

**WESTWOOD REGIONAL SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
JUNE 30, 2015**

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

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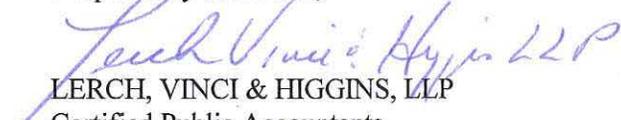
Honorable President and Members
of the Board Trustees
Westwood Regional School District
Washington Township, New Jersey

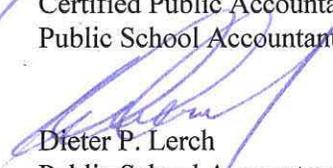
We have audited in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Westwood Regional School District in the County of Bergen for the fiscal year ended June 30, 2015, and have issued our report thereon dated November 23, 2015.

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 23, 2015

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$500,000.

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.

Salary withholdings were promptly remitted to the proper agencies.

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Payroll Account (Continued)

Finding – Our audit indicated that certain monthly payroll deductions for employee health benefit contributions were not transferred to the District’s operating account on a timely basis.

Recommendation – Payroll deductions for employee health benefit contributions be transferred to the general fund on a timely basis.

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

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 prior year purchase orders remain outstanding on the District’s year-end financial reports.

Recommendation – Outstanding prior year purchase orders be reviewed and be liquidated 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).

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Financial Planning, Accounting and Reporting (Continued)

Treasurer's Records

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

All cash receipts were promptly deposited.

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.

Finding (CAFR Finding 2015-001) – Our audit indicated that the District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

Recommendation – The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the Federal IDEA grant program compliance requirements.

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 60 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, 2015**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid thresholds in accordance with N.J.S.A. 18A:18A-2 and 18A:18A-3(a) are \$36,000 (with a Qualified Purchasing Agent) and \$26,000 (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 \$18,300. 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 financial transactions and statistical records of the school food services were maintained in satisfactory condition. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was verified against sales and meal count records. Reimbursement vouchers were timely filed.

Cash receipts and bank records were reviewed for timely deposit.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meals policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price meals applications were completed and available for review.

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

**WESTWOOD REGIONAL SCHOOL DISTRICT
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE REPORTING
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

School Food Service (Continued)

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.

USDA Food distribution program commodities were received and a single inventory was maintained on a first-in, first-out basis.

The District had contracted with Pomptonian to operate and manage its food service program for 2014/15.

Provisions of the food service management company (FSMC) 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 \$20,000. The operating results provision has been met.

Summer Enrichment Program

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

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.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2014 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 2014-15 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 exception. 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.

**WESTWOOD REGIONAL SCHOOL DISTRICT
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**FOOD SERVICE FUND
NET CASH RESOURCES SCHEDULE
ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

WESTWOOD REGIONAL BOARD OF EDUCATION
 APPLICATION FOR STATE SCHOOL AID
 ENROLLMENT AS OF OCTOBER 15, 2014
 SCHEDULE OF AUDITED ENROLLMENTS

	2015-2016 Application for State School Aid						Sample for Verification						Private Schools for Disabled				
	Reported on		Reported on		Errors		Sample		Verified per		Errors per		Reported on	Reported on	Sample		
	A.S.S.A.		Workpapers				Selected from		Register		Registers		A.S.S.A. as	Workpapers. as	for		
	On Roll		On Roll		Full		Workpapers		On Roll		On Roll		Private	Private	Verifi-		
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Schools	Schools	cation	Sample	Sample
																Verified	Errors
Half Day Preschool 3 Years Old	6		6		-	-	6	6	-	-	-	-					
Full Day Preschool 3 Years Old					-	-			-	-	-	-					
Half Day Preschool 4 Years Old	15		15		-	-	15	15	-	-	-	-					
Full Day Preschool 4 Years Old					-	-			-	-	-	-					
Half Day Kindergarten					-	-			-	-	-	-					
Full Day Kindergarten	183		183		-	-	55	55	-	-	-	-					
Grade 1	192		192		-	-	41	41	-	-	-	-					
Grade 2	180		180		-	-	36	36	-	-	-	-					
Grade 3	191		191		-	-	40	40	-	-	-	-					
Grade 4	182		182		-	-	56	56	-	-	-	-					
Grade 5	179		179		-	-	43	43	-	-	-	-					
Grade 6	189		189		-	-	189	189	-	-	-	-					
Grade 7	187		187		-	-	187	187	-	-	-	-					
Grade 8	183		183		-	-	183	183	-	-	-	-					
Grade 9	202		202		-	-	202	202	-	-	-	-					
Grade 10	155	1	155	1	-	-	155	155	-	-	-	-					
Grade 11	150	1	150	1	-	-	150	150	-	-	-	-					
Grade 12	171	3	171	3	-	-	171	171	-	-	-	-					
Post- Graduate					-	-			-	-	-	-					
Adult High School (15+ Credits)					-	-			-	-	-	-					
Adult High School (1-14 Credits)					-	-			-	-	-	-					
Subtotal	2,365	5	2,365	5	-	-	1,529	1,529	-	-	-	-	-	-	-	-	-
Sp Ed - Elementary	133		133		-	-	28	28	-	-	-	-	6	6	5	5	-
Sp Ed - Middle School	93		93		-	-	57	57	-	-	-	-	4	4	3	3	-
Sp Ed - High School	128	4	128	4	-	-	128	128	-	-	-	-	13	13	12	12	-
Subtotal	354	4	354	4	-	-	213	213	-	-	-	-	23	23	20	20	-
County Vocational - Regular					-	-			-	-	-	-					
County Vocational - F.T. Post-Second					-	-			-	-	-	-					
Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	2,719	9	2,719	9	-	-	1,742	1,742	-	-	-	-	23	23	20	20	-
Percentage Error					0.00%	0.00%			0.00%							0.00%	

**WESTWOOD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
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	17	17	-	4	4	-
Grade 1	24	24	-	6	6	-
Grade 2	20	20	-	5	5	-
Grade 3	23	23	-	6	6	-
Grade 4	21	21	-	7	7	-
Grade 5	16	16	-	5	5	-
Grade 6	18	18	-	6	6	-
Grade 7	19	19	-	5	5	-
Grade 8	13	13	-	4	4	-
Grade 9	14	14	-	5	5	-
Grade 10	10	10	-	3	3	-
Grade 11	8	8	-	2	2	-
Grade 12	7	7	-	1	1	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	210	210	-	59	59	-
Sp Ed - Elementary	19	19	-	5	5	-
Sp Ed - Middle School	24	24	-	7	7	-
Sp Ed - High School	15	15	-	4	4	-
Subtotal	58	58	-	16	16	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	268	268	-	75	75	-
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	5	5	-	4	4	-
Grade 1	8	8	-	6	6	-
Grade 2	11	11	-	10	10	-
Grade 3	5	5	-	4	4	-
Grade 4			-			-
Grade 5	1	1	-	1	1	-
Grade 6			-			-
Grade 7	1	1	-	1	1	-
Grade 8			-			-
Grade 9			-			-
Grade 10			-			-
Grade 11			-			-
Grade 12			-			-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	31	31	-	26	26	-
Sp Ed - Elementary	2	2	-	2	2	-
Sp Ed - Middle School	1	1	-	1	1	-
Sp Ed - High School			-			-
Subtotal	3	3	-	3	3	-
County Vocational - Regular			-			-
County Vocational - F.T. Post-Second			-			-
Subtotal	-	-	-	-	-	-
Totals	34	34	-	29	29	-
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	291	291		105	105	-
Regular - Special Ed	25	25		13	13	-
Transported - Non Public	230	226	4	54	54	-
Special Needs	71	71		25	25	-
Totals	617	613	4	197	197	-
Percentage Error			<u>0.6%</u>			<u>0.0%</u>

**WESTWOOD REGIONAL BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID
ENROLLMENT AS OF OCTOBER 15, 2014
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	6	6	-	5	5	-
Grade 1	3	3	-	3	3	-
Grade 2	2	2	-	2	2	-
Grade 3	2	2	-	2	2	-
Grade 4	-	-	-	-	-	-
Grade 5	-	-	-	-	-	-
Grade 6	1	1	-	1	1	-
Grade 7	-	-	-	-	-	-
Grade 8	-	-	-	-	-	-
Grade 9	1	1	-	-	-	-
Grade 10	-	-	-	-	-	-
Grade 11	-	-	-	-	-	-
Grade 12	-	-	-	-	-	-
Post- Graduate			-			-
Adult High School (15+ Credits)			-			-
Adult High School (1-14 Credits)			-			-
Subtotal	15	15	-	13	13	-
Sp Ed - Elementary	1	1	-	1	1	-
Sp Ed - Middle School	-	-	-	-	-	-
Sp Ed - High School	-	-	-	-	-	-
Subtotal	1	1	-	1	1	-
County Vocational - Regular						
County Vocational - F.T. Post-Second						
Subtotal						
Totals	16	16	-	14	14	-
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, 2015**

REGULAR DISTRICT

Section 1

Two Percent (2%) - Calculation of Excess Surplus

2014-15 Total General Fund Expenditures per the CAFR, Exhibit C-1	\$49,985,358	
Increased by:		
Transfer from Capital Reserve/Capital Outlay to Capital Projects Fund	2,116,357	
Decreased by:		
On-Behalf TPAF Pension & Social Security	<u>4,238,818</u>	
Adjusted 2014-15 General Fund Expenditures		<u>\$47,862,897</u>
2% of Adjusted 2014-15 General Fund Expenditures		\$957,258
Increased by:		
Allowable Adjustment*		<u>719,979</u>
Maximum Unassigned Fund Balance		<u>\$1,677,237</u>

Section 2 –

Total General Fund – Fund Balance at June 30, 2015 (Per CAFR Budgetary Comparison Schedule C-1)		\$15,751,702
Decreased by:		
Year End Encumbrances	\$ 373,276	
Restricted for Capital Reserve	11,400,030	
Excess Surplus – Designated for Subsequent Year’s Expenditures	750,000	
Designated for Subsequent Year’s Expenditures	<u>801,159</u>	
		<u>13,324,465</u>
Total Unassigned Fund Balance		<u>\$2,427,237</u>

Section 3

Restricted Fund Balance – Excess Surplus		<u>\$750,000</u>
<u>Recapitulation of Excess Surplus as of June 30, 2015</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		\$ 26,477
Extraordinary Aid		<u>693,502</u>
		<u>\$719,979</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. Payroll deductions for employee health benefit contributions be transferred to the general fund on a timely basis.
2. Outstanding prior year purchase orders be reviewed and be liquidated or otherwise be cancelled.
3. The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the federal IDEA grant program compliance requirements.

III. School Purchasing Program

There are none.

IV. School Food Service

There are none.

V. Student Body Activities

There are none.

VI. Application for State School Aid

There are none.

VII. Pupil Transportation

There are none.

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.

WESTWOOD REGIONAL SCHOOL DISTRICT

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