

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

SYNOPSIS OF AUDIT REPORT

2017-2018

The following is a summary of the audit report for the fiscal year July 1, 2017 to June 30, 2018, as required by N.J.S.A.18A:23-4.

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

Finding 2018-001 – It is recommended that the internal controls over the District’s payroll department be reviewed and enhanced.

*Finding 2018-002 – It is recommended that continued efforts be made to eliminate the cumulative deficits in the General and Special Revenue Funds.

Finding 2018-003 – It is recommended that the District properly maintain its general ledger and reconcile monthly with other subsidiary accounting records for all funds.

Finding 2018-004 – It is recommended that the District implement adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions, disposals and depreciation on a timely basis.

Finding 2018-005 – It is recommended that the District properly reconcile the Private Purpose Scholarship Trust Fund and Parent Resource Center/College Application Trust Fund bank accounts to the District’s general ledger on a monthly basis.

3. School Purchasing Programs

None

4. School Food Service

*Finding 2018-006 – It is recommended that the District evaluate Net Cash Resources and implement a plan to reduce to lower than three months’ average expenditures.

5. Student Body Activities

Finding 2018-007 – It is recommended that the District evaluate internal controls surrounding Student Activities receipts to ensure a proper audit trail can be provided for the annual audit.

6. Application for State School Aid

*Finding 2018-008 – It is recommended that internal controls be enhanced to ensure that documentation to support students reported on the ASSA is retained for audit.

7. Pupil Transportation

Finding 2018-009 – It is recommended that the District review the recommendations as outlined by the Transportation Study provided by the independent consultants dated August 31, 2018 and implement policies and procedures as necessary to ensure inefficiency and waste is eliminated.

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 on all prior year findings, with the exception of those findings denoted by an asterisk (*).

A **Corrective Action Plan**, which outlines the actions the Board of Education of the Township of Lakewood will take to correct the findings listed above, has been prepared in accordance with federal and state requirements. A copy of the plan is on file and 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, 2017 to June 30, 2018. The Comprehensive Annual Financial Report, submitted by Michael Holt, CPA, PSA of Holman, Frenia & Allison, is on file in the office of the Board of Education of the Township of Lakewood, 200 Ramsey Avenue, Lakewood, NJ 08701 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.

Attachments:

Audit Exhibit B-1 – Balance Sheet

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

Corrective Action Plan

Robert S. Finger

Robert S. Finger, CFE, CGFM, QPA

Interim Business Administrator/Board Secretary

SYNOPSIS OF AUDIT REPORT FOR PUBLIC DISTRIBUTION

**LAKWOOD TOWNSHIP SCHOOL DISTRICT
COUNTY OF OCEAN**

As required by Title 18A:23-4, the following is a synopsis of the audit of the financial statements and supplementary data of the Governmental Activities for the fiscal year ended June 30, 2018.

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
ASSETS					
Cash & Cash Equivalents	\$ -	\$ 14,175,496	\$ 5,089	\$ 280,530	\$ 14,461,115
Receivables, Net:					-
Interfund Receivable	1,395,961	-	124,458	28	1,520,447
Due from Other Governments:					
State	5,972,790	1,844	-	-	5,974,634
Federal	-	8,474,267	-	-	8,474,267
Other Receivables	-	1,059,084	-	-	1,059,084
Other Assets	2,206,961	-	-	-	2,206,961
Total Net Assets	\$ 9,575,712	\$ 23,710,691	\$ 129,547	\$ 280,558	\$ 33,696,508
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ 10,989,642	\$ -	\$ -	\$ -	\$ 10,989,642
Accounts Payable	5,532,869	17,433,809	-	-	22,966,678
Unearned Revenue	2,625,740	1,125,237	-	-	3,750,977
Interfunds Payable	541,296	517,897	28	272,899	1,332,120
Intergovernmental Payable:					
Federal	-	3,939,095	-	-	3,939,095
State	-	3,880,258	-	-	3,880,258
Total Liabilities	19,689,547	26,896,296	28	272,899	46,858,770
Fund Balances:					
Restricted for:					
Capital Projects	-	-	129,519	-	129,519
Debt Service	-	-	-	7,659	7,659
Assigned to:					
Other Purposes	960,319	-	-	-	960,319
Unassigned (Deficit)	(11,074,154)	(3,185,605)	-	-	(14,259,759)
Total Fund Balances	(10,113,835)	(3,185,605)	129,519	7,659	(13,162,262)
Total Liabilities & Fund Balances	\$ 9,575,712	\$ 23,710,691	\$ 129,547	\$ 280,558	\$ 33,696,508

**LAKWOOD TOWNSHIP SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS
Revenues:					
Local Sources:					
Local Tax Levy	\$ 96,961,999	\$ -	\$ -	\$ 1,612,273	\$ 98,574,272
Rents and Royalties	3,079	-	-	-	3,079
Miscellaneous	1,734,263	3,129,219	7,657	-	4,871,139
Total Local Sources	98,699,341	3,129,219	7,657	1,612,273	103,448,490
State Sources	45,433,052	32,291,829	-	651,615	78,376,496
Federal Sources	1,255,292	28,803,184	-	-	30,058,476
Total Revenues	145,387,685	64,224,232	7,657	2,263,888	211,883,462
Expenditures:					
Current Expense:					
Regular Instruction	17,587,026	18,078,397	-	-	35,665,423
Special Education Instruction	7,726,819	-	-	-	7,726,819
Other Special Instruction	3,970,450	-	-	-	3,970,450
Other Instruction	1,561,720	-	-	-	1,561,720
Support Services:					
Tuition	33,313,940	-	-	-	33,313,940
Attendance	251,113	-	-	-	251,113
Health Services	493,568	-	-	-	493,568
Student & Instruction Related Services	11,647,954	39,343,981	-	-	50,991,935
Educational Media Services/School Library	408,126	-	-	-	408,126
General Administrative Services	3,040,974	-	-	-	3,040,974
School Administrative Services	1,956,079	-	-	-	1,956,079
Central Services	1,097,391	-	-	-	1,097,391
Administrative Information Technology	877,571	-	-	-	877,571
Plant Operations & Maintenance	7,116,470	-	-	-	7,116,470
Pupil Transportation	29,743,559	1,055,841	-	-	30,799,400
Unallocated Benefits	21,970,547	3,008,226	-	-	24,978,773
On-Behalf TPAF Pension and Social Security Contributions	10,398,267	-	-	-	10,398,267
Capital Outlay	1,050,060	612,611	1,066,816	-	2,729,487
Debt Service:					
Redemption of Principal	-	-	-	1,300,000	1,300,000
Interest & Other Charges	639	-	-	963,887	964,526
Total Expenditures	154,212,273	62,099,056	1,066,816	2,263,887	219,642,032
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(8,824,588)	2,125,176	(1,059,159)	1	(7,758,570)
Other Financing Sources/(Uses):					
Capital Lease Proceeds	493,297	-	-	-	493,297
Transfer to Charter School	(2,118,057)	-	-	-	(2,118,057)
State Aid Advance Loan	8,522,678	-	-	-	8,522,678
Operating Transfer In	2,125,176	-	-	7,657	2,132,833
Operating Transfer Out	-	(2,125,176)	(7,657)	-	(2,132,833)
Total Other Financing Sources/(Uses)	9,023,094	(2,125,176)	(7,657)	7,657	6,897,918
Net Change in Fund Balance	198,506	-	(1,066,816)	7,658	(860,652)
Fund Balance - July 1	(10,312,341)	(3,185,605)	1,196,335	1	(12,301,610)
Fund Balance - June 30	\$ (10,113,835)	\$ (3,185,605)	\$ 129,519	\$ 7,659	\$ (13,162,262)

CORRECTIVE ACTION PLAN

NAME OF SCHOOL DISTRICT LAKWOOD TOWNSHIP COUNTY OCEAN

TYPE OF AUDIT COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2018

DATE OF BOARD MEETING 3/27/2019

CONTACT PERSON ROBERT S. FINGER, 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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1	Internal controls over the District's payroll department be reviewed and enhanced.	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.	3/1/2019
2	Continued efforts 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	3/1/2019
3	It is recommended that the district properly maintain its general ledger and reconcile monthly with other subsidiary accounting records for all funds.	Additional oversight of the business office accounting process will be implemented.	School Business Administrator, Assistant BA and Accountant	3/1/2019
4	It is recommended that the district implement adequate internal control procedures over its capital assets, including periodic update of the general ledger for additions, disposal and depreciation on a timely basis.	The district will review capital asset purchases, disposal and depreciation on a timely basis and update the fixed asset accounting records prior to year end and obtain a revised Fixed Asset Report before the audit commences.	School Business Administrator, Qualified Purchasing Agent	1/15/2019
5	It is recommended that the district properly reconcile the Private Purpose Scholarship Trust Fund and Parent Resource Center/College Application Trust Fund bank accounts to the general ledger on a monthly basis.	Monthly bank reconciliations will be prepared by the Treasurer of School Moneys, reviewed by the Business Administrator and Accountant.	Treasurer of School Moneys, Business Administrator and Accountant	3/1/2019
6	School Food Services It is recommended that the district evaluate Net Cash Resources and implement a plan to reduce to lower than three months' average expenditures.	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	3/1/2019

CORRECTIVE ACTION PLAN

LAKEWOOD TOWNSHIP

COUNTY

OCEAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2018

3/27/2019

ROBERT S. FINGER, 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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7	It is recommended that the district evaluate internal controls surrounding student activity receipts to ensure a proper audit trail can be provided for the annual audit.	Internal controls will be developed to ensure that student activity receipts will have a proper audit trail for the annual audit.	School Business Administrator	3/1/2019
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Application for State School Aid (ASSA)


8	It is recommended that internal controls be enhanced to ensure that documentation to support students reported on the ASSA 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	3/1/2019
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Pupil Transportation

9	It is recommended that the district review the recommendations as outlined in the Transportation Study provided by the independent consultant dated 8/31/18 and implement policies and procedures as necessary to ensure inefficiency and waste is eliminated.	The district has reviewed the recommendations as outlined in the Transportation Study provided by the independent consultant dated 8/31/18 and has implemented or in the process of implementing the recommendations.	School Business Administrator and Transportation Manager	3/1/2019
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Prior Year Recommendations
All prior year recommendations were corrected except for 2, 6 and 8.


CHIEF SCHOOL ADMINISTRATOR
Laura Winters


SCHOOL BUSINESS ADMINISTRATOR
Robert S. Finger

3/27/19
DATE

3/27/19
DATE

c: Executive Ocean County Superintendent of Schools

CERTIFICATION OF IMPLEMENTATION OF CORRECTIVE ACTION PLAN

For the Fiscal Year ended 6/30/2018

Please submit by June 30, 2019

County OCEAN

Name of School District LAKWOOD

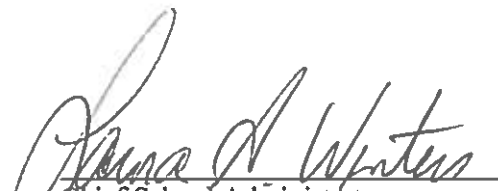
I hereby certify that all corrective actions listed on the district's Corrective Action Plan have been

 X fully implemented. * implemented with the following exceptions:

* No attachments or comments required if fully implemented.

CAP
Recommendation
Number

Comments



Chief School Administrator
Laura A. Winters

3/27/19
Date



Board Secretary/Business Administrator
Robert S. Finger

3/27/19
Date

**EXTRACT FROM THE MINUTES OF A MEETING OF THE
BOARD OF EDUCATION OF THE TOWNSHIP OF LAKEWOOD,
OCEAN COUNTY, N.J. AS RECORDED IN THE
OFFICIAL MINUTE BOOK**

The Board of Education of the Township of Lakewood in the County of Ocean, State of New Jersey, convened in public session Wednesday, March 27, 2019 at 6:30 p.m. in the meeting room at Lakewood High School, 855 Somerset Avenue, Lakewood, New Jersey.

The following members of the Lakewood Township Board of Education were present:
Mr.Zlatkin, Ms. Gonzalez, Mr. Nakdimen, Mr. Newhouse, Mr. Rodriguez, Mr. Stern, Mr. Bender

The following members were absent: Mr. Treisser, Ms. Jackson-Byers

Business Administrator Agenda

Motion: Mr. Rodriguez Second: Mr. Bender

- N. Move that the Board, in accordance with N.J.S.A. 18A:23-5, acknowledges the receipt and accepts the Comprehensive Annual Financial Report and Auditor's Management Report on Administrative Findings for the fiscal year ended June 30, 2018, as prepared by the firm of Holman, Frenia & Allison, Toms River, New Jersey.

Furthermore, that the Board has publicly reviewed the Audit Synopsis, auditor's findings and recommendations and the Corrective Action Plan prepared by the School Business Administrator as appended to and made a part of these minutes.

Furthermore, that the Board approves the Corrective Plan and authorizes the School Business Administrator to forward the Corrective Action Plan and the Audit Synopsis to the Executive Ocean County Superintendent of Schools.

ROLL CALL: AYES: 7
 NAYS: 0
 ABSTAIN: 0

I, Robert S. Finger, Secretary of the Board of Education of the Township of Lakewood in the County of Ocean, State of New Jersey, hereby certify that the foregoing extract from the minutes of the meeting of the Lakewood Township Board of Education duly called and held on Wednesday, March 27, 2019 has been compared by me with the original minutes as officially recorded in my office in the minute book of said Lakewood Township Board of Education and is a true, complete copy thereof and of the whole of said original minutes so far as the same relate to the subject matter referred to in said extract. In witness I have hereunto set my hand and affixed the corporate seal of the Lakewood Township Board of Education this 28th day of March 2019.

SEAL



Robert S. Finger, CFE, CGFM, QPA
Interim Business Administrator/Board Secretary