

HUDSON CITY SCHOOL DISTRICT
FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

HUDSON CITY SCHOOL DISTRICT

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education of the
Hudson City School District:

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Hudson City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Hudson City School District's major federal programs for the year ended June 30, 2013. The Hudson City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hudson City School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of *Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Hudson City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Hudson City School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Hudson City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of the Hudson City School District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered the Hudson City School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance for each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hudson City School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the fiduciary funds of the Hudson City School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Hudson City School District's basic financial statements. We issued our report thereon dated December 12, 2013 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hudson City School District's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Claverack, New York
December 12, 2013

HUDSON CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Education:</u>			
Pass-through from New York State Education Department:			
<u>Special Education Cluster:</u>			
IDEA, Part B, Sec. 611	84.027A	0032-13-0147	\$ 527,614
IDEA, Part B, Sec. 611	84.027A	0032-12-0147	15,291
IDEA, Part B, Sec. 619	84.173A	0033-13-0147	37,584
Total Special Education Cluster			<u>580,489</u>
<u>Title I Part A Cluster:</u>			
Title I	84.010A	0021-13-0540	731,140
Title I	84.010A	0021-12-0540	46,635
Title I, School Improvement	84.010	0011-13-2064	37,240
Title I, School Improvement	84.010	0011-12-2248	14,478
Total Title I Part A Cluster			<u>829,493</u>
Title II A	84.367A	0147-13-0540	176,348
Title IIIA, LEP	84.365A	0293-13-0540	7,440
Title IIIA, Immigrant Ed	84.365	0149-13-0540	32,825
Title VI Rural & Low Income Schools	84.358B	0006-13-0540	36,747
Homeless Children	84.196A	0212-13-4044	100,000
ARRA-Race To The Top	84.395A	5500-13-0540	55,055
ARRA-RTTT Strength	84.395A	5545-13-0018	41,298
State Personnel Development	84.323A	1035-13-5010	14,107
21st Century Community Learning	84.287	0187-13-5046	395,616
Total U.S. Department of Education			<u>2,269,418</u>

HUDSON CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Pass-through from New York			
State Education Department:			
<u>Child Nutrition Cluster:</u>			
Cash Assistance			
Summer Food Service Program	10.559		15,530
School Breakfast Program	10.553		145,157
National School Lunch Program	10.555		449,955
Cash assistance subtotal			610,642
Non-Cash Assistance (food distribution)			
National School Lunch Program	10.555		56,114
Non-cash assistance subtotal			56,114
Pass-through from New York State Education Department			666,756
Pass-through from New York State Department of Health:			
Child and Adult Care Food Program	10.558		46,951
Total U.S. Department of Agriculture			713,707
Total Expenditures of Federal Awards			\$ 2,983,125

See notes to schedule of expenditures of federal awards.

HUDSON CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Note 1. Summary of Certain Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Hudson City School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

Note 2. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

HUDSON CITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2013

Section I- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
Title I Part A Cluster	
Title I #84.010A	
Title I, School Improvement #84.010	
Special Education Cluster	
IDEA, Part B, Sec. 611 #84.027A	
IDEA, Part B, Sec. 619 #84.173A	
ARRA-Race To The Top #84.395A	
21st Century Community Learning #84.287	
Child Nutrition Cluster	
National School Lunch Program #10.555	
School Breakfast Program #10.553	
National School Lunch Program (food distribution) #10.555	
Summer Food Service Program #10.559	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

HUDSON CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Section II- Financial Statement Findings

None

Section III- Federal Award Findings and Questioned Costs

None

Section IV- Federal Award Findings Prior Year