

Auditor's Management Report

for the

*Union County Vocational -
Technical Schools*

in the

*County of Union
New Jersey*

for the

*Fiscal Year Ended
June 30, 2021*

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

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SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Union County Vocational-Technical Schools
County of Union
Scotch Plains, New Jersey 07076

We have audited, in accordance with U.S. generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Union County Vocational-Technical Schools in the County of Union, New Jersey, and have issued our report dated February 15, 2022.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended solely for the information of the Union County Vocational-Technical Schools, County of Union, New Jersey, the New Jersey Department of Education and federal and state audit awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 962

February 15, 2022

Union County Vocational-Technical Schools
Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance

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 Union County Vocational-Technical Schools - Board of Education, the records of the various funds under the auspices of the Board of Education.

Administrative Practices and Procedures

Insurance

Insurance coverage was carried in the amounts as detailed in the District's ACFR. (See Exhibit J-20)

Official Bonds

<u>NAME</u>	<u>POSITION</u>	<u>AMOUNT OF BOND</u>
Joanne Wilson	Treasurer of School Monies	\$250,000.00
Janet Behrmann	Business Administrator	\$250,000.00
All Employees	All Employee Blanket Position Bond	\$500,000.00

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

Financial Planning, Accounting and Reporting

Examination of Claims

Our audit 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 Board 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 premium Amounts withheld due to the general fund.

Payrolls were delivered to the treasurer of school moneys with a warrant made to her order for the full amount of each payroll.

Union County Vocational-Technical Schools
Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance

Financial Planning, Accounting and Reporting (Continued)

Position Control Roster

The Position Control Roster was reviewed and compared to payroll records, employee benefit records and charges made to the general ledger to ensure proper and consistent financial reporting and that employee benefits are only offered to current employees.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2021 for proper classification of orders as reserve for encumbrances and accounts payable. No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.3. As a result of the procedures performed no errors were noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records of the Board Secretary were maintained in satisfactory condition.

Treasurer's Records

The records maintained by the Treasurer of School Monies were in satisfactory condition and were in agreement with the records maintained by the Board Secretary/Business Administrator.

Elementary and Secondary Education Act (E.S.E.A.) as Amended by Every Student Succeeds Act (ESSA)

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the ACFR. This section of the ACFR documents the financial position pertaining to the projects under Titles I and VI of the Elementary and Secondary Education Act as amended and reauthorized.

Union County Vocational-Technical Schools
Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance

Financial Planning, Accounting and Reporting (Continued)

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 ACFR.

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

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

T.P.A.F. Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for district employees who are members of the Teachers' Pension and Annuity Fund. No exceptions were noted.

The amount of the expenditure charged to the current year's Final 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 expenditure was reviewed subsequent to the reimbursement and no exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

N.J.S.A. 18A:18A-4 states, "Every contract for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the District to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this chapter or specifically by any other law.

The District may, by resolution, approve by the majority of the district and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the District finds that it has had negative prior experience with the bidder."

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 18A:18A-3(a) and (c) is \$32,000.00. In accordance with N.J.S.A. 40A:11-9 (b) the bid threshold for all purchases made by the District's qualified purchasing agent is \$44,000.00. The law regulating bidding for public school student transportation contracts under N.J.S.A. 18:39-3 is currently \$19,600.00.

Union County Vocational-Technical Schools
Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance

School Purchasing Programs (Continued)

Contracts and Agreements Requiring Advertisement for Bids (Continued)

The District has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the 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 the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies," 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.

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

The system of records did not provide for an accumulation of purchases for which the School District used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal however, that the district made purchases through the use of state contracts.

School Food Service

COVID-19 Emergency

In accordance with the Governor's Declaration of Emergency pertaining to the COVID-19 Virus, all Public, Charter and Non-Public schools were ordered to close effective as of March 18, 2020 for an undetermined period to limit the spread of the virus. As a result, School Food Authorities (SFA) were required to institute alternate procedures to provide meals to eligible students during the period of school closures.

During 2020-2021 the public health emergency was still applicable. As a result, SFAs were required to provide meals in accordance with the regulations governing the National School Nutrition Seamless Summer Option (SSO) or the Summer Food Service Program.

SFAs were authorized to solicit and award emergency noncompetitive procurements and contracts with Food Service Management Companies in accordance with 2 CFR 200.320 and N.J.S.A. 18A:18A-7. The SFAs were also authorized to submit contract modifications to their existing Cost Reimbursable or Fixed Price contracts as necessary to ensure the feeding of eligible students.

Union County Vocational-Technical Schools
Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance

School Food Service (Continued)

COVID-19 Emergency (Continued)

The school food service program was not selected as a major federal and/or state program. However, the program expenditures exceeded \$100,000 in federal and/or state support. Accordingly, we inquired of school management, or appropriate school food service personnel, as to whether the SFA had any Child Nutrition Program reimbursement overclaims or underclaims. No exceptions were noted.

In addition, we inquired of school management, or appropriate school food service personnel, as to whether the SFA's expenditures of school food service revenues were limited to allowable direct and indirect costs. No exceptions were noted.

The statement of revenues, expenses and charges in fund net position (ACFR exhibit B-5) does separate program and non-program revenue and program and non-program costs of goods sold.

We also inquired of management about the public health emergency procedures/practices that the SFA instituted to provide meals to all students, maintenance of all applicable production records; meal counts; noncompetitive procurements; modification of existing contracts and applicable financial records to document the specific costs applicable to the emergency operations. We also inquired if the FSMC received a loan in accordance with the payroll protection plan and whether the funds were used to pay for costs applicable to the Food Service Programs. We also inquired if the PPP loan was subsequently forgiven and the FSMC refunded or credited the applicable amounts to the SFA.

The District utilizes a food service management company (FSMC) and is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34 and 19-1 through 19-4.1. Provisions of the FSMC cost reimbursable fixed price or non-competitive emergency procurement contract/addendum were reviewed and audited. The FSMC contract includes an operating results provision which guarantees that the food service program will breakeven. The operating provision has been met. All vendor discounts, rebates and credits from vendors and/or the FSMC were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

Student Body Activities

The records for the Student Body Activities were maintained in satisfactory condition.

Pupil Transportation

Our procedures 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.

Union County Vocational-Technical Schools
Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2020 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, and low-income. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers without exception. The information that was included on the workpapers was verified without exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

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

The district has adequate written procedures for the recording of student enrollment data.

Facilities and Capital Assets

The records of the capital assets and facilities were in satisfactory condition.

Miscellaneous

Testing for Lead of Drinking Water in Educational Facilities

The school district adhered to 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 school 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's Findings

In accordance with governmental auditing standards, our procedures included a review of all prior year recommendations. Corrective action has been taken on all prior year findings.

Union County Vocational-Technical Schools
Independent Auditor's Management Report of Administrative
Findings – Financial and Compliance

Recommendations

1. Administrative Practices and Procedures
None

2. Financial Planning, Accounting and Reporting
None

3. School Purchasing Program
None

4. School Food Service
None

5. Student Body Activities
None

6. Application for State School Aid
None

7. Pupil Transportation
None

8. Facilities and Capital Assets
None

9. Miscellaneous
None

10. Status of Prior Year's Findings/Recommendations
Not Applicable

UNION COUNTY VOCATIONAL - TECHNICAL SCHOOLS BOARD OF EDUCATION
 SCHEDULE OF AUDITED ENROLLMENTS
 APPLICATION FOR STATE SCHOOL AID SUMMARY
 ENROLLMENT AS OF October 15, 2020

	2021-22 Application for State School Aid (10/15/20 data)				Sample for Verification				Private School for Disabled					
	Reported as on Roll		Reported on Workpapers on Roll		Sample Selected from Workpapers		Verified per Registers on Roll		Errors per Registers on Roll		Reported on A.S.S.A. as Private Schools		Sample for Disabled	
	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Full	Shared	Sample Verified	Sample Errors
Half Day Preschool 3 years old														
Half Day Preschool 4 years old														
Full Day Preschool 4 years old														
Half Day Kindergarten														
Full Day Kindergarten														
One														
Two														
Three														
Four														
Five														
Six														
Seven														
Eight														
Nine														
Ten														
Eleven	1													
Twelve	3													
Post-Graduate														
Adult H.S. (15+ CR.)														
Adult H.S. (1-14 CR.)														
Subtotal	4	0	4	0	4	0	4	0	4	0	0	0	0	0
Sp. Ed - Elementary														
Sp. Ed - Middle School														
Sp. Ed - High School	50	270	50	270	15	30	15	30	0	0	0	0	0	0
Sp. Ed -ALT VOC High School	2		2											
Subtotal	52	270	50	270	15	30	15	30	0	0	0	0	0	0
Co. Voc. - Regular	1,599	273	1,599	273	210	24	210	24	0	0	0	0	0	0
Co. Voc. Ft. Post Sec.														
Totals	1,655	543	1,653	543	229	54	229	54	0	0	0	0	0	0
Percentage Error			0.00%		0.00%		0.00%		0.00%		0.00%		0.00%	

UNION COUNTY VOCATIONAL - TECHNICAL SCHOOLS BOARD OF EDUCATION
SCHEDULE OF AUDITED ENROLLMENTS
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF October 15, 2020

	Resident Low Income			Sample for Verification			Resident ELL Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as Low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool 3 years old			0			0			0			0
Half Day Preschool 4 years old			0			0			0			0
Half Day Kindergarten			0			0			0			0
Full Day Kindergarten			0			0			0			0
One			0			0			0			0
Two			0			0			0			0
Three			0			0			0			0
Four			0			0			0			0
Five			0			0			0			0
Six			0			0			0			0
Seven			0			0			0			0
Eight			0			0			0			0
Nine			0			0			0			0
Ten			0			0			0			0
Eleven			0			0			0			0
Twelve			0			0			0			0
Post-Graduate			0			0			0			0
Adult H.S. (15+CR.)			0			0			0			0
Adult H.S. (1-14 CR.)			0			0			0			0
County Vocational - Regular	235	235	0	104	104	0	0.5	0.5	0	0	0	0
Subtotal	234.5	234.5	0.0	104	104	0	0.5	0.5	0.0	0	0	0

Sp. Ed - Elementary	0		0			0			0			0
Sp. Ed - Middle School	0		0			0			0			0
Sp. Ed - High School	34.5	34.5	0	25	25	0			0			0
Sp. Ed - ALT VOC High School			0			0			0			0
Subtotal	34.5	34.5	0.0	25	25	0	0.0	0.0	0.0	0	0	0.0
Totals	269.0	269.0	0.0	129	129	0	0.5	0.5	0.0	0.0	0	0.0
Percentage Error			0.00%						0.00%			0.00%

Transportation

	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Students, col. 1	N/A	N/A	0	N/A	N/A	0
Reg. - Sp. Ed., col. 4	N/A	N/A	0	N/A	N/A	0
Transported Non-Public, col. 2	N/A	N/A	0	N/A	N/A	0
Special Needs, col. 13	N/A	N/A	0	N/A	N/A	0
Totals	-	-	-	-	-	-
Percentage Error			0.00%			0.00%

Reg Avg.(Mileage) = Regular Including Grade PK students (Part A)
 Reg Avg.(Mileage) = Regular Excluding Grade PK students (Part B)
 Spec Avg. = Special Ed with Special Needs

**UNION COUNTY VOCATIONAL - TECHNICAL SCHOOLS BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2020**

	Resident ELL NOT Low Income			Sample for Verification		
	Reported on A.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool		0				0
Full Day Preschool		0				0
Half Day Kindergarten		0				0
Full Day Kindergarten		0				0
One		0				0
Two		0				0
Three		0				0
Four		0				0
Five		0				0
Six		0				0
Seven		0				0
Eight		0				0
Nine		0				0
Ten		0				0
Eleven		0				0
Twelve		0				0
Post-Graduate		0				0
Adult H.S. (15+CR.)		0				0
Adult H.S. (1-14 CR.)		0				0
Subtotal	0	0		0	0	0
Special Ed - Elementary		0				0
Special Ed - Middle		0				0
Special Ed - High		0				0
Subtotal	0	0		0	0	0
Co. Voc. - Regular	1.5	1.5		1	1	
Co. Voc. Ft. Post Sec.		0				
Totals	1.5	1.5		1	1	0
Percentage Error		0.00%				0.00%

UNION COUNTY VOCATIONAL-TECHNICAL SCHOOLS

SCHEDULE OF CALCULATION OF EXCESS SURPLUS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section 1- 6% Calculation of Excess Surplus

2020-21 General Fund Expenditures per the ACFR (Exhibit C-1)		\$ 30,817,335.48
Decreased by:		
On-Behalf TPAF Pension and Social Security	\$ 4,926,843.31	
Assets Acquired Under Capital Leases	<u>619,765.94</u>	
		<u>5,546,609.25</u>
Adjusted 2020-21 General Fund Expenditures		\$ <u><u>25,270,726.23</u></u>
6% of Adjusted 2020-21 General Fund Expenditures		\$ <u><u>1,516,243.57</u></u>
Greater of 6% or \$250,000	\$ 1,516,243.57	
Maximum Unreserved/Undesignated Fund Balance		\$ <u><u>1,516,243.57</u></u>

Section 2

Total General Fund Balances at June 30, 2021 (Exhibit C-1)		\$ 12,589,430.25
Decreased by:		
Year End Encumbrances	\$ 6,697,838.64	
Legally Restricted Excess Surplus - Designated for Subsequent Year's Expenditures	<u>107,035.31</u>	
Other Restricted Fund Balances	<u>3,851,337.03</u>	
		<u>10,656,210.98</u>
Total Unassigned Fund Balance		\$ <u><u>1,933,219.27</u></u>

Section 3

Restricted Fund Balance - Excess Surplus		\$ <u><u>416,975.70</u></u>
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Recapitulation of Excess Surplus at June 30, 2021

Restricted Excess Surplus - Designated for Subsequent Year's Expenditures		\$ 107,035.31
Restricted Excess Surplus		<u>416,975.70</u>
Total		\$ <u><u>524,011.01</u></u>

Detail of Other Restricted Fund Balance:

Capital Reserve		\$ <u><u>3,851,337.03</u></u>
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