

**WESTWOOD REGIONAL SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2017**

**WESTWOOD REGIONAL SCHOOL DISTRICT
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- FINANCIAL, COMPLIANCE AND PERFORMANCE**

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LERCH, VINCI & HIGGINS, LLP

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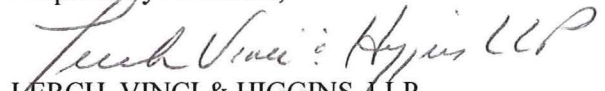
Honorable President and Members
of the Board Trustees
Westwood Regional School District
Washington Township, New Jersey

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 Westwood Regional School District in the County of Bergen for the fiscal year ended June 30, 2017, and have issued our report thereon dated December 5, 2017.

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.

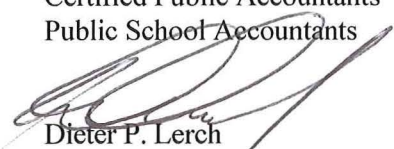
This report is intended solely for the information and use of management, the Board of Trustees, others within the District and the New Jersey State Department of Education. However, this report is a matter of public record and its distribution is not limited.

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 5, 2017

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Moneys, 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 Comprehensive Annual Financial Report (the "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>
Keith Rosado	School Business Administrator/ Board Secretary	\$100,000
Deborah Carpino	Treasurer of School Monies	300,000

There is a Public Employees' Faithful Performance Blanket Position Bond covering all other employees with multiple coverage of \$250,000.

Tuition Charges

A comparison of tentative tuition charges and actual certified tuition charges was made.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review indicated that the required signatures, certifications and supporting documentation were obtained on the respective purchase orders and/or vouchers.

Payroll Account

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

All payrolls tested were certified by the President of the Board, the Board Secretary/School Business Administrator and the Chief School Administrator.

Finding – Our audit indicated that certain individuals who were no longer employed by the District continued to receive dental benefits

Recommendation – Individuals be promptly removed from the District's dental benefit coverage upon termination of employment.

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholdings.

Finding – Our audit indicated that amounts withheld from employee salaries for pension deductions were not always in agreement with amounts reported to the State of New Jersey Division of Pension.

Recommendation – Employee pension deductions reported to the State of New Jersey be in agreement with amounts withheld in the District payroll records.

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 and it was determined that no blanket purchase orders were included in the balance of the reserves for encumbrances. 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 indicated that certain outstanding purchase orders classified as reserved for encumbrances at year end were either invalid or were determined to be accounts payable.

Recommendation – Outstanding purchase orders be reviewed at year end to be properly classified as an accounts payable or reserved for encumbrance, or otherwise be cancelled.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(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 specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3.

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 and Treasurer's monthly financial reports was included in the minutes.

The prescribed contractual order system was followed. Bids received were summarized in the minutes (N.J.S.A. 18A:18A-21).

Treasurer's Records

The Treasurer performed cash reconciliations in accordance with N.J.S.A. 18A:17-9.

All cash receipts were promptly deposited.

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Financial Planning, Accounting and Reporting (Continued)

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

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 projects under Title I, Title II, Title III and Title IV of the Elementary and Secondary Education Act as amended.

Our examination 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 indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

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.

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

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 currently \$18,800. The Board has designated the School Business Administrator as the qualified purchasing agent.

The Board of Education 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.

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.

School Food Service

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. No exceptions were noted.

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's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

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

Net cash resources did not exceed three months average expenditures.

Cash receipts and bank records were reviewed for timely deposit.

Expenditures were 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.

Summer Enrichment Program

The financial transactions and records of the Summer Enrichment Program were maintained in satisfactory condition.

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Student Activity Accounts/Scholarship Accounts

The district has a formal Board policy establishing uniform accounting policies and procedures for the district's student activity funds.

Finding – Our audit of the Brookside Elementary School student activity account indicated that the bank account was not properly reconciled at year end. In addition, three (3) instances were noted where checks disbursed included only one (1) authorization signature.

Recommendation – In all instances, student activity bank accounts be reconciled on a monthly basis and all checks include two (2) authorization signatures.

Application for State School Aid

Our audit procedures included a test of information reported in the October 14, 2016 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, bilingual students 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 without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The district has 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 2016-17 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with immaterial exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments. Our procedures also included a review of transportation related contracts and purchases.

Facilities and Capital Assets

Our procedures included a review of the SDA grant agreement for consistence with recording SDA revenue, transfer of local funds from the general fund or from the capital reserve account, and awarding of contracts for eligible facilities construction.

Finding – Our audit indicated that SDA grant receivables remain uncollected for capital improvement projects which appear to be substantially complete.

Recommendation – Efforts be made to collect outstanding School Development Authority grants receivable for completed projects.

**WESTWOOD REGIONAL SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**FOOD SERVICE FUND
NET CASH RESOURCES SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

WESTWOOD REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 14, 2016
 SCHEDULE OF AUDITED ENROLLMENTS

	2017-2018 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	Reported on Workpapers. as Private Schools	Errors	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 Old	10		10		-	-	10	-	10	-	-	-						
Full Day Preschool 3 Years Old					-	-												
Half Day Preschool 4 Years Old	11		11		-	-	11	-	11	-	-	-						
Full Day Preschool 4 Years Old					-	-												
Half Day Kindergarten					-	-												
Full Day Kindergarten	218		218		-	-	54	-	54	-	-	-						
Grade 1	196		196		-	-	61	-	61	-	-	-						
Grade 2	179		179		-	-	42	-	42	-	-	-						
Grade 3	196		196		-	-	50	-	50	-	-	-						
Grade 4	167		167		-	-	33	-	33	-	-	-						
Grade 5	189		189		-	-	38	-	38	-	-	-						
Grade 6	179		179		-	-	179	-	179	-	-	-						
Grade 7	187		187		-	-	187	-	187	-	-	-						
Grade 8	190		190		-	-	190	-	190	-	-	-						
Grade 9	165	-	165	-	-	-	165	-	165	-	-	-						
Grade 10	183	1	183	1	-	-	182	1	182	1	-	-						
Grade 11	196		196		-	-	196		196		-	-						
Grade 12	160	2	160	2	-	-	158	2	158	2	-	-						
Post- Graduate					-	-					-	-						
Adult High School (15+ Credits)					-	-					-	-						
Adult High School (1-14 Credits)					-	-					-	-						
Subtotal	2,426	3	2,426	3	-	-	1,556	3	1,556	3	-	-	-					
Sp Ed - Elementary	148		148		-	-	18	-	18	-	-	-	6	6	-	4	4	-
Sp Ed - Middle School	82		82		-	-	53	-	53	-	-	-	4	4	-	6	6	-
Sp Ed - High School	126	-	126	-	-	-	124	-	124	-	-	-	16	16	-	12	12	-
Subtotal	356	-	356	-	-	-	195	-	195	-	-	-	26	26	-	22	22	-
County Vocational - Regular					-	-					-	-						
County Vocational - F.T. Post-Second					-	-					-	-						
Subtotal					-	-					-	-						
Totals	2,782	3	2,782	3	-	-	1,751	3	1,751	3	-	-	26	26	-	22	22	-
Percentage Error					0.00%	0.00%					0.00%							0.00%

**WESTWOOD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	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
Half Day Preschool 3 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	20	20	-	4	4	-
Grade 1	15	15	-	3	3	-
Grade 2	25	25	-	7	7	-
Grade 3	24	24	-	5	5	-
Grade 4	18	18	-	3	3	-
Grade 5	24	24	-	5	5	-
Grade 6	16	16	-	3	3	-
Grade 7	15	15	-	3	3	-
Grade 8	11	11	-	2	2	-
Grade 9	10	10	-	2	2	-
Grade 10	13	13	-	2	2	-
Grade 11	13	13	-	2	2	-
Grade 12	11	11	-	2	2	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	215	215	-	43	43	-
Sp Ed - Elementary	22	22	-	5	5	-
Sp Ed - Middle School	19	19	-	5	5	-
Sp Ed - High School	29	29	-	5	5	-
Subtotal	70	70	-	15	15	-
Res. Mental Health Ctr.						
Subtotal	-	-	-	-	-	-
Totals	285	285	-	58	58	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Resident LEP Low Income			Sample for Verification		
	Reported on ASSA as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected	Verified to Test Score and Register	Errors
Half Day Preschool 3 Years Old			-			-
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	8	8	-	8	8	-
Grade 1	8	8	-	8	8	-
Grade 2	9	9	-	6	6	-
Grade 3	6	6	-	6	6	-
Grade 4	5	5	-	3	3	-
Grade 5	1	1	-	1	1	-
Grade 6			-			-
Grade 7	1	1	-	1	1	-
Grade 8			-			-
Grade 9	1	1	-	1	1	-
Grade 10	2	2	-	1	1	-
Grade 11	1	1	-	1	1	-
Grade 12	1	1	-	1	1	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	43	43	-	37	37	-
Sp Ed - Elementary	5	5	-	4	4	-
Sp Ed - Middle School			-			-
Sp Ed - High School			-			-
Subtotal	5	5	-	4	4	-
Subtotal	-	-	-	-	-	-
Totals	48	48	-	41	41	-
Percentage Error			<u>0.00%</u>			<u>0.00%</u>

	Transportation					
	Reported on DRTRS by DOE	Reported on DRTRS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	260	260	-	109	103	(6)
Regular - Special Ed	96	96	-	51	51	-
Transported - Non Public	38	38	-	12	10	(2)
Special Needs	76	76	-	25	25	-
Subtotal	470	470	-	197	189	(8)
Percentage Error			<u>0.0%</u>			<u>-4.1%</u>

**WESTWOOD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 14, 2016
SCHEDULE OF AUDITED ENROLLMENTS**

	Resident LEP Not Low Income			Sample for Verification		
	Reported on ASSA as NOT Low Income	Reported on Workpapers as NOT low Income	Errors	Sample Selected From Workpapers	Verified to Application and Register	Errors
Half Day Preschool 3 Years Old						
Full Day Preschool 3 Years Old			-			-
Half Day Preschool 4 Years Old			-			-
Full Day Preschool 4 Years Old			-			-
Half Day Kindergarten			-			-
Full Day Kindergarten	2	2	-	2	2	-
Grade 1	4	4	-	3	3	-
Grade 2	5	5	-	4	4	-
Grade 3	3	3	-	2	2	-
Grade 4	1	1	-	1	1	-
Grade 5		-	-	-	-	-
Grade 6		-	-	-	-	-
Grade 7	1	1	-	1	1	-
Grade 8		-	-	-	-	-
Grade 9	2	2	-	2	2	-
Grade 10	1	1	-	1	1	-
Grade 11	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	19	19	-	16	16	-
Sp Ed - Elementary	-	-	-	-	-	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal	-	-	-	-	-	-
Totals	19	19	-	16	16	-
Percentage Error		<u>0.00%</u>			<u>0.00%</u>	

**WESTWOOD REGIONAL SCHOOL DISTRICT
CALCULATION OF EXCESS SURPLUS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

REGULAR DISTRICT

Section 1

Two Percent (2%) - Calculation of Excess Surplus

2016-17 Total General Fund Expenditures per the CAFR, Exhibit C-1	\$55,041,617	
Increased by:		
Transfer from Capital Reserve/Capital Outlay to Capital Projects Fund	435,617	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>5,721,718</u>	
Adjusted 2016-17 General Fund Expenditures	<u>\$49,755,516</u>	
2% of Adjusted 2016-17 General Fund Expenditures	\$995,110	
Increased by:		
Allowable Adjustment*	<u>570,807</u>	
Maximum Unassigned Fund Balance		<u>\$1,565,917</u>

Section 2 –

Total General Fund – Fund Balance at June 30, 2017 (Per CAFR Budgetary Comparison Schedule C-1)	\$23,623,242	
Decreased by:		
Year End Encumbrances	\$ 732,183	
Restricted for Capital Reserve	19,153,911	
Excess Surplus – Designated for Subsequent Year’s Expenditures	750,000	
Designated for Subsequent Year’s Expenditures	<u>671,231</u>	
	<u>21,307,325</u>	
Total Unassigned Fund Balance		<u>\$2,315,917</u>

Section 3

Restricted Fund Balance – Excess Surplus		<u>\$750,000</u>
<u>Recapitulation of Excess Surplus as of June 30, 2017</u>		
Excess Surplus – Designated for Subsequent Year’s Expenditures		\$750,000
Excess Surplus		<u>750,000</u>
Total Excess Surplus		<u>\$1,500,000</u>

***Detail of Allowable Adjustments**

Nonpublic School Transportation Aid		\$ 18,660
Extraordinary Aid		<u>552,147</u>
		<u>\$570,807</u>

**WESTWOOD REGIONAL SCHOOL DISTRICT
RECOMMENDATIONS**

I. Administrative Practices and Procedures

There are none.

II. Financial Planning, Accounting and Reporting

It is recommended that:

1. Individuals be promptly removed from the District's dental benefit coverage upon termination of employment.
2. Employee pension deductions reported to the State of New Jersey be in agreement with amounts withheld in the District payroll records.
3. Outstanding purchase orders be reviewed at year end to be properly classified as an accounts payable or reserved for encumbrance, or otherwise be cancelled.

III. School Purchasing Program

There are none.

IV. School Food Service

There are none.

V. Student Body Activities

It is recommended that, in all instances, student activity bank accounts be reconciled on a monthly basis and all checks include two (2) authorization signatures.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

VIII. Facilities and Capital Assets

It is recommended that efforts be made to collect outstanding School Development Authority grants receivable for completed projects.

IX. Miscellaneous

There are none.

**WESTWOOD REGIONAL SCHOOL DISTRICT
RECOMMENDATIONS**

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

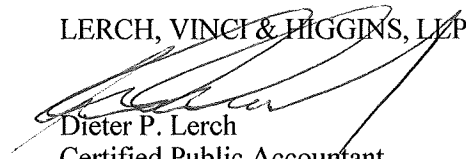
A review was performed on all prior years' recommendations and corrective action was taken on all.

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
Certified Public Accountant
Public School Accountant