were completed and available for review.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (CAFR Schedule B-5) does separate program and non-program revenue AND program and non-program cost of goods sold.

Student Body Activities

Our review of the financial and accounting records for student activities indicated they were in satisfactory condition.

Application for State School Aid (ASSA)

Our audit procedures included a sample test of information reported in the October 15, 2019 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped and low-income, and bilingual. We also performed a review on a sample basis of the School District's procedures related to its completion. The information on the ASSA was compared to the School 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.

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

The School District written procedures appear to be adequate for the recording of student enrollment data.

Pupil Transportation

Our audit procedures included a sample test of on roll status reported in the 2019-2020 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 are presented in the Schedule of Audited Enrollments.

Our procedures also included a sample of transportation contracts and purchases. Based on our sample, the School District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes. No exceptions were noted in our sampling of transportation related purchases of goods and services.

Follow-up on Prior Year Findings

In accordance with audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, our procedures included a review of all prior year findings reported in the prior year's Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance. Corrective action had been taken on all prior year findings.

Office of Fiscal Accountability and Compliance (OFAC) Findings

There were no Office of Fiscal Accountability and Compliance (OFAC) audit reports issued during the fiscal year ended June 30, 2020.

Acknowledgment

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

Respectfully submitted,

HOLMAN FRENIA ALLISON, P.C.

Matthew Holman
Certified Public Accountant
Public School Accountant, No. 20CS00260100

Toms River, New Jersey
January 27, 2021

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ADDITIONAL INFORMATION

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SCHEDULE OF AUDITED ENROLLMENTS (1)

LAKWOOD TOWNSHIP SCHOOL DISTRICT
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF OCTOBER 15, 2019

	2019-2020 Application for State School Aid						Sample for Verification						Private Schools for Disabled					
	Reported on A.S.S.A. On Roll		Workpapers		Errors		Sample Selected from Workpapers		Registers On Roll		Errors per Registers On Roll		Reported on A.S.S.A. as Private Schools		Sample for Verification			
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared		
Full Day Preschool - 3 Yrs	40	-	-	-	-	-	2	-	2	-	-	-	-	-	-	-	-	
Full Day Preschool - 4 Yrs	220	-	-	-	-	-	12	-	12	-	-	-	-	-	-	-	-	
Full Day Kindergarten	343	-	-	-	-	-	19	-	19	-	-	-	-	-	-	-	-	
One	317	-	-	-	-	-	18	-	18	-	-	-	-	-	-	-	-	
Two	313	-	-	-	-	-	17	-	17	-	-	-	-	-	-	-	-	
Three	294	-	-	-	-	-	16	-	16	-	-	-	-	-	-	-	-	
Four	306	-	-	-	-	-	17	-	17	-	-	-	-	-	-	-	-	
Five	364	-	-	-	-	-	20	-	20	-	-	-	-	-	-	-	-	
Six	314	-	-	-	-	-	17	-	17	-	-	-	-	-	-	-	-	
Seven	374	-	-	-	-	-	21	-	21	-	-	-	-	-	-	-	-	
Eight	340	-	-	-	-	-	19	-	19	-	-	-	-	-	-	-	-	
Nine	334	-	-	-	-	-	19	-	19	-	-	-	-	-	-	-	-	
Ten	297	-	-	-	-	-	16	-	16	-	-	-	-	-	-	-	-	
Eleven	215	61	-	-	61	-	12	3	12	3	-	-	-	-	-	-	-	
Twelve	199	48	-	-	199	48	11	3	11	3	-	-	-	-	-	-	-	
Subtotal	4,270	109	-	-	4,270	109	236	6	236	6	-	-	-	-	-	-	-	
Special Ed - Elementary	756	-	-	-	-	-	42	-	42	-	-	-	-	197	95	95	-	
Special Ed - Middle School	262	-	-	-	-	-	15	-	15	-	-	-	-	65	31	31	-	
Special Ed - High School	220	13	-	-	220	13	12	1	12	1	-	-	-	89	43	43	-	
Subtotal	1,238	13	-	-	1,238	13	69	1	69	1	-	-	-	351	169	169	-	
Totals	5,508	122	-	-	5,508	122	305	7	305	7	-	-	-	351	169	169	-	
Percentage Error							0.00%		0%		0.00%		0.00%		0.00%		0.00%	

SCHEDULE OF AUDITED ENROLLMENTS (2)

LAKEWOOD TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Full Day Kindergarten	380	380	-	22	22	-	251	251	-	39	39	-
One	351	351	-	21	21	-	156	156	-	24	24	-
Two	333	333	-	20	20	-	167	167	-	26	26	-
Three	314	314	-	18	18	-	147	147	-	23	23	-
Four	310	310	-	18	18	-	166	166	-	26	26	-
Five	341	341	-	20	20	-	141	141	-	22	22	-
Six	301	301	-	18	18	-	77	77	-	12	12	-
Seven	358	358	-	21	21	-	70	70	-	11	11	-
Eight	331	331	-	19	19	-	62	62	-	10	10	-
Nine	310	310	-	18	18	-	61	61	-	10	10	-
Ten	265	265	-	16	16	-	44	44	-	7	7	-
Eleven	222	222	-	13	13	-	27	27	-	4	4	-
Twelve	186	186	-	11	11	-	17	17	-	3	3	-
Subtotal	4,002	4,002	-	235	235	-	1,386	1,386	-	217	217	-
Special Ed - Elementary	742	742	-	44	44	-	299	299	-	47	47	-
Special Ed - Middle	300	300	-	18	18	-	82	82	-	13	13	-
Special Ed - High	271	271	-	16	16	-	16	16	-	3	3	-
Subtotal	1,313	1,313	-	78	78	-	397	397	-	63	63	-
Totals	5,315	5,315	-	313	313	-	1,783	1,783	-	280	280	-
Percentage Error	0%			0%			0%			0%		

Transportation

	Reported on DRTS by DOE/county			Reported on DRTS by District			Errors		
	Reported on	Errors	Verified	Reported on	Errors	Verified	Tested	Verified	Errors
Reg. - Public Schools, col. 1	2,083	2,083	26	-	-	26	-	-	-
Reg -SpEd, col. 4	105	105	2	-	2	-	-	-	-
AIL, col. 2	402	402	5	-	5	-	-	-	-
Transported - Non-Public, col. 3	22,189	22,189	280	-	280	-	-	-	-
Special Ed Spec, col. 6	753	753	9	-	9	-	-	-	-
Totals	25,532	25,532	322	-	322	-	-	-	-
Percentage Error	0%			0%			0%		

SCHEDULE OF AUDITED ENROLLMENTS (3)

**LAKWOOD TOWNSHIP SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2019**

	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 Application and Register	Sample Errors
Full Day Kindergarten	15	15	-	9	9	-
One	12	12	-	7	7	-
Two	16	16	-	10	10	-
Three	15	15	-	9	9	-
Four	12	12	-	7	7	-
Five	15	15	-	9	9	-
Six	4	4	-	2	2	-
Seven	4	4	-	2	2	-
Eight	5	5	-	3	3	-
Nine	10	10	-	6	6	-
Ten	17	17	-	11	11	-
Eleven	10	10	-	6	6	-
Twelve	2	2	-	1	1	-
Subtotal	137	137	-	82	82	-
Special Ed - Elementary	20	20	-	12	12	-
Special Ed - Middle	1	1	-	1	1	-
Special Ed - High	-	-	-	-	-	-
Subtotal	21	21	-	13	13	-
Totals	158	158	-	95	95	-
Percentage Error			<u>0%</u>			<u>0%</u>

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NET CASH RESOURCE SCHEDULE

Net cash resources "DID NOT" exceed three months of expenditures Proprietary Funds - Food Service FYE 2020

<u>Net Cash Resources:</u>		Food Service B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 415,581
B-4		Due from Other Gov'ts	1,489,195
B-4		Interfund Receivable	0
B-4		Investments	22,442.00
		Current Liabilities	
B-4		Less Accounts Payable	(25,048)
B-4		Less Accruals	-
B-4		Less Due to Other Funds	(423,680)
B-4		Less Deferred Revenue	-
		Net Cash Resources	<u>\$ 1,478,490.00</u> (A)

Net Adj. Total Operating Expense:

B-5	Tot. Operating Exp.	\$ 7,195,950	
B-5	Less Depreciation	(44,472.00)	
		<u>\$ 7,151,478</u>	(B)

Average Monthly Operating Expense:

B / 10	<u>\$ 715,148</u>	(C)
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Three times monthly Average:

3 X C	<u>\$ 2,145,443</u>	(D)
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TOTAL IN BOX A	\$	1,478,490.00	
LESS TOTAL IN BOX D	\$	2,145,443.40	
NET	\$	<u>(666,953.40)</u>	
From above:			
A is greater than D, cash exceeds 3 X average monthly operating expenses.			
D is greater than A, cash does not exceed 3 X average monthly operating expenses.			

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

LAKEWOOD TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -Federal

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
National School Lunch (High Rate)	Paid	0	0	0	0	0.34	0.00
National School Lunch (High Rate)	Reduced	0	0	0	0	3.03	0.00
National School Lunch (High Rate)	Free	610,544	610,544	610,544	0	3.43	0.00
	TOTAL	610,544	610,544	610,544			0.00
National School Lunch	HHFKA - PB Lunch Only	610,544	610,544	610,544	0	0.07	0.00
School Breakfast (Severe Need Rate)	Paid	0	0	0	0	0.31	0.00
School Breakfast (Severe Need Rate)	Reduced	0	0	0	0	1.90	0.00
School Breakfast (Severe Need Rate)	Free	508,022	508,022	508,022	0	2.20	0.00
	TOTAL	508,022	508,022	508,022			0.00
Special Milk	Paid	0	0	0	0	0.215	0.00
After School Snacks	Paid	0	0	0	0	0.08	0.00
	Reduced	0	0	0	0	0.47	0.00
	Free (Area Eligible)	29,244	29,244	29,244	0	0.94	0.00
	TOTAL	29,244	29,244	29,244			0.00
CACFP (d) - Food	Free				0	3.16	0.00
CACFP (d) - Cash-in-lieu of USDA Foods	Free				0	0.23	0.00
	Total Net Overclaim						0.00

School Food Service

SCHEDULE OF MEAL COUNT ACTIVITY

LAKEWOOD TOWNSHIP SCHOOL DISTRICT

FOOD SERVICE FUND

NUMBER OF MEALS SERVED AND (OVER) UNDERCLAIM -STATE

ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PROGRAM	MEAL CATEGORY	MEALS CLAIMED	MEALS TESTED	MEALS VERIFIED	DIFFERENCE	RATE (a)	(OVER) UNDER CLAIM (b)
State Reimbursement - National School Lunch (Regular Rate)	Paid	0	0	0	0	0.050	0.00
State Reimbursement - National School Lunch (Regular Rate)	Reduced	0	0	0	0	0.055	0.00
State Reimbursement - National School Lunch (Regular Rate)	Free	610,544	610,544	610,544	0	0.055	0.00
	TOTAL	<u>610,544</u>	<u>610,544</u>	<u>610,544</u>			

Total Net Overclaim

0.00

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EXCESS SURPLUS CALCULATION

SECTION 1

Calculation A: 2% Excess Surplus:

All Districts required to use school-based budgeting are required to complete this calculation using 1.5% on line A10.

2019-2020 Total General Fund Expenditures Reported on Exhibit (C-1)	\$	<u>179,782,931.00</u>	(A)
Increased by Applicable Operating Transfers:			
Transfer from Capital Outlay to Capital Projects	\$	<u>-</u>	(A1a)
Transfer from Capital Reserve to Capital Projects	\$	<u>-</u>	(A1a)
Transfer from General Fund to SRF for PreK-Regular	\$	<u>-</u>	(A1a)
Transfer from General Fund to SRF for PreK-Inclusion	\$	<u>-</u>	(A1a)
Less: Expenditures Allocated to Restricted Federal Resources as Reported on Exhibit D-2			
	\$	<u>-</u>	(A1b)
2019-2020 Adjusted General Fund & Other State Expenditures [(A)-(A1)]		<u>179,782,931</u>	(A2)
Decreased by:			
On-Behalf TPAF Pension & Social Security	\$	<u>-</u>	(A3)
Assets Acquired Under Capital Leases:			
General Fund 2020 Assets Acquired Under Capital Leases reported on Exhibit C-1a	\$	<u>-</u>	(A4)
Add: General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases:			
Assets Acquired Under Capital Leases in Fund 15 Reported on Exhibit C-1a	\$	<u>-</u>	(A5)
Combined General Fund Contribution & State Resources Percent of Fund 15 Resources Reported on Exhibit D-2		<u>100.00%</u>	(A6)
General Fund & State Resources Portion of Fund 15 Assets Acquired Under Capital Leases [(A5)*(A6)]	\$	<u>-</u>	(A7)
Total Assets Acquired Under Capital Leases [(A4)+(A7)]	\$	<u>-</u>	(A8)
2019-2020 General Fund Expenditures [(A-2)-(A-3)-(A-8)]	\$	<u>179,782,931</u>	(A9)
1.5% of Adjusted 2019-2020 General Fund Expenditures [(A9) times .02]	\$	<u>2,696,744</u>	(A10)
Enter Greater of (A10) or \$250,000	\$	<u>2,696,744</u>	(A11)
Increased by: Allowable Adjustment *	\$	<u>4,461,107</u>	(K)
Maximum Unassigned Fund Balance [(A11)+(K)]	\$	<u><u>7,157,851</u></u>	(M)

EXCESS SURPLUS CALCULATION (continued):

SECTION 2:

Total General Fund - Fund Balances @ 06/30/2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>21,157,459</u> (C)
Decreased by:	
Year-End Encumbrances	\$ <u>6,909,341</u> (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ <u>-</u> (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>-</u> (C3)
Other Restricted Fund Balances ****	\$ <u>1,029,858</u> (C4)
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ <u>1,491,220</u> (C5)
Additional Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures (July 1, 2020 - August 1, 2020)	\$ <u>-</u> (C6)*****
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u>11,727,040</u> (U)

SECTION 3

Restricted Fund Balance - Excess Surplus *** {(U)-(M)} IF NEGATIVE ENTER -0-	\$ <u>4,569,189</u> (E)
Restricted Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>-</u> (C3)
Restricted Excess Surplus *** {(E)}	\$ <u>4,569,189</u> (E)
Total [(C3) + (E)]	\$ <u>4,569,189</u> (D)

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

(H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2015 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);

(I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);

(J1) Extraordinary Aid;

(J2) Additional Nonpublic Transportation Aid;

(J3) Recognized current year School Bus Advertising Revenue; and

(J4) Family Crisis Transportation Aid.

Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ <u>-</u> (H)
Sale & Lease-back	\$ <u>-</u> (I)
Extraordinary Aid	\$ <u>4,461,107</u> (J1)
Additional Nonpublic School Transportation Aid	\$ <u>-</u> (J2)
Current Year School Bus Advertising Revenue Recognized	\$ <u>-</u> (J3)
Family Crisis Transportation Aid	\$ <u>-</u> (J4)
Total Adjustments {(H)+(I)+J1)+(J2)+(J3)}	\$ <u>4,461,107</u> (K)

EXCESS SURPLUS CALCULATION (continued):

SECTION 3 (continued):

- ** This amount represents the June 30, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.
- *** Amount entered must agree with the June 30, 2020 CAFR and Audit Summary Worksheet Line 90030
- **** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not legally imposed by another type of government such as the judicial branch of government must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.
- ***** Increase in Assigned Fund Balance-Unreserved-Designated for Subsequent Year's expenditures July 1, 2020 to August 1, 2020 resulting from decrease in state aid after adoption of 2020-21 district budget.

Detail of Other Reserved Fund Balance

Statutory Restrictions:

Approved Unspent Separate Proposal	\$ -
Sale/Lease-Back Reserve	\$ -
Capital Reserve	\$ 1,029,858
Maintenance Reserve	\$ -
Emergency Reserve	\$ -
Tuition Reserve	\$ -
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ -
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ -
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ -
Impact Aid Capital Fund Reserve (Sections 8007 and 8008)	\$ -
Other State/Government Mandated Reserve	\$ -
Other Restricted/Reserved Fund Balance Not Noted Above ****	\$ -
 Total Other Restricted/Reserved Fund Balance	 \$ 1,029,858 (C4)

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AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2020
Lakewood Township School District

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

A review was performed on the prior year recommendations and corrective action was taken.