

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020 and have issued our report dated March 5, 2021.

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.



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



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

Bayonne, New Jersey  
March 5, 2021

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020**

**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.

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 2020-001***

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. This is a repeat of prior year finding 2019-001.

***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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**Reserve for Encumbrances and Accounts Payable**

A review of outstanding purchase orders was made as of June 30, 2020 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

**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 2020-002 (CAFR Finding 2020-001)***

The District made budget transfers of other unbudgeted and underbudgeted revenues totaling \$3,476,401 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. This is a repeat of prior year finding 2019-002.

***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 2020-003***

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 2019-003.

***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.)**

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020**

**FINANCIAL PLANNING, ACCOUNTING AND REPORTING (Continued)**

**Elementary and Secondary Education Act (E.S.E.A.) (Continued)**

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.

**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 2020-004***

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 2019-004.

***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 2019-20.

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.

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*.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020**

**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 2020-005***

The food service program has many deficits in students' food purchasing accounts. This is a repeat of prior year finding 2019-005.

**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.

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 separate program and non-program revenue.

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

**TRANSPORTATION CONSORTIUM**

***Finding 2020-006***

The Transportation Consortium has substantial receivable balances outstanding for extended periods.

**Recommendation:**

The Transportation Consortium monitor aging of receivable balances and increase collection efforts.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
ADMINISTRATIVE FINDINGS - FINANCIAL, COMPLIANCE AND PERFORMANCE  
FISCAL YEAR ENDED JUNE 30, 2020**

**TRANSPORTATION CONSORTIUM (Continued)**

***Finding 2020-007***

The transportation consortium is expending funds for general functions that should be properly appropriated and expended in the general fund.

***Recommendations:***

The transportation consortium only expend funds for functions related to its purpose and all expenditures for general functions be properly appropriated and expended in the general fund.

**CAREER DEVELOPMENT CENTER**

***Finding 2020-008***

The Career Development Center (CDC), which administers the Workforce Investment and Opportunity Act (WIOA) grants, did not perform monthly bank reconciliations on a timely basis.

***Recommendation***

The Community Development Center should perform all bank reconciliations on a more timely basis.

**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 15, 2019 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 2019-20 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 2020-009***

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 2019-008.

***Recommendation:***

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, 2020**

**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).

**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 some 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 2020-001***

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.

***Finding 2020-002 (CAFR Finding 2020-001)***

The District made budget transfers of other unbudgeted and underbudgeted revenues totaling \$3,476,401 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.

***Finding 2020-003***

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 2020-004***

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

***Finding 2020-005***

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

***Finding 2020-009***

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

**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, 2020**

<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	33,484	15,068	15,068	-	0.330	\$ -
	Reduced	21,269	9,571	9,571	-	2.930	-
	Free	<u>71,827</u>	<u>32,079</u>	<u>32,079</u>	-	3.330	-
	Total	<u>126,580</u>	<u>56,718</u>	<u>56,718</u>	-		\$ -
National School Lunch	HHFKA - PB Lunch Only	<u>126,580</u>	<u>56,718</u>	<u>56,718</u>	-	0.06	
School Breakfast (Severe Needs Rate)	Paid	12,253	5,514	5,514	-	0.310	\$ -
	Reduced	10,708	4,819	4,819	-	1.840	-
	Free	<u>37,752</u>	<u>16,988</u>	<u>16,988</u>	-	2.140	-
	Total	<u>60,713</u>	<u>27,321</u>	<u>27,321</u>	-		\$ -
Total Net (Over)/Under Claim					<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, 2020**

<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	33,484	15,068	15,068	-	0.050	\$ -
	Reduced	21,269	9,571	9,571	-	0.055	-
	Free	<u>71,827</u>	<u>32,079</u>	<u>32,079</u>	-	0.055	-
	Total	<u><u>126,580</u></u>	<u><u>56,718</u></u>	<u><u>56,718</u></u>	<u>-</u>		<u>\$ -</u>
Total Net (Over)/Under Claim					<u>-</u>		<u>\$ -</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Proprietary Funds - Food Service**  
**Net Cash Resources Schedule**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>CAFR Exhibit</b>	<b>Food Service CAFR Exhibits B-4/5</b>
<b>NET CASH RESOURCES</b>	
Current assets:	
Intergovernmental receivable:	
B-4      Federal	-
B-4      State	-
B-4      Accounts receivable	-
Less current liabilities:	
B-4      Interfund payable	<u>(235,642)</u>
Net cash resources	<u><u>\$ (235,642) (A)</u></u>
<b>NET ADJUSTED TOTAL OPERATING EXPENSES</b>	
B-5    Total operating expenses	\$ 1,626,084
B-5    Less Depreciation	<u>(64,285)</u>
Total net adjusted total operating expenses	<u><u>\$ 1,561,799 (B)</u></u>
<b>AVERAGE MONTHLY OPERATING EXPENSES</b>	
(B) divided by (÷) 10	<u><u>\$ 156,180 (C)</u></u>
<b>THREE TIMES MONTHLY AVERAGE</b>	
(C) times (x) 3	<u><u>\$ 468,540 (D)</u></u>
TOTAL IN BOX (A)	\$ (235,642)
LESS TOTAL IN BOX (D)	(468,540)
NET	<u><u>\$ (704,182)</u></u>
<b>Net cash resources do not exceed three months of average monthly expenditures</b>	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Application for State School Aid Summary  
Enrollment as of October 15, 2019

Schedule of Audited Enrollments

	2020-2021 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)	108	-	108	-	-	-	-	-	-	-	-	-
Subtotal	108	-	108	-	-	-	-	-	-	-	-	-
Special Education-Middle	8	-	8	-	-	-	4	-	4	-	-	-
Special Education-High School	151	109	151	109	-	-	40	35	40	35	-	-
Subtotal	159	109	159	109	-	-	44	35	44	35	-	-
Co. Voc - Regular	2,357	326	2,357	326	-	-	280	157	280	157	-	-
Co. Voc. Ft. Post Sec	119	-	119	-	-	-	-	-	-	-	-	-
TOTALS	2,743	435	2,743	435	-	-	324	192	324	192	-	-
					0.00%						0.00%	

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Application for State School Aid Summary**  
**Enrollment as of October 15, 2019**

	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	5	5	-	-	-	-	-	-	-	-	-	-
Special Education-High School	121	121	-	16	16	-	1	1	-	-	-	-
Subtotal	126	126	-	16	16	-	1	1	-	-	-	-
Co. Voc -Regular	1,284	1,284	-	251	251	-	8	8	-	5	5	-
TOTALS	1,410	1,410	0.00%	267	267	0.00%	9	9	0.00%	5	5	0.00%

Transportation					
Reported on DRTRS by DOE/County	Reported on DRTRS by District	Errors	Tested	Verified	Errors
1,841	1,841	-	291	291	-
160	160	-	112	112	-
463	463	-	-	-	-
TOTALS	2,464	-	403	403	-
		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, 2019

	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	1.50	1.50	-	1.00	1.00	-
			0.00%			0.00%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**SECTION 1**

**A. 6% Calculation of Excess Surplus (2019-20 expenditures of \$100 million or less)**

2019-2020 Total General Fund Expenditures per the CAFR, Exhibit C-1	\$ 65,296,393 (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	7,643,620	(B2a)
Assets Acquired Under Capital Leases	-	(B2b)
Adjusted 2019-20 General Fund Expenditures [(B) - (B1s)-(B2s)]	57,652,773	(B3)
6% of Adjusted 2019-2020 General Fund Expenditures [(B3) times .06]	3,459,166	(B4)
Enter Greater of (B4) or \$250,000	3,459,166	(B5)
Increased by: Allowable Adjustment*	-	(K)
Maximum Unassigned/Unreserved-Undesignated Fund Balance [(B5) + (K)]	\$ 3,459,166	(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, 2020 (Per CAFR Budgetary Comparison Schedule C-1)	\$ 1,932,014 (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)]	\$ 1,932,014	(U1)

**SECTION 3**

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

**Recapitulation of Excess Surplus as of June 30, 2020**

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, 2019 Excess Surplus (C3 above) and must be included in the Audit Summary Worksheet Line 90031.

\*\*\* Amount must agree with the June 30, 2020 CAFR and Audit Summary Worksheet Line 90030.



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
EXCESS SURPLUS CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020**

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.

5. Transportation Consortium

- The Transportation Consortium monitor aging of receivable balances and increase collection efforts.
- The transportation consortium only expend funds for functions related to its purpose and all expenditures for general functions be properly appropriated and expended in the general fund.

6. Career Development Center

- The Community Development Center should perform all bank reconciliations on a more timely basis.

7. Student Body Activities

None

8. Application for State School Aid

None

9. Pupil Transportation

None

10. 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
AUDIT RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

None

12. Follow-Up on Prior Year Findings

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

- 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.
- The District made budget transfers of other unbudgeted and underbudgeted revenues totaling \$3,476,401 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.
- 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.
- Capital assets ledger be maintained in an accurate and timely manner to account for all acquisitions and construction during the year.