

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018



**DONOHUE, GIRONDA,
DORIA & TOMKINS, LLC**

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

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

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DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Hudson County Schools of Technology
Secaucus, New Jersey

We have audited, in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Hudson County Schools of Technology in the County of Hudson for the year ended June 30, 2018 and have issued our report dated February 28, 2019.

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 Hudson County Schools of Technology's management, the New Jersey Department of Education and federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Bayonne, New Jersey
February 28, 2019

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

SCOPE OF AUDIT

The Audit covered the financial transactions of the Board Secretary/School Business Administrator and Treasurer of School Monies, the activities of the Hudson Schools of Technology, the records of various funds under the auspices of the Board of Education.

ADMINISTRATIVE PRACTICES AND PROCEDURES

Insurance

Insurance coverage was carried in the amounts as detailed on Exhibit J-20 Insurance Schedule contained in the District's CAFR.

Official Bonds at June 30, 2018 (N.J.S.A. 18A:17-26, 18A:17:32)

Adequacy of insurance coverage is the responsibility of the Board of Education.

<u>Name</u>	<u>Position</u>	<u>Amount of Bonds</u>
Joseph M. Muniz	Board Secretary	\$150,000
Nicholas Fargo	Business Administrator	\$150,000
All Employees	All Employee Blanket Position	\$100,000

The District also has an errors and omissions policy with the New Jersey School Boards Insurance Association Insurance Group with coverage of \$16,000,000 total for all fees and claims.

FINANCIAL PLANNING, ACCOUNTING AND REPORTING

Examination of Claims

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

Payroll Accounts

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

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Accounts (Continued)

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

Salary withholdings were promptly remitted to the proper agencies, including health benefits withholding due to the general fund.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2018 for proper classification of orders as reserve for encumbrances and accounts payable. No discrepancies were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23-16.2(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. As a result of the procedures performed, a transaction error rate of less than 1% was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

A. General Classification Findings - No findings were noted

B. Administrative Classification Findings – No findings were noted

Board Secretary's Records/Business Administrator

Our review of the financial and accounting records maintained by the Board Secretary/Business Administrator disclosed the following findings:

Finding: 2018-001

There appears to be cash balances in the agency account that are not applicable to a particular payment due an agency.

Recommendations:

An analysis of the agency account monthly balance should be investigated, and any excess be transferred back to the general fund.

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Board Secretary's Records/Business Administrator (Continued)

Finding: 2018-002

The District has been carrying a receivable, in the Special Revenue Fund, from the County of Hudson for several years.

Recommendations:

The District address collectability of receivable, in the Special Revenue Fund, from the County of Hudson that has been outstanding for several years. The write-off of such receivable could have significant financial impact on the District.

Elementary and Secondary Education Act (E.S.E.A.) as amended by the 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 School Education Act as amended and reauthorized.

The study of compliance for E.S.E.A. indicated no noncompliance and/or questionable costs.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the K-Section of the CAFR.

Our audit of the federal and the state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

The study of compliance for the special projects did not indicate any areas of noncompliance and/or questioned costs.

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly 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.

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

T.P.A.F. Reimbursement to the State for Federal Salary Expenditures

The reimbursements to the State for the amount of the expenditure charged to the current year's Financial Report 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 following exception was noted:

Finding: 2018-003

The District did not file the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures.

Recommendations:

The District must file the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures even if no balances exist.

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:39-3(a) are \$40,000 with a Qualified Purchasing Agent (QPA) and \$29,000 without a QPA, respectively. The law regulating bidding for public school student transportation contracts under *N.J.S.A.* 18A:39-3 is currently \$19,000 for 2017-18.

The results of our examination indicated that no individual payments, contracts or agreements were 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 provisions of *N.J.S.A.* 18A:18A-4 amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per *N.J.S.A.* 18A:18A-5.

SCHOOL FOOD SERVICE

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.

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

SCHOOL FOOD SERVICE (Continued)

Cash receipts and bank records were reviewed for timely deposit. The following exception was noted:

Finding: 2018-004

The food service program has many deficits in students' food purchasing accounts where adequate collection procedures are not being performed.

Recommendation:

The food service program establish and perform adequate collection procedures for deficits in students' food purchasing accounts.

Expenditures should be separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food and supplies were not currently maintained and properly applied in determining the cost of food and supplies used.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. The following exception was noted:

Finding: 2018-005 (CAFR Single Audit Finding 2018-001)

The food service program does not maintain inventory accounting, nor performs an annual physical inventory with a reconciliation to the inventory accounting.

Recommendation:

The food service program maintain inventory accounting that includes USDA-donated foods and perform an annual physical inventory with a reconciliation to the inventory accounting.

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. 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.

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

SCHOOL FOOD SERVICE (Continued)

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 on file, times the number of operating days, on a school by school basis. The free and reduced price meal policy was reviewed for uniform administration throughout the school system. The required verification procedures for free and reduced price applications were completed and available for review.

Non-program foods were purchased, prepared, sold, and/or offered for sales. The Statement of Revenue, Expenses, and Changes in Net Position (CAFR Schedule B-5) does not separate program and non-program revenue. The following exception was noted:

Finding: 2018-006 (CAFR Single Audit Finding 2018-002)

Food Service program did not maintain separate accounting of non-reimbursable/nonprogram revenues or costs of goods sold and could not determine whether the revenue generated from the sale of non-program food complies with the resource management requirements established by the New Jersey Department of Agriculture pursuant to 7 CFR section 210.14(f).

Recommendation:

The food service program maintain separate accounting of non-reimbursable/ nonprogram revenues and costs of goods sold to ensure that the revenue generated from the sale of non-program food complies with the resource management requirements established by the New Jersey Department of Agriculture pursuant to 7 CFR section 210.14(f).

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section G of the CAFR.

STUDENT BODY ACTIVITIES

During our review of the student activity funds, no exceptions were noted.

APPLICATION FOR STATE SCHOOL AID

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low income and bilingual. 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's work papers. The information that was included in the work papers was also verified. The results of our procedures are presented in the Schedule of Audited Enrollment.

The District maintained workpapers on the prescribed state forms or their equivalent. The District written procedures appear to be adequate for the recording of student enrollment data.

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

PUPIL TRANSPORTATION

Our audit procedures included a test of on-roll status reported in the 2017-18 District Report of transported Resident Students (DRTRS). The information that was included in the DRTRS was verified to the DRTRS Eligibility Summary Report. 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. Based on our review, the District complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

FACILITIES AND CAPITAL ASSETS

Our procedures included a review of accounting of capital assets and awarding of contracts for eligible facilities construction. The following exception was noted:

Finding: 2018-007

Capital assets ledger has not been updated for construction in process of new building.

Recommendation:

Capital assets ledger be maintained in an accurate and timely manner to account for all acquisitions and construction during the year.

TESTING FOR LEAD OF ALL DRINKING WATER IN EDUCATIONAL FACILITIES

The District adhered to all the requirements of N.J.A.C. 26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

The District submitted the annual Statement of Assurance to the Department of Education pursuant to N.J.A.C. 6A:26-12.4(g).

OTHER MATTERS

The District, on an ongoing basis, experiences significant cash flow shortages during the year which impact the ability of the accounting staff to pay invoices in a timely manner. The District should continue to improve cash flow projections in anticipation of these shortages for planning and remittance request purposes.

If the District is projecting a year-end deficit on a budgetary basis in the general fund, the District should follow procedures outlined in N.J.A.C. 6A:23A-16.10.4(b).

**INDEPENDENT AUDITOR'S MANAGEMENT REPORT OF
ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE**

FOLLOW-UP ON PRIOR YEAR FINDINGS

In accordance with *Government Auditing Standards*, our procedures included a review of all prior year recommendations including findings. Corrective action had been taken on all prior year findings with the exception of the following, which are repeated in this year's recommendations noted as follows:

Finding: 2018-002

The District address collectability of receivable, in the Special Revenue Fund, from the County of Hudson that has been outstanding for several years. The write-off of such receivable could have significant financial impact on the District.

Finding: 2018-003

The District must file the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures even if no balances exist.

Finding: 2018-006

The food service program maintain separate accounting of non-reimbursable/ nonprogram revenues and costs of goods sold to ensure that the revenue generated from the sale of non-program food complies with the resource management requirements established by the New Jersey Department of Agriculture pursuant to 7 CFR section 210.14(f).

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.

This report is intended for the information of the Hudson County Schools of Technology's management, the New Jersey Department of Education and federal and state audit agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountant
Licensed Public School Accountant
No. 2541



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

Bayonne, New Jersey
February 28, 2019

**HUDSON COUNTY SCHOOL OF TECHNOLOGY
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM - FEDERAL
FOR FISCAL YEAR ENDED JUNE 30, 2018**

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER CLAIM</u>
National School Lunch (High Rate)	Paid	41,855	9,416	9,416	-	0.330	\$ -
	Reduced	32,501	7,213	7,213	-	2.850	-
	Free	<u>106,147</u>	<u>23,870</u>	<u>23,870</u>	<u>-</u>	3.250	<u>-</u>
	Total	<u>180,503</u>	<u>40,499</u>	<u>40,499</u>	<u>-</u>		<u>\$ -</u>
National School Lunch	HHFKA - PB Lunch Only	<u>180,503</u>	<u>40,499</u>	<u>40,499</u>	<u>-</u>	0.06	<u>-</u>
School Breakfast (Severe Needs Rate)	Paid	19,826	4,261	4,261	-	0.300	\$ -
	Reduced	18,264	4,099	4,099	-	1.790	-
	Free	<u>66,879</u>	<u>15,032</u>	<u>15,032</u>	<u>-</u>	2.090	<u>-</u>
	Total	<u>104,969</u>	<u>23,392</u>	<u>23,392</u>	<u>-</u>		<u>\$ -</u>
Total Net (Over)/Under Claim					<u>-</u>		<u>\$ -</u>

HUDSON COUNTY SCHOOL OF TECHNOLOGY
SCHEDULE OF MEAL COUNT ACTIVITY
ENTERPRISE FUND
FOOD SERVICE FUND
NUMBER OF MEALS SERVED AND (OVER) UNDER CLAIM - STATE
FOR FISCAL YEAR ENDED JUNE 30, 2018

<u>PROGRAM</u>	<u>MEAL CATEGORY</u>	<u>MEALS CLAIMED</u>	<u>MEALS TESTED</u>	<u>MEALS VERIFIED</u>	<u>DIFFERENCE</u>	<u>RATE</u>	<u>(OVER)/ UNDER CLAIM</u>
State Reimbursement National School Lunch (High Rate)	Paid	41,855	9,416	9,416	-	0.050	\$ -
	Reduced	32,501	7,213	7,213	-	0.055	-
	Free	<u>106,147</u>	<u>23,870</u>	<u>23,870</u>	<u>-</u>	0.055	<u>-</u>
	Total	<u>180,503</u>	<u>40,499</u>	<u>40,499</u>	<u>-</u>		<u>\$ -</u>
Total Net (Over)/Under Claim					<u>-</u>		<u>\$ -</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 Application for State School Aid Summary
 Enrollment as of October 13, 2017

Schedule of Audited Enrollments

	2018-2019 Application for State School Aid						Sample of Verification					
	Reported on ASSA On Roll		Reported on Workpapers On Roll		Errors		Sample Selected from Workpapers		Verified per Registers On Roll		Errors per Registers On Roll	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared
Adult HS (15+ Credits)	220	-	220	-	-	-	-	-	-	-	-	-
Subtotal	220	-	220	-	-	-	-	-	-	-	-	-
Special Education-Middle	11	-	11	-	-	-	2	-	2	-	-	-
Special Education-Highschool	183	95	183	95	-	-	35	42	35	42	-	-
Subtotal	194	95	194	95	-	-	37	42	37	42	-	-
Co. Voc - Regular	2,196	327	2,196	327	-	-	285	157	285	157	-	-
Co. Voc. Ft. Post Sec	861	-	861	-	-	-	-	-	-	-	-	-
TOTALS	3,471	422	3,471	422	-	-	322	199	322	199	-	-
					0.00%						0.00%	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 Application for State School Aid Summary
 Enrollment as of October 13, 2017

	Resident Low Income			Sample of Verification			Resident LEP Low Income			Sample of Verification		
	Reported on ASSA Low Income	Reported on Workpapers Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors	Reported on ASSA as LEP Low Income	Reported on Workpapers as LEP Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors
Special Education-Middle	10	10	-	-	-	-	-	-	-	-	-	-
Special Education-Highschool	127	127	-	21	21	-	-	-	-	-	-	-
Subtotal	137	137	-	21	21	-	-	-	-	-	-	-
			0.00%			0.00%						0.00%
Co. Voc - Regular	1,207	1,207	-	245	245	-	6	6	-	5	5	-
TOTALS	1,344	1,344	-	266	266	-	6	6	-	5	5	-
			0.00%			0.00%						0.00%
Transportation												
	Reported on DRTRs by DOE/County	Reported on DRTRs by District	Errors	Tested	Verified	Errors				Reported	Recalculated	
Reg.-Public Schools	1,349	1,349	-	245	245	-				n/a	n/a	6.5
Reg. - Special Education	195	195	-	35	35	-				n/a	n/a	6.5
Courtesy	846	846	-	-	-	-						
TOTALS	2,390	2,390	-	280	280	-						
			0.00%			0.00%						

Reg Avg (Mileage) = Regular including Grade PK Students (Part A)
 Reg Avg (Mileage) = Regular excluding Grade PK Students (Part B)
 Special Avg = Special Ed w/ Special Needs

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Application for State School Aid Summary
Enrollment as of October 13, 2017

Resident LEP NOT Low Income		Sample of Verification	
Reported on ASSA NOT LOW Income	Reported on Workpapers NOT LOW Income	Sample Selected from Workpapers	Verified per Application and Registers
2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00
	-		-
	-		-
	0.00%		0.00%

Co. Voc - Regular
TOTALS

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION 1

A. 6% Calculation of Excess Surplus (2017-18 expenditures of \$100 million or less)

2017-2018 Total General Fund Expenditures per the CAFR, Exhibit C-1	\$ 58,178,493 (B)
Increased by:	
Transfer from Capital Outlay to Capital Projects	_____ - (B1a)
Transfer from Reserve to Capital Projects	_____ - (B1b)
Decreased by:	
On-Behalf TPAF Pension & Social Security	_____ (6,460,871) (B2a)
Assets Acquired Under Capital Leases	_____ - (B2b)
Adjusted 2017-18 General Fund Expenditures [(B) - (B1s)-(B2s)]	_____ 51,717,622 (B3)
6% of Adjusted 2016-2017 General Fund Expenditures [(B3) times .06]	_____ 3,103,057 (B4)
Enter Greater of (B4) or \$250,000	_____ 3,103,057 (B5)
Increased by: Allowable Adjustment*	_____ - (K)
Maximum Unassigned/Unreserved-Undesignated Fund Balance [(B5) + (K)]	\$ 3,103,057 (M)

* This adjustment line (line (K) as detailed below) is to utilized for Impact Aid, Sale and Lease-back, Extraordinary Aid, and Additional Nonpublic School Aid and Transportation Aid; and School Bus Advertising Revenue Recognized during the current year.

SECTION 2

Total General Fund - Fund Balances at June 30, 2018 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 110,482 (C)
Decreased by:	
Year-end Encumbrances	_____ - (C1)
Legally Restricted - Designated for Subsequent Year's Expenditures	_____ - (C2)
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	_____ - (C3)
Other Restricted/Reserved Fund Balances****	_____ - (C4)
Assigned-Unreserved-Designated for Subsequent Year's Expenditures	_____ - (C5)
Total Unassigned Fund Balance [(C) - (C1) - (C2) - (C3) - (C4) - (C5)]	\$ 110,482 (U1)

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U) - (M)] IF NEGATIVE ENTER -0-	\$ _____ - (E)
--	----------------

Recapitulation of Excess Surplus as of June 30, 2018

Restricted/Reserved Excess Surplus -- Designated for Subsequent Year's Expenditures**	\$ _____ - (C3)
Restricted/Reserved Excess Surplus***[(E)]	_____ - (E)
Total Excess Surplus [(C3) + (E)]	\$ _____ - (D)

Detail of Allowable Adjustments

Impact Aid	\$ _____ - (H)
Sale & Lease-back	_____ - (I)
Extraordinary Aid	_____ - (J1)
Additional Nonpublic School Transportation Aid	_____ - (J2)
Current Year School Bus Advertising Revenue Recognized	_____ - (J3)
Family Crisis Transportation Aid	_____ - (J4)
Total Adjustments [(H) + (I) + (J1) + (J2) + (J3) + (J4)]	\$ _____ - (K)

** This amount represents the June 30, 2017 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree with the June 30, 2018 CAFR and Audit Summary Worksheet Line 90030.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

SECTION 3 (Continued)

Detail of Other Restricted/Reserved Fund Balance

Statutory restrictions:

Approved unspent separate proposal	\$	-
Sale/lease-back reserve		-
Capital reserve		-
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		-
Impact Aid Capital Fund Reserve		-
Other state/government mandated reserves		-
Other Restricted/Reserved Fund Balance not noted above****		-
Total Other Restricted/Reserved Fund Balance	\$	- (C4)

**** Amount for Other Restricted/Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or 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 Finance prior to September 30.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- An analysis of the agency account monthly balance should be investigated, and any excess be transferred back to the general fund.
- The District address collectability of receivable, in the Special Revenue Fund, from the County of Hudson that has been outstanding for several years. The write-off of such receivable could have significant financial impact on the District.
- The District must file the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures even if no balances exist.

3. School Purchasing Programs

None

4. School Food Services

- The food service program establish and perform adequate collection procedures for deficits in students' food purchasing accounts.
- The food service program maintain inventory accounting that includes USDA-donated foods and perform an annual physical inventory with a reconciliation to the inventory accounting.
- The food service program maintain separate accounting of non-reimbursable/ nonprogram revenues and costs of goods sold to ensure that the revenue generated from the sale of non-program food complies with the resource management requirements established by the New Jersey Department of Agriculture pursuant to 7 CFR section 210.14(f).

5. Student Body Activities

None

6. Application for State School Aid

None

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

7. Pupil Transportation

None

8. Facilities and Capital Assets

- Capital assets ledger be maintained in an accurate and timely manner to account for all acquisitions and construction during the year.

9. Testing for Lead and All Drinking Water in Educational Facilities

None

10. Follow-Up on Prior Year Findings

Corrective action had been taken on all prior year findings with the exception of the following:

- The District address collectability of receivable, in the Special Revenue Fund, from the County of Hudson that has been outstanding for several years. The write-off of such receivable could have significant financial impact on the District.
- The District must file the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures even if no balances exist.
- The food service program maintain separate accounting of non-reimbursable/ nonprogram revenues and costs of goods sold to ensure that the revenue generated from the sale of non-program food complies with the resource management requirements established by the New Jersey Department of Agriculture pursuant to 7 CFR section 210.14(f).