

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS -
FINANCIAL, COMPLIANCE AND PERFORMANCE
TABLE OF CONTENTS**

	<u>Page(s)</u>
Report of Independent Auditor's	1
Scope of Audit	2
Administrative Practices and Procedures	
Insurance	2
Official Bonds	2
Financial Planning, Accounting and Reporting	
Examination of Claims	2
Payroll Accounts and Position Control Roster	2 - 3
Reserve for Encumbrances and Accounts Payable	3
Travel	3
Classification of Expenditures	
General Classifications	3
Administrative Classifications	3
Board Secretary's Records/Business Administrator	4
Elementary and Secondary Education Act (E.S.E.A.) as amended by the Every Student Succeeds Act (ESSA)	4
Other Special Federal and/or State Projects	5
T.P.A.F. Reimbursement	5
T.P.A.F. Reimbursement to the State for Federal Salary Expenditures	5
School Purchasing Programs	
Contracts and Agreements Requiring Advertisement for Bids	5 - 6
School Food Service	6 - 7
Transportation Consortium	8
Student Body Activities	8
Application for State School Aid	8
Pupil Transportation	8
Facilities and Capital Assets	9
Testing for Lead and All Drinking Water in Educational Facilities	9
Other Suggestions to Management	9 - 10
Follow-up on Prior Year Findings	10
Acknowledgment	11
Schedule of Meal Count Activity	12 - 13
Net Cash Resources Schedule	14
Schedule of Audited Enrollments	15 - 17
Excess Surplus Calculation	18 - 19
Audit Recommendations	20 - 21

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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, 2019 and have issued our report dated December 23, 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
December 23, 2019

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019 (N.J.S.A. 18A:17-26, 18A:17:32)

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. Adequacy of insurance coverage is the responsibility of the District.

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Joseph M. Muniz	Board Secretary	\$150,000
Nicholas Fargo	Business Administrator	\$150,000
All Employees	All Employee Blanket Position	\$500,000

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 and Position Control Roster

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Payroll Accounts and Position Control Roster (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.

A position control roster is prepared as required by N.J.A.C. 6A:23A-6.8. and agrees to original certified budget. However, the following finding was noted:

Finding 2019-001

The position control roster is not up-to-date automated to track the actual number and category of employees as budget appropriation additions and transfers are made.

Recommendation:

The District maintain an up-to-date automated position control roster to track the actual number and category of employees as budget appropriation additions and transfers are made.

Reserve for Encumbrances and Accounts Payable

A review of outstanding purchase orders was made as of June 30, 2019 for proper classification of orders as reserve for encumbrances and accounts payable. No discrepancies were noted.

Travel

No exceptions 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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

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 2019-002 (CAFR Finding 2019-001)

The District made budget transfers of other unbudgeted and underbudgeted revenues totaling \$3,377,816 to increase budget appropriations that had been over-expended. Corrections of over-expenditures with budget additions and transfers of revenues and appropriations have not been presented to the District Board of Education for approval as of date of the audit.

Recommendation:

The District timely maintain and monitor controls over budget appropriations to prevent budget over-expenditures and correct any budget over-expenditures with budget additions and transfers in a timely manner. Such corrections with budget additions and transfers be timely presented to the District's Board of Education for approval.

Finding 2019-003

The District has been carrying a receivable, in the Special Revenue Fund, from the County of Hudson for several years. This is a repeat of prior year finding 2018-002.

Recommendation:

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.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)

Other Special Federal and/or State 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.

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 for all federal awards for the District to reimburse the State for the TPAF/FICA payment made by the State on-behalf of the District for those employees whose salaries are identified as being paid from federal funds was made subsequent to the end of the 60 day grant liquidation period required by the Office of Grants Management, but prior to the 90 days required by *N.J.S.A. 18A:66-90*. Accordingly, the expenditure was made in accordance with State law (90 days) and properly reported as obligated and not expended and as an unliquidated balance in the current year's Final Report for all federal awards. The following exception was noted:

Finding 2019-004

The District did not file the T.P.A.F. Reimbursement to the State for Federal Salary Expenditures. This is a repeat of prior year finding 2018-003.

Recommendation:

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 2018-19.

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

SCHOOL PURCHASING PROGRAMS

Contracts and Agreements Requiring Advertisement for Bids (Continued)

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or service, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Based on the results of our examination, we did not note any individual payments, contracts, or agreements 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 provision of *N.J.S.A. 18A:18A-4*.

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.

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

Finding 2019-005

The food service program has many deficits in students’ food purchasing accounts. This is a repeat of prior year finding 2018-004.

Recommendation:

The food service program consider further action to collect severely delinquent 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.

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. The following exception was noted:

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

SCHOOL FOOD SERVICE (Continued)

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.

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.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in, first-out basis. No exceptions were noted.

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 2019-006 (CAFR Federal Single Audit Finding 2019-002)

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). This is a repeat of prior year finding 2018-006 (CAFR Federal Single Audit Finding 2018-002).

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

TRANSPORTATION CONSORTIUM

Finding 2019-007

The Transportation Consortium did not monitor accuracy and completeness of billings for transportation services to other local education agencies. Deficiencies in billings were only discovered when unusual operating losses were observed when preparing financial statements. Retroactive billings for services were generated and provided to other local education agencies.

Recommendation:

The Transportation Consortium timely monitor accuracy and completeness of billings for transportation services to other local education agencies.

STUDENT BODY ACTIVITIES

Overall, cash receipts and disbursements records for the schools were maintained in satisfactory condition.

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.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

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 2019-008

Capital assets ledger has not been updated or maintained during or subsequent to construction of new building. This is a repeat of prior year finding 2018-007.

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 SUGGESTIONS TO MANAGEMENT

Cash Flow Shortages and Potential Year-End Deficit

The District, on an ongoing basis, experiences significant cash flow shortages during the year which impacts its ability 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.

Local Finance Notice (LFN) 2019-02 establishes a prompt payment requirement that applies to goods and services contracts a contracting unit awards to a “business concern” under Public School Contract Law. The law applies to all goods and services contracts awarded on or after February 1, 2019 regardless of dollar amount and any contracts requiring either a single payment or multiple payments.

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).

New Jersey Earned Sick Leave Law

The New Jersey Earned Sick Leave Law was effective October 29, 2018. This law allows employees to accrue 1 hour of earned sick leave for every 30 hours worked, up to 40 hours each calendar year. We suggest that Districts perform a review each year to determine if there are any employees not previously eligible to receive earned sick leave who are now entitled to under this law and that adequate records are maintained for the accrual of the earned sick leave.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

OTHER SUGGESTIONS TO MANAGEMENT (Continued)

Governmental Accounting Standards Board (GASB) Statements

The next GASB Statement which will have an impact on the District's financial statements is GASB Statement No. 84, Fiduciary Activities, which is effective for the fiscal year ended June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Statement will likely have an impact on the financial statement presentation of the Payroll Agency Fund and may have an impact on the presentation of the Student Activities Agency Fund and Trust Funds such as the Unemployment Compensation Trust.

FOLLOW-UP ON PRIOR YEAR FINDINGS

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

Finding 2019-004

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 2019-005

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

Finding 2019-006

The food service program consider further action to collect severely delinquent deficits in students' food purchasing accounts.

Finding 2019-007 (CAFR Federal Single Audit Finding 2019-002)

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).

Finding 2019-009

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2019**

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.

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, 2019

<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	44,950	10,338	10,338	-	0.330	\$ -
	Reduced	31,582	7,263	7,263	-	2.930	-
	Free	<u>102,813</u>	<u>23,646</u>	<u>23,646</u>	-	3.330	-
	Total	<u><u>179,345</u></u>	<u><u>41,247</u></u>	<u><u>41,247</u></u>	<u>-</u>		<u>\$ -</u>
National School Lunch	HHFKA - PB Lunch Only	<u>179,345</u>	<u>41,247</u>	<u>41,247</u>	-	0.06	
School Breakfast (Severe Needs Rate)	Paid	19,132	4,400	4,400	-	0.310	\$ -
	Reduced	17,329	3,985	3,985	-	1.840	-
	Free	<u>60,515</u>	<u>13,918</u>	<u>13,918</u>	-	2.140	-
	Total	<u><u>96,976</u></u>	<u><u>22,303</u></u>	<u><u>22,303</u></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, 2019

<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	44,950	10,338	10,338	-	0.050	\$ -
	Reduced	31,582	7,263	7,263	-	0.055	-
	Free	<u>102,813</u>	<u>23,646</u>	<u>23,646</u>	-	0.055	-
	Total	<u><u>179,345</u></u>	<u><u>41,247</u></u>	<u><u>41,247</u></u>	<u>-</u>		<u>\$ -</u>
Total Net (Over)/Under Claim					<u><u>-</u></u>		<u><u>\$ -</u></u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Proprietary Funds - Food Service
Net Cash Resources Schedule
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CAFR Exhibit	Food Service CAFR Exhibits B-4/5
NET CASH RESOURCES	
Current assets:	
Intergovernmental receivable:	
B-4 Federal	41,057
B-4 State	559
B-4 Accounts receivable	-
Less current liabilities:	
B-4 Interfund payable	<u>(113,990)</u>
Net cash resources	<u><u>\$ (72,374) (A)</u></u>
NET ADJUSTED TOTAL OPERATING EXPENSES	
B-5 Total operating expenses	\$ 1,980,329
B-5 Less Depreciation	<u>(64,285)</u>
Total net adjusted total operating expenses	<u><u>\$ 1,916,044 (B)</u></u>
AVERAGE MONTHLY OPERATING EXPENSES	
(B) divided by (÷) 10	<u><u>\$ 191,604 (C)</u></u>
THREE TIMES MONTHLY AVERAGE	
(C) times (x) 3	<u><u>\$ 574,812 (D)</u></u>
TOTAL IN BOX (A)	\$ (72,374)
LESS TOTAL IN BOX (D)	(574,812)
NET	<u><u>\$ (647,186)</u></u>
Net cash resources do not exceed three months of average monthly expenditures	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Application for State School Aid Summary
Enrollment as of October 15, 2018

Schedule of Audited Enrollments

	2019-2020 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)	204	-	204	-	-	-	-	-	-	-	-	-
Subtotal	204	-	204	-	-	-	-	-	-	-	-	-
Special Education-Middle	11	-	11	-	-	-	3	-	3	-	-	-
Special Education-Highschool	171	95	171	95	-	-	37	42	37	42	-	-
Subtotal	182	95	182	95	-	-	40	42	40	42	-	-
Co. Voc - Regular	2,286	301	2,286	301	-	-	285	155	285	157	-	-
Co. Voc. Ft. Post Sec	824	-	824	-	-	-	-	-	-	-	-	-
TOTALS	3,496	396	3,496	396	-	-	325	197	325	199	-	-
					0.00%						0.00%	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Application for State School Aid Summary
Enrollment as of October 15, 2018

	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	Errors	Sample Selected from Workpapers	Verified to Application and Registers	Sample Errors
Special Education-Middle	9	9	-	-	-	-	-	-	-	-	-	-
Special Education-Highschool	151	151	-	18	18	-	-	-	-	-	-	-
Subtotal	160	160	-	18	18	-	-	-	-	-	-	-
Co. Voc -Regular	1,249	1,249	-	247	247	-	6	6	-	5	5	-
TOTALS	1,409	1,409	0.00%	265	265	0.00%	6	6	-	5	5	0.00%

Transportation					
Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
1,764	1,764	-	280	280	-
184	184	-	114	114	-
521	521	-	-	-	-
TOTALS	2,469	-	394	394	-
		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

Reported	Recalculated
n/a	n/a
6.1	6.1
n/a	n/a

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Application for State School Aid Summary
Enrollment as of October 15, 2018

	Resident LEP NOT Low Income			Sample of Verification		
	Reported on ASSA Not Low Income	Reported on Workpapers Not Low Income	Errors	Sample Selected from Workpapers	Verified per Application and Registers	Errors
Co. Voc - Regular	1.50	1.50	-	1.00	1.00	-
TOTALS	<u>1.50</u>	<u>1.50</u>	<u>-</u>	<u>1.00</u>	<u>1.00</u>	<u>-</u>
			0.00%			0.00%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

SECTION 1

A. 6% Calculation of Excess Surplus (2018-19 expenditures of \$100 million or less)

2018-2019 Total General Fund Expenditures per the CAFR, Exhibit C-1	\$ <u>63,619,017</u> (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	_____ 7,598,416 (B2a)
Assets Acquired Under Capital Leases	_____ - (B2b)
Adjusted 2018-19 General Fund Expenditures [(B) - (B1s)-(B2s)]	<u>56,020,601</u> (B3)
6% of Adjusted 2018-2019 General Fund Expenditures [(B3) times .06]	_____ 3,361,236 (B4)
Enter Greater of (B4) or \$250,000	<u>3,361,236</u> (B5)
Increased by: Allowable Adjustment*	_____ - (K)
Maximum Unassigned/Unreserved-Undesignated Fund Balance [(B5) + (K)]	<u>\$ 3,361,236</u> (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, 2019 (Per CAFR Budgetary Comparison Schedule C-1)	\$ <u>465,733</u> (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)]	<u>\$ 465,733</u> (U1)

SECTION 3

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

Recapitulation of Excess Surplus as of June 30, 2019

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

** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

*** Amount must agree with the June 30, 2019 CAFR and Audit Summary Worksheet Line 90030.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
EXCESS SURPLUS CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

- The District maintain an up-to-date automated position control roster to track the actual number and category of employees as budget appropriation additions and transfers are made.
- The District timely maintain and monitor controls over budget appropriations to prevent budget over-expenditures and correct any budget over-expenditures with budget additions and transfers in a timely manner. Such corrections with budget additions and transfers be timely presented to the District's Board of Education for approval.
- 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 consider further action to collect severely delinquent deficits in students' food purchasing accounts.
- 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. Transportation Consortium

- The Transportation Consortium timely monitor accuracy and completeness of billings for transportation services to other local education agencies.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
AUDIT RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

7. Application for State School Aid

None

8. Pupil Transportation

None

9. 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.

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

None

11. 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 consider further action to collect severely delinquent deficits in students' food purchasing accounts.
- 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).
- Capital assets ledger be maintained in an accurate and timely manner to account for all acquisitions and construction during the year.