



**BOARD OF EDUCATION  
OF THE  
TOWNSHIP OF LAKEWOOD**

**SYNOPSIS OF AUDIT REPORT**

**2016-2017**

**LAKWOOD BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash		\$ 1,086,300	\$ 1,572,296		\$ 2,658,596
Cash with Fiscal Agents	\$ 476,248				476,248
Receivables					
Receivables From Other Governments	3,558,386	9,405,392			12,963,778
Accounts Receivable	-	171,962			171,962
Due from Other Funds	421,905	7,993,101	124,458	1	8,539,465
Other Assets	40,800				40,800
<b>Total Assets</b>	<u>\$ 4,497,339</u>	<u>\$ 18,656,755</u>	<u>\$ 1,696,754</u>	<u>\$ 1</u>	<u>\$ 24,850,849</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 5,427,221	\$ 13,960,745	\$ 500,419		19,888,385
Other Liabilities - Health Premium					-
Due to Other Funds	9,382,459				9,382,459
Intergovernmental Accounts Payable		7,340,707			7,340,707
Unearned Revenue	-	540,908			540,908
<b>Total Liabilities</b>	<u>14,809,680</u>	<u>21,842,360</u>	<u>500,419</u>	<u>-</u>	<u>37,152,459</u>
<b>Fund Balances (Deficits)</b>					
<b>Restricted</b>					
Capital Projects			1,196,335		1,196,335
Debt Service				\$ 1	1
<b>Committed</b>					
Year End Encumbrances	476,248				476,248
<b>Assigned</b>					
Year End Encumbrances	374,546				374,546
Unassigned	(11,163,135)	(3,185,605)	-	-	(14,348,740)
<b>Total Fund Balances (Deficits)</b>	<u>(10,312,341)</u>	<u>(3,185,605)</u>	<u>1,196,335</u>	<u>1</u>	<u>(12,301,610)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,497,339</u>	<u>\$ 18,656,755</u>	<u>\$ 1,696,754</u>	<u>\$ 1</u>	<u>\$ 24,850,849</u>

**LAKESWOOD BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 94,088,028			\$ 1,286,269	\$ 95,374,297
Interest Earned	51,757		\$ 17,474		69,231
Miscellaneous Revenues	1,733,904	\$ 1,670,624	-	-	3,404,528
<b>Total - Local Sources</b>	<b>95,873,689</b>	<b>1,670,624</b>	<b>17,474</b>	<b>1,286,269</b>	<b>98,848,056</b>
State Sources	41,040,256	26,508,213		961,119	68,509,588
Federal Sources	1,375,024	27,412,710	-	-	28,787,734
<b>Total Revenues</b>	<b>138,288,969</b>	<b>55,591,547</b>	<b>17,474</b>	<b>2,247,388</b>	<b>196,145,378</b>
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	27,789,163	15,624,234			43,413,397
Special Education Instruction	39,959,821	2,161,991			42,121,812
Other Instruction	9,686,561	160,548			9,847,109
School Sponsored Activities and Athletics	1,415,714				1,415,714
Support Services					
Student and Instruction Related Services	18,247,648	31,777,391			50,025,039
General Administration	3,018,188	102,045			3,120,233
School Administration	4,988,322				4,988,322
Central Services	2,488,315				2,488,315
Plant Operations and Maintenance	8,221,712	1,008,789			9,230,501
Pupil Transportation	26,806,935	1,990,709			28,797,644
Debt Service					
Principal	1,652,800			1,250,000	2,902,800
Interest and Other Charges	45,841			997,388	1,043,229
Capital Outlay	2,735,308	164,625	8,977,423		11,877,356
<b>Total Expenditures</b>	<b>147,056,328</b>	<b>52,990,332</b>	<b>8,977,423</b>	<b>2,247,388</b>	<b>211,271,471</b>
Excess (Deficiency) of Revenues Over(Under) Expenditures	(8,767,359)	2,601,215	(8,959,949)	-	(15,126,093)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Lease Proceeds	476,248				476,248
State Aid Advance Loan	5,640,183				5,640,183
Transfers In	2,618,689				2,618,689
Transfers Out	-	(2,601,215)	(17,474)	-	(2,618,689)
<b>Total Other Financing Sources and (Uses)</b>	<b>8,735,120</b>	<b>(2,601,215)</b>	<b>(17,474)</b>	<b>-</b>	<b>6,116,431</b>
<b>Net Change in Fund Balances</b>	<b>(32,239)</b>	<b>-</b>	<b>(8,977,423)</b>	<b>-</b>	<b>(9,009,662)</b>
Fund Balance (Deficits), Beginning of Year (Restated)	(10,280,102)	(3,185,605)	10,173,758	1	(3,291,948)
<b>Fund Balance (Deficits), End of Year</b>	<b>\$ (10,312,341)</b>	<b>\$ (3,185,605)</b>	<b>\$ 1,196,335</b>	<b>\$ 1</b>	<b>\$ (12,301,610)</b>

## **LAKEWOOD BOARD OF EDUCATION RECOMMENDATIONS**

### **I. Administrative Practices and Procedures**

There are none.

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

It is recommended that:

1. Internal controls over the District's payroll department be reviewed and enhanced
- \* 2. Continued efforts be made to eliminate cumulative deficits in the General and Special Revenue Funds.
3. Employee salaries funded by the Title I grant program be specifically approved in the minutes and the required bi-annual certification of Title I services performed be filed by the respective employees.
4. In all instances, semi-monthly forms be filed timely with the State Department of Education for reimbursement of FICA payments made on behalf of members of the Teachers Pension and Annuity Fund.

### **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**

There are none.

### **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**

There are none.

**LAKESWOOD BOARD OF EDUCATION  
RECOMMENDATIONS**

**RECOMMENDATIONS**

**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 (\*).

A **Corrective Action Plan**, which outlines actions the Board of Education of the Township of Lakewood will take to correct the findings listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the office of the Board of Education of the Township of Lakewood, 200 Ramsey Avenue, Lakewood, NJ 08701.

The above summary was prepared from the Comprehensive Annual Financial Report of the Board of Education of the Township of Lakewood for the fiscal year July 1, 2016 to June 30, 2017. This Comprehensive Annual Financial Report, submitted by Dieter Lerch, CPA, PSA of Lerch, Vinci & Higgins, is on file at the Business Administrator's office and may be inspected by any interested person. The information included herein is not intended to represent the complete financial information as presented in the Comprehensive Annual Financial Report.

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Kevin Campbell  
Interim Business Administrator/Board Secretary

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**Attachments:**

Audit Exhibit B-1 – Balance Sheet

Audit Exhibit B-2 – Statement of Revenues, Expenditures and Changes in Fund Balances

Corrective Action Plan

**CORRECTIVE ACTION PLAN**

NAME OF SCHOOL DISTRICT LAKEWOOD TOWNSHIP COUNTY OCEAN

TYPE OF AUDIT COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2017

DATE OF BOARD MEETING 1/24/2018

CONTACT PERSON KEVIN CAMPBELL, INTERIM BUSINESS ADMINISTRATOR PHONE (732) 364-2400

RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
<u>Financial Planning, Accounting &amp; Reporting</u>				
1	Internal controls over the District's payroll department be reviewed and enhanced.	Internal controls for the payroll department will be reviewed and enhanced to prevent reporting errors.	Review of current controls will be done and those deemed problematic by the auditor will be enhanced to prevent reporting errors.	School Business Administrator and Payroll Supervisor. 2/1/2018
2	Continued efforts be made to eliminate the cumulative deficits in the General and Special Revenue Funds.	Continued efforts will be made to eliminate the cumulative deficits in the General and Special Revenue Funds.	Strict spending controls will remain in place and the district will seek additional funding from the State of New Jersey.	School Business Administrator and State Monitor 2/1/2018
3	Employee salaries funded by the Title I program be specifically approved in the minutes and the required bi-annual certification of Title I services performed be filed by the respective employees.	Employee salaries funded by the Title I program will be approved in the board minutes and the required certifications of Title I services performed will be filed by those employees approved in the board minutes.	A board resolution to approve those employees funded by the Title I program will be prepared for board approval. Required certifications will be completed by those employees and kept on file in the Grants Office.	School Business Administrator, Title I Supervisor and Grants Accountant 2/1/2018
4	In all instances, semi-monthly forms be filed timely with the Department of Education for reimbursement of FICA payments made on behalf of members of the Teachers Pension and Annuity Fund.	Semi-monthly forms will be filed timely with the Department of Education for reimbursement of FICA payments made on behalf of members of the Teachers Pension and Annuity Fund.	Confirmation of submission of the form shall be prepared and submitted for review and approval.	Payroll Supervisor and School Business Administrator 2/1/2018
5	It is recommended that continued efforts be made to reduce the net cash resources of the Food Service Fund.	Continued efforts shall be made to reduce the net cash resources of the Food Service Fund.	Purchases of supplies and equipment will be made in accordance with USDA regulations to reduce the net cash resources to allowable levels.	School Business Administrator and Qualified Purchasing Agent 2/1/2018
6	Application for State School Aid It is recommended that internal controls be enhanced to ensure that documentation to support students on the Application for State School Aid is retained for audit.	Internal controls will be enhanced to ensure that documentation to support students on the Application for State School Aid is retained for audit.	Internal controls will be reviewed and changed as necessary to ensure that all documentation is retained for audit.	School Business Administrator and Director of Technology 2/1/2018

**CORRECTIVE ACTION PLAN**

NAME OF SCHOOL DISTRICT      LAKESIDE TOWNSHIP      COUNTY      OCEAN  
 TYPE OF AUDIT      COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2017  
 DATE OF BOARD MEETING      1/24/2018  
 CONTACT PERSON      KEVIN CAMPBELL, INTERIM BUSINESS ADMINISTRATOR      PHONE      (732) 364-2400

RECOMMENDATION NUMBER	CORRECTIVE ACTION APPROVED BY THE BOARD	METHOD OF IMPLEMENTATION	PERSON RESPONSIBLE FOR IMPLEMENTATION	COMPLETION DATE OF IMPLEMENTATION
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Prior Year Recommendations  
 All prior year recommendations were corrected except for 2, 5 and 6.

<u>CHIEF SCHOOL ADMINISTRATOR</u> Laura Winters				
		<u>1/24/18</u> DATE	<u>SCHOOL BUSINESS ADMINISTRATOR</u> Kevin Campbell	<u>1/24/18</u> DATE

c: Executive Ocean County Superintendent of Schools