

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Hudson County Schools of Technology

North Bergen, New Jersey

For the Fiscal Year Ended June 30, 2015

Hudson County Schools of Technology

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INTRODUCTORY SECTION



December 1, 2015

The Honorable President and
Members of the Board of Education and
Hudson County Schools of Technology
Hudson County, New Jersey 07093

Dear Board Members:

The comprehensive annual financial report of the Hudson County Schools of Technology Board of Education (“the Board”) for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board’s financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart, a list of principal officials and consultants, auditors and advisors. We have included in the transmittal letter a financial ratio and statistical overview of the entity based on entity-wide financial reporting. The financial section includes the Report of Independent Auditor’s, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Board is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, “Audits of State and Local Governments”, and the State Treasury Circular Letter 04-04 OMB, “Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments”. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1.) REPORTING ENTITY AND ITS SERVICES: The Board is an independent reporting entity within the criteria adopted by the GASB #14. All funds and account groups of the Board are included in this report. The Board and its schools constitute the Board’s reporting entity. The Board provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, early childhood, vocational as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 3,170 students, which is a 210 student increase from the previous year’s enrollment.

The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2014-2015	3170	7.09%
2013-2014	2960	-0.50%
2012-2013	2975	4.35%
2011-2012	2851	4.74%
2010-2011	2722	2.48%

2.) ECONOMIC CONDITION AND OUTLOOK: The Hudson County Schools of Technology has rebounded from the significant loss of state aid by searching out other sources revenue while continuing to expand its class offerings and appeal to students in the Hudson County area. The District has worked hard to restore the surplus level it had before the state reductions by switching to the State of NJ Health Benefits Plan along with cost reductions.

3.) MAJOR INITIATIVES: The district is in the Request for Qualifications phase of the construction of a new high school at Laurel Hill in Secaucus. This new project will replace the school currently housed in North Bergen. Construction will begin in the spring of 2016 with an estimated completion date of summer of 2018.

The district has also expanded its Explore 2000 program for the 2015-2016 school year. The district has leased a 55,000 square foot building in downtown Jersey City. This will enable an expansion from 50 students to over 200 students in the program by 2018.

Lastly, the Jersey City Center is adding an Applied Science Academy with a new gymnasium in its eastern parking lot. The 51,000 square foot structure will include 17 classrooms in addition to a state of the art physical education facility to be completed in the fall of 2016.

4.) INTERNAL ACCOUNTING CONTROLS: Management of the Board is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Board are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles (GAAP)). The internal control structure is designed to provide reasonable, but not absolute, assurance what these objective are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

As a recipient of federal and state financial assistance, the Board also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. As part of the Board’s single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the Board has complied with applicable laws and regulations.

5.) BUDGETARY CONTROLS: In addition to internal accounting controls, the Board maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget. The object of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Project-length budgets are approved by the County of Hudson for capital improvements accounted for in the capital project fund. The final budget amounts as amended for the fiscal year is reflected in the financial section.

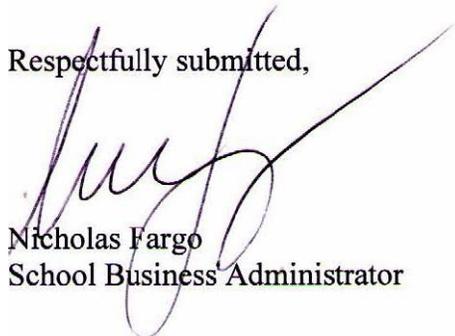
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

6.) ACCOUNTING SYSTEM AND REPORTS: The Board's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Board is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1. During the year ended June 30, 2015 the Board implemented Governmental Accounting Standards Board ("GASB") Statement No. 68 *Accounting and Financial Reporting for Pensions*.

7.) OTHER INFORMATION: Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of DONOHUE, GIRONDA & DORIA *Certified Public Accountants* was selected by the District to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations; and the related New Jersey OMB's Circular 04-04, Single Audit Policy for recipients of Federal Grants, State Grants and State Aid. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

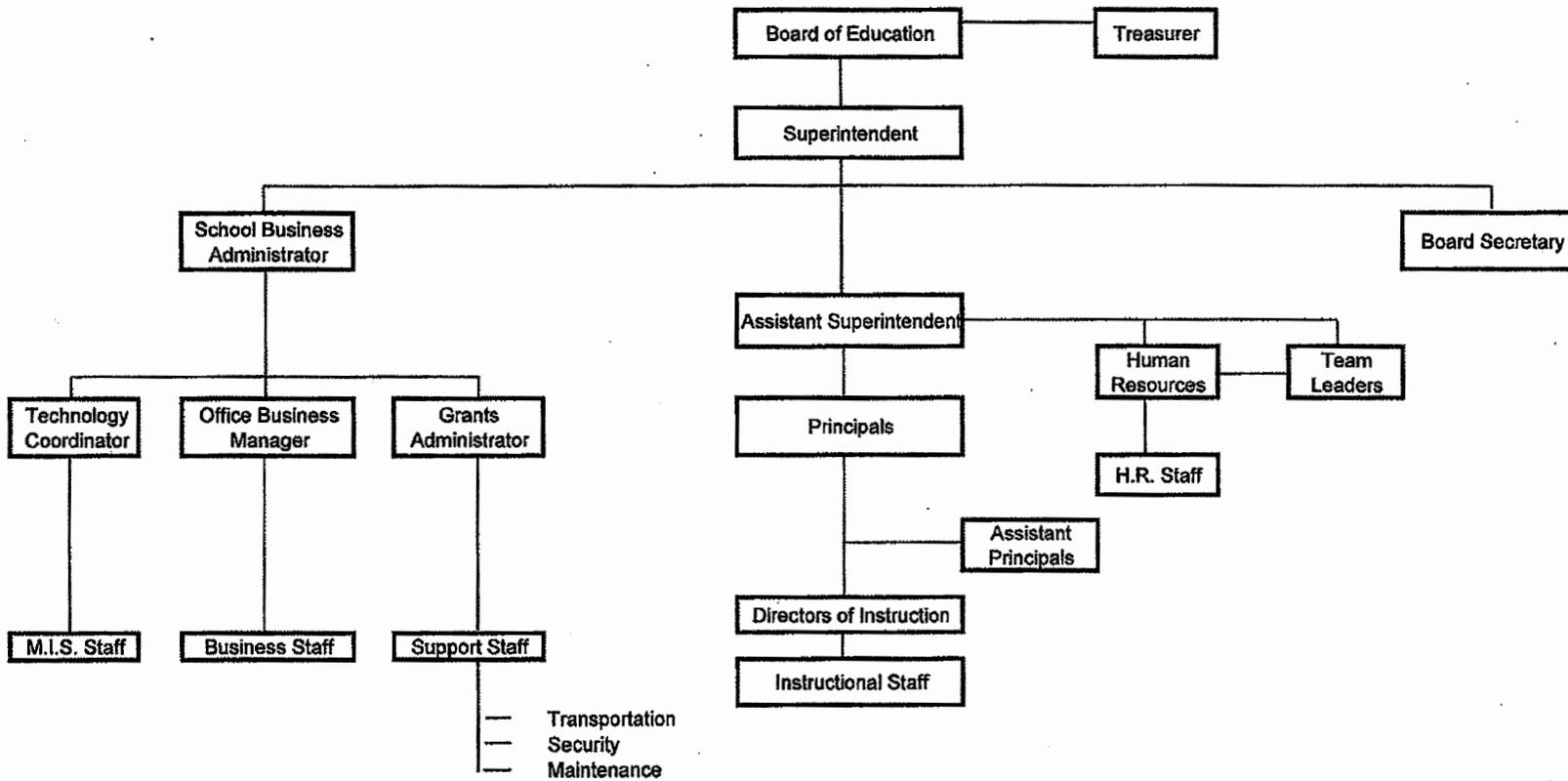
8.) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. Also, we would like to acknowledge the school administrative team and central office administrators for performing their duties in a fiscally sound and conservative manner. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office and school accountants and bookkeepers.

Respectfully submitted,



Nicholas Fargo
School Business Administrator

Hudson County Schools of Technology Organizational Chart



HUDSON COUNTY SCHOOLS OF TECHNOLOGY

ROSTER OF OFFICIALS

JUNE 30, 2015

AUTHORITY MEMBERS POSITION EXPIRATION OF TERM

Members of the Board of Education

Craig Guy	Board President	10/31/15
Peter Fischbach	Vice-President	10/31/15
Anthony Comprelli		10/31/16
Reverend Edward Allen		10/31/14 (Holdover)
Geraldine Perez		10/31/18
Hugo Cabrera		10/31/18
John Minella		10/31/17
Monica Fundora		10/31/17

Other Officials

Frank Gargiulo	School Superintendent
Joseph M. Muniz	Board Secretary
Nicholas Fargo	School Business Administrator

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

CONSULTANTS AND ADVISORS

JUNE 30, 2015

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Hoboken, New Jersey

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Cliffside Park, NJ 07010

OFFICIAL DEPOSITORY

Wells Fargo
TD Bank

FINANCIAL SECTION

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

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Jason R. Gironda, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Hudson County Schools of Technology
County of Hudson
North Bergen, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hudson County Schools of Technology, in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Hudson County Schools of Technology's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson County Schools of Technology as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and pension information on pages 12 through 17, pages 65 through 71, and 73 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hudson County Schools of Technology's basic financial statements. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB Circular 04-04 (and/or 15-08), *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, respectively, and are not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Emphasis of Matter

Adoption of New Accounting Pronouncements

As discussed in Note 1 to the financial statements, in 2015 the Hudson County Schools of Technology adopted GASB Statement No. 68. The adoption resulted in a prior year adjustment of net position. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015, on our consideration of the Hudson County Schools of Technology's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hudson County Schools of Technology's internal control over financial reporting and compliance.



DONOHUE, GIRONDA, DORIA
& TOMKINS, LLC



ROBERT. G. DORIA
Certified Public Accountant
Public School Accountant
License No. CS 00778

Bayonne, New Jersey
December 1, 2015

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The discussion and analysis of the Hudson County School of Technology's (the "Board") financial performance provides an overall review of the City of the Board's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Board's financial performance.

Financial Highlights

Key financial highlights for fiscal years 2015 and 2014 are as follows, respectively:

- In total, net position of governmental activities are \$15,333,289 and \$36,526,196. Net assets of the business-type activity, which represents food service, are \$-0- and \$-0-. This reflects a decrease in net position of governmental activities of \$21,192,907 and no change in net position of business-type activities. The decrease in the governmental activities net position was due to the implementation of a new accounting standard.
- Total revenues were \$58,313,354 and \$59,474,850, for 2015 and 2014, respectively, which was a 2.4% decrease. The county tax contribution to General Revenue increased slightly to \$26,010,000 from \$25,500,000. State and federal revenues increased to \$26,799,213 from \$21,882,206.
- The Board continues to experience stability in student enrollment. Average daily enrollment for the year ending June 30, 2015 was 3,170. The Board enrollment has increased over last 5 years and grew by 210 students for the 2014-2015 school year. Adult school enrollment continues to grow as well.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. This Report is organized to show the reader the Board as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Board's most significant funds with all other non-major funds presented in total in a single column. For the Board's, the General Fund is the most significant fund.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Reporting the Board as a Whole

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the Board to provide programs and activities, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The statement of net position and the statement of activities helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Board's net position and changes in position. This change in net position is important because it identifies whether the financial position of the Board has improved or diminished, as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include current property tax laws in New Jersey, facility conditions, required educational programs, and many other factors.

In the statement of net position and the statement of activities, the Board is divided into two distinct kinds of activities:

Governmental Activities - Most of the City Board's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activity - This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the Board's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. Board's major governmental funds are the General Fund, Special Revenue Fund and Capital Projects Fund.

Governmental Funds

Most of the Board's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, their statements are essentially the same.

The Board as a Whole

The perspective of the statement of net position is of the Board as a whole. Table 1 provides a summary of the Board's net position for the fiscal years 2015 and 2014, respectively.

Table 1

	Governmental Activities		Business Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other Assets	\$ 10,334,368	\$ 6,127,578	\$ 37,438	\$ 42,247	\$ 10,371,806	\$ 6,169,825
Capital Assets, Net	55,016,534	46,048,092	50,151	65,151	55,066,685	46,113,243
Total Assets	<u>\$ 65,350,902</u>	<u>\$ 52,175,670</u>	<u>\$ 87,589</u>	<u>\$ 107,398</u>	<u>\$ 65,438,491</u>	<u>\$ 52,283,068</u>
Liabilities and Net Assets						
Liabilities:						
Current and Other						
Liabilities	\$ 6,707,614	\$ 3,404,380	\$ 87,589	\$ 107,398	\$ 6,795,203	\$ 3,511,778
Long-Term Liabilities	43,309,999	12,245,094	-	-	43,309,999	12,245,094
Total Liabilities	<u>50,017,613</u>	<u>15,649,474</u>	<u>87,589</u>	<u>107,398</u>	<u>50,105,202</u>	<u>15,756,872</u>
Net Assets:						
Net Investment in						
Capital Assets	54,113,387	46,048,092	50,151	65,151	54,163,538	46,113,243
Restricted	2,514,575	976,747	-	-	2,514,575	976,747
Unrestricted	<u>(41,294,673)</u>	<u>(10,498,643)</u>	<u>(50,151)</u>	<u>(65,151)</u>	<u>(41,344,824)</u>	<u>(10,563,794)</u>
Total Net Position	<u>15,333,289</u>	<u>36,526,196</u>	<u>-</u>	<u>-</u>	<u>15,333,289</u>	<u>36,526,196</u>
Total Liabilities and Net Position	<u>\$ 65,350,902</u>	<u>\$ 52,175,670</u>	<u>\$ 87,589</u>	<u>\$ 107,398</u>	<u>\$ 65,438,491</u>	<u>\$ 52,283,068</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The following table reflects the change in net position for fiscal years 2015 and 2014, respectively.

	June 30, 2015			June 30, 2014		
	Business		Total	Business		Total
	Governmental	Type		Governmental	Type	
	Activities	Activities		Activities	Activities	
Revenues						
Program revenues:						
Charges for services	\$ 4,170,725	\$ 270,468	\$ 4,441,193	\$ 3,614,791	\$ 287,417	\$ 3,902,208
Operating grants and contributions	542,000	434,848	976,848	7,610,780	450,780	8,061,560
General revenues						
Property taxes	26,010,000		26,010,000	25,500,000		25,500,000
Federal and state aid not restricted to:						
Specific purposes	26,799,213		26,799,213	21,882,206		21,882,206
Earnings on investments	6,785		6,785	4,669		4,669
Miscellaneous	784,831		784,831	862,404		862,404
Total Revenue	58,313,554	705,316	59,018,870	59,474,850	738,197	60,213,047
Expenses						
Instructional services	19,524,572		19,524,572	19,055,462		19,055,462
Support services	21,371,794		21,371,794	20,001,278		20,001,278
Unallocated benefits	9,911,549	-	9,911,549	12,493,644	-	12,493,644
Special Schools	6,835,411		6,835,411	6,722,010		6,722,010
Capital outlay not capitalized	-		-	-		-
Depreciation	1,454,799		1,454,799	1,822,526		1,822,526
Service Related Expenses	-	1,066,714	1,066,714	-	1,091,204	1,091,204
Total Expenses	59,098,125	1,066,714	60,164,839	60,094,920	1,091,204	61,186,124
Increase (decrease) in net assets						
before transfers	(784,571)	(357,398)	(1,145,969)	(620,070)	(353,007)	(973,077)
Contributed Capital Hudson County	9,000,000		9,000,000	10,000,000	-	10,000,000
Transfers	(357,398)	357,398	-	(353,007)	353,007	-
Change in net position	7,858,031	-	7,854,031	9,026,923	-	9,026,923
Prior Year adjustment						
Net pension liability	(29,050,938)	-	(29,050,938)	-	-	
Change in net position and prior year adjustment	(21,192,907)	-	(21,192,907)	9,026,923	-	9,026,923
Net Position – July 1,	36,526,196	-	36,526,196	27,499,273	-	27,499,273
Net Position – June 30,	\$ 15,333,289	\$ -	\$ 15,333,289	\$ 36,526,196	\$ -	\$ 36,526,196

Net Position decreased by \$21,192,907 for the fiscal year 2015 and increased by \$9,026,923 for the fiscal year 2014 for Governmental Activities. Business-Type Activity Net Position did not change.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. Table 3, for government activities, indicates the total cost of services and the percentage cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3

	<u>2014-2015</u>				<u>2013-2014</u>		
	Revenue	Total	Increase/ (Decrease) 2014		Revenue	Total	Increase/ (Decrease) 2013
Local sources	\$ 27,472,367	47%	\$ 1,105,294	Local sources	\$ 26,367,073	47%	\$ 495,047
State sources	25,733,835	44%	815,762	State sources	24,918,073	45%	(1,054,256)
Federal sources	5,242,225	9%	764,049	Federal sources	4,478,176	8%	(17,907)
Total	\$ 58,448,427	100%	\$ 2,685,105	Total	\$ 55,763,322	100%	\$ (577,116)

General Fund Budgeting Highlights

The difference between the original budget and the final amended was an of increase of \$138,259 for the appropriations and no change for the revenues.

Program revenues are budgeted to spend all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenues received but not spent is restricted and deferred to the subsequent year. As a result, overall fund revenues variances will be negative and overall fund expenditures variances will be positive.

The Hudson County Schools of Technology is making progress on improving the overall financial health. They have made significant progress through some cost-cutting measures while maintaining school programs. Increased savings related to joining the State of New Jersey Health Benefit Plan as well as slightly higher than expected state aid for the year ended June 30, 2015 and 2015 have allowed for the increase in the overall financial outlook.

Capital Assets and Depreciation

Capital Assets

At June 30, 2015 the District has capital assets in excess of \$32,597,248 net of depreciation, which includes school facilities, land, buildings, equipment and vehicles.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The following provides a summary of the net capital assets held by the District:

	June 30, 2015		June 30, 2014	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Land	\$ 1,533,490	\$ -	\$ 1,533,490	\$ -
Building and building improvements	28,928,864	-	19,114,179	-
Machinery, equipment and vehicles	2,134,894	50,151	2,771,209	60,151
Total	\$ 32,597,248	\$ 50,151	\$ 23,418,878	\$ 60,151

Debt

The District does not have any outstanding bond issues. All debt administration, obligations and issuance is the responsibility of the County of Hudson.

However, the District has long-term obligations for compensated absences in the amount of \$12,525,664 and \$12,463,022 at June 30, 2015 and 2014, respectively.

Contacting the Board's Financial Management

This financial report is designed to provide a general overview of the Hudson County Schools of Technology District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nicholas Fargo, the Office of the Business Administrator, Hudson County Schools of Technology, North Bergen, New Jersey.

BASIC FINANCIAL STATEMENTS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Net Position
June 30, 2015

Exhibit A-1

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,575,304	\$ -	\$ 2,575,304
Receivables, net	5,301,529	37,438	5,338,967
Interfund receivable	73,341	-	73,341
Restricted assets:			
Cash and cash equivalents	114,354	-	114,354
Due from Hudson County	22,419,286	-	22,419,286
Capital assets, net (Note 4):	32,597,248	50,151	32,647,399
Total Assets	63,081,062	87,589	63,168,651
 DEFERRED OUTFLOWS OF RESOURCES			
Pension Resources	2,269,840	-	2,269,840
 LIABILITIES:			
Cash overdraft	105,454	-	105,454
Accounts payable	2,283,447	14,248	2,297,695
Interfund payable	-	73,341	73,341
Due to grantors	3,221	-	3,221
Unearned revenue	4,075,975	-	4,075,975
Noncurrent liabilities:			
Due within one year	239,517	-	239,517
Due beyond one year	12,286,147	-	12,286,147
Net pension liability	29,050,938	-	29,050,938
Total Liabilities	48,044,699	87,589	48,132,288
 DEFERRED INFLOW OF RESOURCES			
Pension Resources	1,972,914	-	1,972,914
 NET POSITION:			
Net investment in capital assets	54,113,387	50,151	54,163,538
Restricted for:			
Capital projects	114,354	-	114,354
Excess Surplus	2,400,221	-	2,400,221
Unrestricted	(41,294,673)	(50,151)	(41,344,824)
Total Net Position	\$ 15,333,289	\$ -	\$ 15,333,289

The accompanying Notes to Financial Statements are an integral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Activities
For the Year Ended June 30, 2015

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,279,126	\$ -	\$ -	\$ -	(13,279,126)	\$ -	\$ (13,279,126)
Vocational education	5,776,504	-	-	-	(5,776,504)	-	(5,776,504)
Community service program	468,942	-	-	-	(468,942)	-	(468,942)
Support services:							
Student & instruction related services	4,622,168	-	-	-	(4,622,168)	-	(4,622,168)
School administrative services	3,117,769	-	-	-	(3,117,769)	-	(3,117,769)
General and business administrative services	1,163,027	-	-	-	(1,163,027)	-	(1,163,027)
Plant operations and maintenance	5,773,926	-	-	-	(5,773,926)	-	(5,773,926)
Pupil transportation	6,694,904	3,499,974	-	-	(3,194,930)	-	(3,194,930)
Unallocated Benefits	9,021,524	-	-	-	(9,021,524)	-	(9,021,524)
Special schools	6,835,411	-	542,000	-	(6,293,411)	-	(6,293,411)
Unallocated depreciation	1,454,799	-	-	-	(1,454,799)	-	(1,454,799)
Total Governmental Activities	58,208,100	3,499,974	542,000	-	(54,166,126)	-	(54,166,126)
Business-type activities:							
Food Service	1,066,714	270,468	438,848	-	-	(357,398)	(357,398)
Total Business-type Activities	1,066,714	270,468	438,848	-	-	(357,398)	(357,398)
Total Primary Government	\$ 59,274,814	\$ 3,770,442	\$ 980,848	\$ -	\$ (54,166,126)	\$ (357,398)	\$ (54,523,524)
General revenues:							
Taxes:							
Property taxes, levied for general purposes - Net					26,010,000	-	26,010,000
Federal and State aid not restricted					26,799,213	-	26,799,213
Tuition received					670,751	-	670,751
Investment earnings					6,785	-	6,785
Contributed Capital from County of Hudson					9,000,000	-	9,000,000
Miscellaneous Income					784,831	-	784,831
Transfers					(357,398)	357,398	-
Total general revenues and transfers					62,914,182	357,398	63,271,580
Change in Net Position -					8,748,056	-	8,748,056
Net Position - July 1					36,526,196	-	36,526,196
Prior period adjustment							
Recognize prior period net pension liability					(29,940,963)	-	(29,940,963)
Net Position - June 30					\$ 15,333,289	\$ -	\$ 15,333,289

The accompanying Notes to Financial Statements are an integral part of this statement.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Balance Sheet
Governmental Funds
June 30, 2015

Exhibit B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 2,575,304	\$ -	\$ -	\$ 2,575,304
Receivables, net	65,243	-	-	65,243
Due from other funds	2,660,323	-	175,892	2,836,215
Receivables from other governments	-	2,846,390	21,516,139	24,362,529
Restricted cash and cash equivalents	-	-	114,354	114,354
Due from Hudson County	-	903,147	-	903,147
Total Assets	5,300,870	3,749,537	21,806,385	30,856,792
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Cash overdraft	-	105,454	-	105,454
Accounts payable	29,180	340,192	507,424	876,796
Interfund payable	175,892	1,224,695	-	1,400,587
Due to grantors	-	3,221	-	3,221
Unearned revenue	2,000,000	2,075,975	-	4,075,975
Total Liabilities	2,205,072	3,749,537	507,424	6,462,033
Fund Balances:				
Committed Fund Balance:				
Year-End Encumbrances	-	-	3,985,217	3,985,217
Restricted For:				
Reserve for Excess Surplus	1,550,498	-	-	1,550,498
Reserve for subsequent years expenditures	849,723	-	-	849,723
Unassigned Fund Balance:				
General fund	695,577	-	-	695,577
Capital projects fund	-	-	17,313,744	17,313,744
Total Fund balances	3,095,798	-	21,298,961	24,394,759
Total Liabilities and Fund Balances	\$ 5,300,870	\$ 3,749,537	\$ 21,806,385	

Reconciliation of balance sheet to statement of net position

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$60,893,331 and the accumulated depreciation is \$28,296,083.	32,597,248
Deferred outflows of pension resources	2,269,840
Accounts payable pension liabilities	(1,356,323)
Liabilities for compensated absences and pension are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Compensated absences liability	(12,525,664)
Net pension liability	(29,050,938)
Deferred inflows of pension resources	(1,972,914)
Internal Service Fund which is by its activities (transportation and education) is governmental in nature (excludes capital assets)	977,281
Net position of governmental activities	\$ 15,333,289

The accompanying Notes to Financial Statements are an integral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2015

Exhibit B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local sources:				
Local tax levy	\$ 26,010,000	\$ -	\$ -	\$ 26,010,000
Tuition charges	670,751	-	-	670,751
Interest Earned	6,785	-	-	6,785
Miscellaneous	784,831	-	-	784,831
Total - Local Sources	<u>27,472,367</u>	-	-	<u>27,472,367</u>
State sources	25,287,972	445,863	-	25,733,835
Federal sources	42,867	5,199,358	-	5,242,225
Total Revenues	<u>52,803,206</u>	<u>5,645,221</u>	-	<u>58,448,427</u>
EXPENDITURES:				
Current:				
Regular instruction	8,645,332	4,633,794	-	13,279,126
Vocational education	5,707,619	-	-	5,707,619
Community Service Program	468,942	-	-	468,942
Support services and undistributed costs:				
Student & instruction related services	4,005,474	616,694	-	4,622,168
School administrative services	3,117,769	-	-	3,117,769
Other administrative services	1,163,027	-	-	1,163,027
Plant operations and maintenance	5,773,926	-	-	5,773,926
Pupil transportation	2,947,438	-	-	2,947,438
Unallocated benefits	12,640,509	325,848	-	12,966,357
Special schools	6,360,773	-	-	6,360,773
Capital outlay	-	68,885	10,633,169	10,702,054
Total Expenditures	<u>50,830,809</u>	<u>5,645,221</u>	<u>10,633,169</u>	<u>67,109,199</u>
Excess (Deficiency) of revenues over expenditures	<u>1,972,397</u>	-	<u>(10,633,169)</u>	<u>(8,660,772)</u>
OTHER FINANCING SOURCES (USES):				
Contributed Capital from County of Hudson		-	9,000,000	9,000,000
Food Service	(357,398)	-	-	(357,398)
Total Other Financing Sources and (Uses)	<u>(357,398)</u>	-	<u>9,000,000</u>	<u>8,642,602</u>
Net change in fund balances	1,614,999	-	(1,633,169)	(18,170)
Fund balance - July 1	1,480,799	-	22,932,130	24,412,929
Fund balance - June 30	<u>\$ 3,095,798</u>	<u>\$ -</u>	<u>\$ 21,298,961</u>	<u>\$ 24,394,759</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities

Exhibit B-3

For the Year Ended June 30, 2015

Total net change in fund balances - Governmental funds (Exhibit B-2) \$ (18,170)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (1,454,799)	
	Capital outlays	<u>10,633,169</u>	9,178,370

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Change in compensated absences	(62,642)
Additional PERS pension expense recognized	(169,372)

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds - internal service fund	(180,130)
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Change in net position and prior year adjustments of governmental activities (Exhibit A-2)	<u><u>\$ 8,748,056</u></u>
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The accompanying Notes to Financial Statements are an intergral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit B-4

Statement of Net Position

Proprietary Funds

June 30, 2015

Business-type

Activities -

Enterprise

Fund

Governmental Activities

Internal Service Funds

	Food Service	Trans- portation	Youth House	Total Internal Service Funds
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	37,438	-	366,500	366,500
Interfund receivable- General Fund	-	-	-	-
Other receivables	-	1,636,395	387,000	2,023,395
Total Current Assets	<u>37,438</u>	<u>1,636,395</u>	<u>753,500</u>	<u>2,389,895</u>
Noncurrent Assets:				
Furniture, machinery & equipment	369,725	-	106,113	106,113
Less: Accumulated depreciation	(319,574)	-	(106,113)	(106,113)
Total Noncurrent assets	<u>50,151</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>87,589</u>	<u>1,636,395</u>	<u>753,500</u>	<u>2,389,895</u>
LIABILITIES:				
Accounts payable	14,248	50,328	-	50,328
Interfunds Payable	73,341	963,261	399,025	1,362,286
Total Current Liabilities	<u>87,589</u>	<u>1,013,589</u>	<u>399,025</u>	<u>1,412,614</u>
Total Liabilities	<u>87,589</u>	<u>1,013,589</u>	<u>399,025</u>	<u>1,412,614</u>
NET POSITION				
Unrestricted	-	622,806	354,475	977,281
Total Net Position	<u>\$ -</u>	<u>\$ 622,806</u>	<u>\$ 354,475</u>	<u>\$ 977,281</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit B-5

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Funds		
	Food Service	Trans- portation	Youth House	Total Internal Service Funds
Operating Revenues:				
Charges for services:				
Daily sales - non-reimbursable programs	\$ 270,468	\$ -	\$ -	\$ -
Accounts payable cancelled	-	16,826	-	16,826
Transportation fees from other LEA's within the state	-	3,483,148	-	3,483,148
Total Operating Revenues	<u>270,468</u>	<u>3,499,974</u>	<u>-</u>	<u>3,499,974</u>
Operating Expenses:				
Cost of sales	1,051,714	-	-	-
Salaries	-	2,344,703	469,042	2,813,745
Employee benefits	-	-	-	-
Other purchased services	-	1,402,763	5,596	1,408,359
Cleaning, repair and maintenance services	-	-	-	-
Depreciation	15,000	-	-	-
Total Operating Expenses	<u>1,066,714</u>	<u>3,747,466</u>	<u>474,638</u>	<u>4,222,104</u>
Operating income (loss)	<u>(796,246)</u>	<u>(247,492)</u>	<u>(474,638)</u>	<u>(722,130)</u>
Nonoperating Revenues (Expenses):				
State sources:				
State school lunch program	6,363	-	-	-
State Facilities Education Act	-	-	366,500	366,500
County of Hudson:				
SFEA Match	-	-	-	-
Additional Funding	-	-	175,500	175,500
Federal sources:				
National school lunch program	300,760	-	-	-
National school breakfast program	113,709	-	-	-
Food distribution program	18,016	-	-	-
Total nonoperating revenues (expenses)	<u>438,848</u>	<u>-</u>	<u>542,000</u>	<u>542,000</u>
Income (loss) before contributions & transfers	<u>(357,398)</u>	<u>(247,492)</u>	<u>67,362</u>	<u>(180,130)</u>
Transfers in (out) - General Fund	357,398	-	-	-
Change in net position	-	(247,492)	67,362	(180,130)
Total Net Position - July 1	-	870,298	287,113	1,157,411
Total Net Position - June 30	<u>\$ -</u>	<u>\$ 622,806</u>	<u>\$ 354,475</u>	<u>\$ 977,281</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit B-6

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Funds		
	Food Service	Transportation	Youth House	Total Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 270,468	\$ 2,334,714	\$ -	\$ 2,334,714
Payment for salaries and benefits	-	(2,329,163)	(469,042)	(2,798,205)
Payments to suppliers	(1,019,450)	(1,379,467)	(7,459)	(1,386,926)
Net Cash Provided by (Used for)				
Operating Activities	<u>(748,982)</u>	<u>(1,373,916)</u>	<u>(476,501)</u>	<u>(1,850,417)</u>
Cash Flows from Noncapital				
Financing Activities				
State Sources	6,428	-	-	-
Federal Sources	419,213	-	-	-
County Sources	-	-	357,500	357,500
Payment of interfunds/interfunds advanced	(16,041)	1,373,916	119,001	1,492,917
Operating subsidies and transfers to other funds	339,382	-	-	-
Net Cash Provided by (Used for)				
Non-capital Financing Activities	<u>748,982</u>	<u>1,373,916</u>	<u>476,501</u>	<u>1,850,417</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Balances - July 1	-	-	-	-
Balances - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (796,246)	\$ (247,492)	\$ (474,638)	\$ (722,130)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and net amortization	15,000	-	-	-
Food distribution program	18,016	-	-	-
(Increase) decrease in accounts receivable, net	-	(1,148,434)	-	(1,148,434)
(Increase) decrease in interfund	-	-	-	-
Increase (decrease) in accounts payable	14,248	22,010	(1,863)	20,147
Total adjustments	<u>47,264</u>	<u>(1,126,424)</u>	<u>(1,863)</u>	<u>(1,128,287)</u>
Net Cash Provided by (Used for)				
Operating Activities	<u>\$ (748,982)</u>	<u>\$ (1,373,916)</u>	<u>\$ (476,501)</u>	<u>\$ (1,850,417)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit B-7

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	Unemployment Compensation Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 17,283	\$ 771,672
Total Assets	<u>17,283</u>	<u>771,672</u>
LIABILITIES		
Payable to student groups	-	446,349
Payroll deductions and withholdings	-	325,323
Total Liabilities	<u>-</u>	<u>771,672</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>\$ 17,283</u>	

The accompanying Notes to Financial Statements are an intergral part of this statement.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

Exhibit B-8

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions	<u>\$ 27,830</u>
Total Additions	<u>27,830</u>
DEDUCTIONS	
Unemployment claims	16,786
Transfers to other funds	<u>16,000</u>
Total Deductions	<u>32,786</u>
Change in net assets	(4,956)
Net Position- July 1	<u>22,239</u>
Net Position- June 30	<u><u>\$ 17,283</u></u>

The accompanying Notes to Financial Statements are an intergral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the “Board”) of the Hudson County Schools of Technology have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In its accounting and financial reporting, the Board follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District’s Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management’s Discussion and analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Board’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Board’s activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Board has elected to implement the general provisions of the Statement in the current year. Internal activity is eliminated in the Statement of Activities.

The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Hudson County Schools of Technology is a Type I district located in the County of Hudson, State of New Jersey. As a Type I district, the School District functions independently through a Board of Education. The Board of Education of Hudson County Schools of Technology (the “Board”) is comprised of nine members appointed to three-year terms. The purpose of the Board is to educate students in grades 9-12 and to provide adult and alternative education. The Board had an approximate enrollment at June 30, 2015 of 3,170 students, excluding its post-secondary enrollment.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued):

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- The primary government is financially accountable for the organization
- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's Board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board is a component unit of the County of Hudson.

B. Basic Financial Statements - District-Wide Statements:

The Board's basic financial statements include both district-wide (reporting the Board as a whole) and fund financial statements (reporting the Board's major funds). Both the Board-wide and fund financial statements categorize primary activities as either governmental or business type. The Board's general operating services, special revenue, capital projects, debt service and nonexpendable trust funds are classified as governmental activities. The Board's food service operations are classified as business-type activities.

The Statement of Net Position and Statement of Activities display information about the reporting district as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature.

In the district-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Board first utilizes restricted resources to finance qualifying activities.

The district-wide Statement of Activities reports both the gross and net cost of each of the District's functions and business-type activities. The functions are also supported by general government revenues (property and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements - District -Wide Statements (Continued):

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, taxes, intergovernmental revenues, interest income, etc.)

The Board does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The district-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net assets resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements:

The financial transactions of the Board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1. GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the Board includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution. The Board does not generally budget for capital outlay purposes, capital outlays are funded through the County of Hudson.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the County of Hudson. In the case of a Type I school district, authorization and issuance of bonds is a function of the County Board of Freeholders.

Debt Service Fund - Because the Board's capital projects are authorized by the County Board of Chosen Freeholders under a bond ordinance and the subsequent debt is funded directly from the County budget, the Debt Service Fund does not apply to the Hudson County Schools of Technology.

2. PROPRIETARY FUND

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Fund of the Board:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Board's Enterprise Fund is comprised of the Food Service Fund.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued)

2. PROPRIETARY FUND (Continued)

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds on a cost-reimbursement basis. The Internal Service Fund has been established to account for the financing of educational services for the youth house, educational services for employment training and for transportation services provided by the Board for use by various other school districts within the County of Hudson. Services are provided on a cost-reimbursement basis, and for the youth house, a majority of the cost is provided by the New Jersey Juvenile Justice Commission, with the County providing additional funds on behalf of the other school district.

The Proprietary Fund is accounted for on a cost of services or “economic resource” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported net position (total net position) is segregated into invested in capital assets, net of related debt, restricted for capital projects or unrestricted, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

<u>Food Service Fund:</u>	
Equipment	12 Years
Light Trucks and Vehicle	4 Years
Heavy Trucks and Vehicle	6 Years

3. FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds and therefore are not available to support district programs. The reporting focus is on net-position and changes in net-position and are reported using accounting principles similar to proprietary funds.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued)

4. AGENCY FUNDS

Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll, student activities funds and the other District activity fund.

Fiduciary fund reporting focuses on net position, and changes in net position. The Board's fiduciary funds are used to account for assets held by the District on behalf of others. The Board's Fiduciary funds include the Student Activity Fund, the Private Purpose Scholarship Trust Fund, the Payroll Agency fund and the Unemployment Compensation Insurance Trust Fund.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District considers all governmental and business-type activities to be major.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (agency and expendable trust). Since by definition these assets are being held for the benefit of a third party (other local governments, students, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the district-wide statements.

D. Basis of Measurement and Accounting Focus:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Measurement and Accounting Focus (Continued)

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds and expendable trust funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operation; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the district-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place

In the fund financial statements, governmental funds, expendable trust funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control:

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a county is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

All proprietary funds and non-expendable trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are approved by the board of school estimate. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item units are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Line-item transfers from an advertised appropriation account as defined under N.J.A.C. 6A:23A-2.3, which on a cumulative basis exceed ten percent of the amount included in the original budget, require county superintendent approval.

Line-item transfers to an advertised appropriation account identified as either general administration, school administration, central services and administrative information technology or other support services that, on a cumulative basis, exceed 10% of the amount included in the original budget require county superintendent approval. The Board of Education made amendments to the budgetary appropriations during the year; however, these amendments were immaterial in amount.

Pursuant to N.J.S.A. 18A:22-8 and N.J.A.C. 6A:23A-2.3 appropriation of surplus or other unbudgeted or under budgeted revenue is allowed only between April 1 and June 30 and requires Regional Assistant Commissioner Approval. Six revenue categories identified under N.J.A.C. 6A:23A-2.3(c) are excluded from this requirement.

Prior to April 1, a school board may petition the Commissioner for appropriation of surplus or other unbudgeted or under budgeted revenue (Except for those exempted under N.J.A.C. 6A:23A-2.3(c) an "emergent circumstance." Such petition must be submitted by a two-thirds affirmative vote of the authorized membership of the Board and include the items listed and demonstrate the need pursuant to N.J.A.C. 6A:23A-2.3(b). During the fiscal year, the Board did not make any supplemental appropriations.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	2014-2015
Total Revenues (Budgetary Basis)	\$ 5,712,275
Adjustments:	
Add: Prior Year Encumbrances	843,287
Less: Current Year Encumbrances	(910,341)
Adjust for State Aid Payment Recognized for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes	-
Adjust for State Aid Payment Not Recognized for GAAP Purpose until the Subsequent Year	-
Total Revenues (GAAP) Basis	\$ 5,645,221
Total Expenditures (Budgetary Basis)	\$ 5,712,275
Adjustments:	
Add: Prior Year Encumbrances	843,287
Less: Current Year Encumbrances	(910,341)
Total Expenditures (GAAP) Basis	\$ 5,645,221

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Encumbrances:

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as committed fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et.seq. establishes the requirements for the security of deposits of governmental units. The Statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

I. Receivables and Payables:

Property taxes are levied pursuant to law and are collected by the county from the municipalities and are transferred to the Board, from the County, as requested. Property tax revenue is recognized in the year they are levied and become available.

Tuition Receivable – The Board receives tuition from some students. Tuition charges for the fiscal years 2014 - 2015 were based on rates established by the Board and are subject to change when the actual costs have been determined and certified by the State Department of Education. For the year ending June 30, 2015, there was no tuition receivable.

Tuition Payable - For the year ending June 30, 2015, there was no tuition payable. The Board does not send any students to other districts.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The District uses the purchase method for expensing inventory. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Restricted Assets:

Restricted assets include cash for the capital reserve account and for capital projects.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets:

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements. The District considers all property, plant and equipment with a cost over \$2,000 to be a capital asset.

District-Wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Estimated Life</u>	<u>Business Type Estimated Life</u>
Land	N/A	N/A
Land Improvements	50 Years	N/A
Building and Improvements	20-50 Years	N/A
Furniture and Equipment	8-20 Years	8-20 Years
Vehicles	8 Years	N/A
Textbooks	5 Years	N/A

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the district-wide statements.

M. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, sabbatical leave and salary related payments. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences (Continued)

The liability for these compensated absences is recorded as long-term debt in the district-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

N. Deferred Revenue:

Deferred revenue in the Special Revenue Fund represents cash that has been received but not yet earned.

O. Long-Term Debt:

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be paid from governmental and business-type resources is reported as liabilities in the district-wide statement. The long-term debt consists primarily of accrued compensated absences, early retirement incentives and obligations under capital leases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund is the same in the fund statements as it is in the district-wide statements.

P. Pensions:

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense of the Public Employees Retirement System (PERS) have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Q. Deferred Outflows of Resources:

Decreases in net position that relate to future periods are reported as deferred outflows of resources in a separate section on the statement of net position. The only deferred outflow of resources reported is for pension resources.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Deferred Inflows of Resources:

Increases in net position that relate to future periods are reported as deferred inflows of resources in a separate section of the statement of net position. Related revenues are not recognized until a future event occurs. The only deferred inflow of resources reported is for pension resources.

S. Equity Classifications:

Government-wide Statements

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net assets to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements.

Net position represents the difference between assets, deferred inflows, deferred outflows and liabilities in the Government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the Government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Equity is classified as net position and displayed in three components:

Net Investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Equity Classifications (Continued)

District-Wide Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Under GASB No. 54, fund balance is further categorized as restricted, committed, assigned, or unassigned fund balance. Restrictions are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. Proprietary fund equity is classified the same as in the district-wide statements.

Restricted - Excess Surplus - Designated for Subsequent Year's Budget - This reserve was created to represent the June 30, 2014 audited excess surplus that will be appropriated in the 2015-2016 original budget certified for taxes.

Restricted - Excess Surplus - This reserve was created to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016-2017 original budget certified for taxes.

Restricted - Capital Reserve - This reserve was created by the District to fund future capital expenditures (See Note 4.)

Committed - Year-End Encumbrances - This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Unassigned - All other fund balance that did not meet the definition of restricted, committed, or assigned.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

T. Operating and Non-operating Revenue:

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue not related to capital and related financing, noncapital financing, or investing activities. Non-operating revenues include reimbursements by the State for school breakfast, lunch and food distribution programs.

U. Expenditures/Expenses:

In the district-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Capital Outlay
Proprietary Fund - By Operating and Nonoperating	

In the fund financial statements, governmental funds report expenditures of financial resources. The proprietary fund reports expenses relating to use of economic resources.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

All bank deposits and investments as of the balance sheet date are classified as to credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a) Uncollateralized.
- b) Collateralized with securities held by the pledging financial institution.
- c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2015, none of the District's bank balances totaling \$2,886,180 was exposed to custodial credit risk.

As of June 30, 2014, the District's deposits are summarized as follows:

	Book Balance
Insured - FDIC	\$ 414,354
Insured - GUDPA	3,064,259
Overdraft in special revenue	(105,454)
	\$ 3,373,159

Reconciliation to Government-Wide Statement of
Net Assets:

Unrestricted Cash	\$ 2,575,304
Restricted Cash	114,354
Trust and Agency Fund Cash (Not Included in Government-Wide Statement)	788,955
Cash overdraft included in accounts payable	(105,454)
	\$ 3,373,159

As of June 30, 2015, the Board did not hold any investments.

NOTE 3. DEPOSIT AND INVESTMENT RISK

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the District's name, and are held by either:

- The counterparty or
- The counterparty's trust department or agent but not in the District's name

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

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NOTE 3. DEPOSIT AND INVESTMENT RISK (Continued)

At June 30, 2015 the Board did not hold any investments and thus were not exposed to custodial credit risk or foreign currency risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2015 all the District's deposits, other than deposits were insured by FDIC and GUDPA. The District does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that the District disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District is exempt from this requirement because all of its investments at June 30, 2015 are invested in a local government investment pool.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. At June 30, 2015 the District did not have any investments which would expose it to interest rate risk.

NOTE 4. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Governmental Activities:				
Capital assets not being Depreciated:				
Land	\$ 1,533,490	\$ -	\$ -	\$ 1,533,490
Capital Assets being depreciated:				
Buildings and Improvements	40,167,408	10,633,169	-	50,800,577
Furniture and Equipment	3,166,438	-	-	3,166,438
Machinery and Other Equipment	5,392,826	-	-	5,392,826
Total Capital Assets being depreciated	48,726,672	10,633,169	-	59,359,841
Total Assets	50,260,162	10,633,169	-	60,893,331
Less Accumulated Depreciation:				
Buildings and Improvements	21,053,229	818,484	-	21,871,713
Furniture and Equipment	1,813,843	185,651	-	1,999,494
Machinery and Other Equipment	3,939,257	450,664	-	4,389,921
Youth House write-off	34,955	-	-	34,955
Total Accumulative Depreciation	26,841,284	1,454,799	-	28,296,083
Governmental Capital Assets Net	23,418,878	9,178,370	-	32,597,248
Business Type Activities:				
Machinery and Equipment	369,725	-	-	369,725
Less Accumulative Depreciation	(304,574)	(15,000)	-	(319,574)
Business Type Capital Assets Net	\$ 65,151	\$ (15,000)	\$ -	\$ 50,151

NOTE 5. LONG-TERM DEBT

The District's long-term debt is summarized as follows:

Governmental Activities

As of June 30, 2015, the governmental long-term debt of the District consisted of the following:

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Compensated Absences	\$12,463,022	\$235,453	\$ 172,811	\$12,525,664	\$ 239,517	\$ 12,286,147

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 5. LONG-TERM DEBT (Continued)

Business-type Activity

As of June 30, 2015, there was no long-term debt payable from proprietary fund resources.

County of Hudson Debt Authorized

Bonds Payable: Bonds are authorized in accordance with State law by the County of Hudson on behalf of the Hudson County Schools of Technology. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are general obligation bonds. As of June 30, 2015, the County of Hudson on behalf of School's projects had outstanding bonds in the amount of \$33,400,000. These bonds are paid by the County of Hudson.

Bonds Authorized But Not Issued: As of June 30, 2015, the County had \$43,100,000 authorized but not issued. All debt authorized was carried on the books and records of the County of Hudson.

NOTE 6. OPERATING LEASES

The District has commitments to lease copiers under operating leases that expire through the year 2017. Total operating lease payments made during the year ended June 30, 2015 were \$150,046. Future minimum lease payments are as follows:

<u>Year Ending</u>	
June 30, 2016	150,046
June 30, 2017	34,804

NOTE 7. PENSION PLANS

A. Description of Plans:

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

B. Teachers' Pension and Annuity Fund (TPAF):

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, by which the State of New Jersey is responsible to fund 100% of the employer contributions, excluding any local employer retirement incentive (ERI) contributions. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

C. Public Employees' Retirement System (PERS):

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

D. Defined Contribution Retirement Program (DCRP):

The Defined Contribution Retirement Program ("DCRP") is a single-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

E. Vesting and Benefit Provisions:

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for PERS and TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

E. Vesting and Benefit Provisions (Continued):

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each service credit available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increase were suspended for all current and future retirees of all retirement systems.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

F. Contribution Requirements:

The contribution policy is set by N.J.S.A. 43:15A for PERS and N.J.S.A. 18:66 for TPAF, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5 plus an additional 1% phased-in over 7 years beginning July 2012. The member contribution was 6.92% in fiscal year 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year.

Employers' contribution amounts for PERS are based on an actuarially determined rate. The annual employer contributions for PERS include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits. Under current Statute, the District is a non-contributing employer of the TPAF.

Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions for the pension plans on a phased-in basis over a seven-year period beginning in fiscal year 2012. For fiscal year 2013, the State's minimum required contribution was 2/7th of the full recommended amounts determined on the basis of the July 1, 2011 actuarial valuation.

During the year ended June 30, 2015 the District was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal pension contributions, non-contributory group life insurance (NCGI) and early retirement incentive (ERI) in the following amounts.

<u>PERS Contributed by the District</u>		<u>TPAF Paid on behalf of the District</u>	
<u>Pension</u>	<u>ERI</u>	<u>Pension</u>	<u>ERI</u>
\$ 1,279,149	\$ -	\$ 2,734,938	-

G. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2015 the Districts net pension liability for PERS was \$29,050,930.

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, Districts PERS proportion was 0.1552%, which was a decrease of 0.0015% from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the District recognized PERS pension expense of \$1,449,165.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

G. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 913,517	\$ -
Net differences between projected and actual investment earnings on pension plan investments		1,972,914
District contributions subsequent to measurement date	(1,356,323)	
Total	<u>\$ 2,269,840</u>	<u>\$ 1,972,914</u>

\$1,356,323 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30, 2015	\$ (325,303)
June 30, 2016	(325,303)
June 30, 2017	(325,303)
June 30, 2018	(325,303)
June 30, 2019	(325,303)
Thereafter	567,116
	<u>\$(1,059,397)</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

G. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.01%
Salary Increases:	
2012-2012	2.15-4.40%
Thereafter based on age	3.15-5.34%
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

G. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PER's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.5%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the average of the last five years of condition made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

G. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability of the as of June 30, 2014, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of PERS net pension liability	\$ 36,547,069	\$ 29,050,938	\$ 22,756,095

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

Payable to the pension plan

At June 30, 2015 the District reported accounts payable to the PERS of \$1,356,323 for the required actuarially determined contribution to PERS for the year ended June 30, 2015.

H. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2015 the State's net pension liability for TPAF associated with the District was \$103,057,840. For the year ended June 30, 2015, the District recognized an on-behalf TPAF pension expense of \$5,549,479 offset by an on-behalf TPAF pension contribution for the same amount.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

H. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2014, Districts TPAF proportion was 0.5613%, which was an increase of 0.0183% from its proportion measured as of June 30, 2013.

Actuarial Assumptions

The total TPAF pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total TPAF pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2012	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Health Male and Female Mortality Tables, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from base year of 2000 until valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

**H. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions (Continued):**

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 7. PENSION PLANS (Continued)

H. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Pension Plan fiduciary net position

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

I. Reimbursed TPAF Social Security Contributions

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the required supplementary information schedules as a revenue and expenditure in accordance with GASB 27.

NOTE 8. POST-RETIREMENT BENEFITS

The District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 8. POST-RETIREMENT BENEFITS (Continued):

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014 and \$173.8 million for 17,356 eligible retired members in fiscal year 2013.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' postretirement benefits on behalf of the School District for the years ended June 30, 2015, 2014 and 2013 were \$1,635,534, \$1,337,477 and \$1,393,265, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

Chapter 78, P.L. 2011, effective October 2011, established new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 8. POST-RETIREMENT BENEFITS (Continued)

For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required.

Under Chapter 78 certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the State had a \$16.4 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local and \$40.6 billion for local education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2014, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

The State Health Benefits Commission is the executive body established by the stature to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits, issues a publicly available financial report that include the financial statements and required supplementary information for the SHBP. The financial report may be accessed via the New Jersey Division of Pension and Benefits website at www.state.nj.us/treasury/pensions.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 9. COMPENSATED ABSENCES

The Board accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16. (GASB 16) “Accounting for Compensated Absences”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Board employees are granted varying amounts of vacation and sick leave in accordance with the Board’s personnel policy. Upon termination, employees are paid for accrued vacation. The Board’s policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the Board for the unused sick leave in accordance with the Board’s agreements with the various employee unions.

In the district-wide *Statement of Net Assets* the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year. Compensated absences are treated as due beyond one year, as it is impracticable to estimate the amount of future payment of absences due within one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, there is no liability existing for compensated absences in the Food Service Fund.

NOTE 10. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Board did not significantly reduce insurance coverage during fiscal year 2015.

A. Property and Liability Insurance:

The Board maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

B. New Jersey Unemployment Compensation Insurance:

The Board has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the Board is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Board is billed quarterly for amounts due to the State.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 10. RISK MANAGEMENT (Continued):

C. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the District's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

F. Federal and State Awards

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2014, the district is in the progress of two audits, one by the State of New Jersey Department of Education of its Carl Perkins Vocational Education Grants, which are used to purchase equipment and supplies for vocational education. The second is the New Jersey Department of Labor who reviews the Career Development Center's Workforce Investment Act grants. Neither regulatory audit report has been issued as of the date of issuance of this report. There are significant issues with Career Development Center as noted in our single audit, See the K-Section of this audit report for further details.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 2,660,323	\$ 175,892
Special Revenue		1,224,695
Capital Projects	175,892	-
Enterprise Fund	-	73,341
Internal Service Fund-Transportation	-	963,262
Internal Service Fund-Youth House	-	399,025
Total	<u>\$ 2,836,215</u>	<u>\$ 2,836,215</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES (Continued)

The above balances are the result of revenues earned in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in a cash overdraft position. The Board expects to liquidate all interfund balances within one year. The general fund operating interfund payable resulted from blended resource fund encumbrances open at year end.

The special revenue fund transferred \$-0- to the general fund during the fiscal year ended June 2015 as a contribution to school based budgeting and various reprogramming and cancellations of funds.

NOTE 12. DEFERRED COMPENSATION

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Fidelity
AXA Equitable
Metropolitan Life
Lincoln Investment Planning, Inc.

NOTE 13. INVENTORY

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 14. FUND BALANCE APPROPRIATED

Fund Statements:

General Fund – Of the \$3,095,798 General Fund balance at June 30, 2015 \$1,550,498 is designated as excess surplus, \$849,723 is designated for subsequent years expenditures and \$695,577 is unassigned.

Special Revenue Fund – The Special Revenue Fund has a zero fund balance at June 30, 2015.

Capital Projects Fund – The \$21,298,961 Capital Projects Fund balance at June 30, 2015 is fully reserved for ongoing capital projects.

The total Governmental Funds fund balance is \$24,394,759.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 14. FUND BALANCE APPROPRIATED (Continued)

District-Wide Statements:

The following is a summary of adjustments made to the fund statements to arrive at the total net assets per the District-wide Statement of Net Assets:

		Governmental Activities
Fund Balance/Net Assets	\$	24,394,759
Add: Capital Assets, Net of Accumulated Depreciation		32,597,248
Deferred Outflows of Pension Resources		2,269,840
Internal Service Funds		977,281
Less: Long-Term Liabilities		(42,932,925)
Deferred Outflows of Pension Resources		(1,972,914)
Total Net Assets	\$	15,333,298

NOTE 15. CAREER DEVELOPMENT CENTER

The Hudson County Schools of Technology’s (“HCST”) Career Development Center (“CDC”) is a sub-recipient of significant grant awards and is Hudson County’s official “One-Stop” source for career counseling and job placement initiatives mostly funded through United States Department of Labor Workforce Investment Act (WIA) grants. There is some additional, but significantly smaller amounts of New Jersey Department of Labor funding which is passed through the County of Hudson, the most significant of these is the Workforce Learning Literacy Grant. Since the employees of CDC are actually HCST employees, and CDC is not a separate legal entity, these grants are reflected on HCST’s Schedule of Expenditures of Federal and State Financial Assistance. These grants are audited as part of the annual audit of the HCST and cash, receivable and payable balances as well as inter-fund activity with the County of Hudson is reflected in HCST’S special revenue fund. As of June 30, 2015 the special revenue fund has an inter-fund payable of \$1,224,695 of this \$903,147 is due from the County of Hudson.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2015

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey Vocational School Districts are required to reserve General Fund balance in excess of 6% of the modified general fund final appropriations for year ended of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The Board has \$2,400,221 excess fund balance for the year ended June 30, 2015, \$849,723 has been appropriated in the 2015-2016 budget and \$1,550,498 will be appropriated in the 2016-2017 budget.

NOTE 18. SUBSEQUENT EVENTS

No material subsequent events noted. Subsequent events have been evaluated through December 1, 2015, the date of this report.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

BUDGETARY COMPARISON SCHEDULES

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2015

Exhibit C-1

	2015				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES:					
Local Sources:					
County Tax Levy	\$ 26,010,000	\$ -	\$ 26,010,000	\$ 26,010,000	\$ -
Tuition	-	-	-	670,751	670,751
Interest Earned	-	-	-	6,785	6,785
Miscellaneous	476,469	-	476,469	784,831	308,362
Total - Local Sources	<u>26,486,469</u>	<u>-</u>	<u>26,486,469</u>	<u>27,472,367</u>	<u>985,898</u>
State Sources:					
Special Education Aid	1,482,331	-	1,482,331	1,482,331	-
Equalization Aid	19,299,976	-	19,299,976	19,299,976	-
Security Aid	152,917	-	152,917	152,917	-
Transportation Aid	131,518	-	131,518	131,518	-
PARCC Readiness	21,311	-	21,311	21,311	-
Per Pupil Growth Aid	21,310	-	21,310	21,310	-
TPAF NCGI Premium (On-Behalf - Non-Budgeted)	-	-	-	69,147	69,147
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	1,030,257	1,030,257
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	1,635,534	1,635,534
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,441,909	1,441,909
Total State Sources	<u>21,109,363</u>	<u>-</u>	<u>21,109,363</u>	<u>25,286,210</u>	<u>4,176,847</u>
Federal Sources:					
Medicaid Reimbursement	19,168	-	19,168	42,867	23,699
Total Federal Sources	<u>19,168</u>	<u>-</u>	<u>19,168</u>	<u>42,867</u>	<u>23,699</u>
Total Revenues	<u>47,615,000</u>	<u>-</u>	<u>47,615,000</u>	<u>52,801,444</u>	<u>5,186,444</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	7,095,000	1,210,000	8,305,000	8,288,817	16,183
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	-	-	-	-	-
Tuition Reimbursement	-	78,760	78,760	76,537	2,223
General Supplies	150,000	(13,260)	136,740	132,787	3,953
Textbooks	40,000	76,025	116,025	114,964	1,061
Other Objects	40,000	7,333	47,333	32,227	15,106
Total Regular Programs - Instruction	<u>7,325,000</u>	<u>1,358,858</u>	<u>8,683,858</u>	<u>8,645,332</u>	<u>38,526</u>
Vocational Programs - Instruction					
Regular Vocational Programs - Instructional					
Salaries of Teachers	3,550,000	240,000	3,790,000	3,789,140	860
Other Salaries for Instruction	140,000	(29,000)	111,000	110,976	24
Tuition Reimbursement	-	-	-	-	-
General Supplies	75,000	(19,291)	55,709	54,755	954
Textbooks	25,000	10,366	35,366	35,334	32
Other Objects	40,000	(14,116)	25,884	24,050	1,834
Total Regular Vocational Programs - Instruction	<u>3,830,000</u>	<u>187,959</u>	<u>4,017,959</u>	<u>4,014,255</u>	<u>3,704</u>
Special Vocational Programs - Instruction					
Salaries of Teachers	1,630,000	(42,000)	1,588,000	1,587,462	538
Other Salaries for Instruction	28,000	-	28,000	27,440	560
Tuition Reimbursement	-	-	-	-	-
Purchased Professional- Educational Services	38,000	6,444	44,444	44,444	-
General Supplies	25,000	(5,000)	20,000	19,794	206
Textbooks	10,000	(298)	9,702	9,702	-
Other Objects	5,000	-	5,000	4,522	478
Total Vocational Programs - Local - Instruction	<u>1,736,000</u>	<u>(40,854)</u>	<u>1,695,146</u>	<u>1,693,364</u>	<u>1,782</u>
Total Vocational Programs - Instructional	<u>\$ 5,566,000</u>	<u>\$ 147,105</u>	<u>\$ 5,713,105</u>	<u>\$ 5,707,619</u>	<u>\$ 5,486</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2015

Exhibit C-1

	2015				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	\$ 300,000	\$ 99,127	\$ 399,127	\$ 398,381	\$ 746
Supplies and Materials	-	-	-	-	-
Total School-Spon. Cocurricular Actvts. - Inst.	<u>300,000</u>	<u>99,127</u>	<u>399,127</u>	<u>398,381</u>	<u>746</u>
School-Spon. Cocurricular Athletics - Inst.					
Salaries	50,000	10,600	60,600	60,598	2
Supplies and Materials	15,000	(7,000)	8,000	5,235	2,765
Other Objects	15,000	(7,000)	8,000	4,728	3,272
Total School-Spon. Cocurricular Athletics - Inst.	<u>80,000</u>	<u>(3,400)</u>	<u>76,600</u>	<u>70,561</u>	<u>6,039</u>
Total Instruction Expenditures	<u>13,271,000</u>	<u>1,601,690</u>	<u>14,872,690</u>	<u>14,821,893</u>	<u>50,797</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	221,000	19,000	240,000	239,755	245
Supplies and Materials	2,000	15	2,015	2,011	4
Other Objects	3,000	-	3,000	3,000	-
Total Undistributed Expend. - Attend. & Social Work	<u>226,000</u>	<u>19,015</u>	<u>245,015</u>	<u>244,766</u>	<u>249</u>
Undist. Expend. - Health Services					
Salaries	221,000	1,200	222,200	222,139	61
Supplies and Materials	5,000	2,000	7,000	6,897	103
Other Objects	12,000	5,000	17,000	16,161	839
Total Undistributed Expenditures - Health Services	<u>238,000</u>	<u>8,200</u>	<u>246,200</u>	<u>245,197</u>	<u>1,003</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,140,000	(63,000)	1,077,000	1,076,224	776
Salaries of Secretarial and Clerical Assistants	625,000	(34,000)	591,000	590,758	242
Supplies and Materials	8,000	(6,000)	2,000	1,972	28
Other Objects	8,000	(5,500)	2,500	2,200	300
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>1,781,000</u>	<u>(108,500)</u>	<u>1,672,500</u>	<u>1,671,154</u>	<u>1,346</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	945,000	(107,000)	838,000	837,004	996
Salaries of Secretarial and Clerical Assistants	49,000	4,100	53,100	53,099	1
Supplies and Materials	10,000	-	10,000	7,971	2,029
Other Objects	10,000	(2,000)	8,000	4,566	3,434
Total Undist. Expend. - Other Supp. Serv. Students - Spl	<u>1,014,000</u>	<u>(104,900)</u>	<u>909,100</u>	<u>902,640</u>	<u>6,460</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	63,000	6,000	69,000	68,943	57
Salaries of Other Professional Staff	59,000	5,000	64,000	63,973	27
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Supplies and Materials	1,000	-	1,000	878	122
Other Objects	1,000	-	1,000	988	12
Total Undist. Expend. - Improvement of Inst. Serv.	<u>124,000</u>	<u>11,000</u>	<u>135,000</u>	<u>134,782</u>	<u>218</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	705,000	63,000	768,000	767,195	805
Supplies and Materials	3,000	(314)	2,686	2,686	-
Other Objects	3,000	(449)	2,551	2,551	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>\$ 711,000</u>	<u>\$ 62,237</u>	<u>\$ 773,237</u>	<u>\$ 772,432</u>	<u>\$ 805</u>

Continued

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2015

Exhibit C-1

	2015				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Professional & Technical Services	\$ -	34,503	\$ 34,503	34,503	\$ -
Total Undist. Expend. - Instructional Staff Training Serv.	-	34,503	34,503	34,503	-
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	1,075,000	121,000	1,196,000	1,195,436	564
Legal Services	109,000	45,349	154,349	154,033	316
Audit	80,000	16,000	96,000	80,000	16,000
Other Purchased Professional Services	40,000	93,386	133,386	109,028	24,358
Purchased Professional and Technical Services	20,000	(515)	19,485	8,447	11,038
Communications/Telephone	340,000	35,333	375,333	364,033	11,300
Other Purchased Services	10,000	(833)	9,167	6,130	3,037
Supplies and Materials	20,000	-	20,000	19,865	135
Judgments	5,000	(5,000)	-	-	-
Miscellaneous Expenditures	25,000	(3,781)	21,219	20,997	222
BOE Membership Dues and Fees	30,000	5,179	35,179	35,179	-
Total Undist. Expend. - Supp. Serv. - General Admin.	1,754,000	306,118	2,060,118	1,993,148	66,970
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	440,000	29,000	469,000	468,990	10
Salaries of Other Professional Staff	435,000	(4,000)	431,000	430,982	18
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Supplies and Materials	25,000	(635)	24,365	23,637	728
Other Objects	35,000	44,868	79,868	63,013	16,855
Total Undist. Expend. - Support Serv. - School Admin.	935,000	69,233	1,004,233	986,622	17,611
Undist. Expend. - Support Serv. - Central Services					
Salaries	920,000	154,303	1,074,303	1,073,590	713
Supplies and Materials	25,000	11,027	36,027	35,030	997
Miscellaneous Expenditures	10,000	6,001	16,001	16,001	-
Total Undist. Expend. - Support Serv. - Central Services	955,000	171,331	1,126,331	1,124,621	1,710
Undist. Expend. - Support Serv. - Information Technology Admin.					
Salaries	15,000	24,831	39,831	39,831	-
Supplies and Materials	45,000	(2,529)	42,471	42,093	378
Miscellaneous Expenditures	95,000	(350)	94,650	94,481	169
Total Undist. Expend. - Support Serv. - Information Technology Admin.	155,000	21,952	176,952	176,405	547
Undist. Expend. -Allowable Maintenance for School Facilities					
Salaries	215,000	102,600	317,600	317,593	7
Cleaning, Repair, and Maintenance Services	80,000	358,392	438,392	423,369	15,023
General Supplies	65,000	12,679	77,679	77,444	235
Other Objects	170,000	118,496	288,496	281,130	7,366
Total Undist. Expend. -Allowable Maintenance for School Facilities	530,000	592,167	1,122,167	1,099,536	22,631
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	2,235,000	340,567	2,575,567	2,575,449	118
Cleaning, Repair and Maintenance Services	105,000	(101,293)	3,707	3,369	338
Rental of Land, Building & Other than Lease Purchases	50,000	(50,000)	-	-	-
Other Purchased Property Services	20,000	(14,570)	5,430	5,430	-
Insurance	810,000	223,987	1,033,987	988,276	45,711
General Supplies	30,000	1,673	31,673	31,463	210
Energy (Energy and Electricity)	1,375,000	(328,226)	1,046,774	1,022,659	24,115
Other Objects	45,000	3,000	48,000	47,744	256
Total Undist. Expend. - Other Oper. & Maint. Of Plant	4,670,000	75,138	4,745,138	4,674,390	70,748
Total Undist. Expend. - Oper. & Maint. Of Plant	\$ 5,200,000	\$ 667,305	\$ 5,867,305	\$ 5,773,926	\$ 93,379

Continued

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2015

Exhibit C-1

	2015				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	\$ 1,715,000	\$ (23,000)	\$ 1,692,000	\$ 1,691,891	\$ 109
Sal. For Pup.Trans. (Bet. Home and School) - Special	725,000	(6,000)	719,000	718,485	515
Sal. For Pup. Trans. (Other than Bet. Home and School)	125,000	(61,000)	64,000	64,000	-
Misc. Purchased Serv. - Transportation	90,000	255,188	345,188	345,188	-
Supplies and Materials	45,000	11,162	56,162	55,816	346
Other Objects	75,000	(2,434)	72,566	72,058	508
Total Undist. Expend. - Student Transportation Serv.	<u>2,775,000</u>	<u>173,916</u>	<u>2,948,916</u>	<u>2,947,438</u>	<u>1,478</u>
Total Undistributed Expenditures	<u>15,868,000</u>	<u>1,331,410</u>	<u>17,199,410</u>	<u>17,007,634</u>	<u>191,776</u>
Total General Current Expense	<u>29,139,000</u>	<u>2,933,100</u>	<u>32,072,100</u>	<u>31,829,527</u>	<u>242,573</u>
SPECIAL SCHOOLS:					
Vocational Post Grad- Instruction					
Salaries of Teachers	80,000	(63,000)	17,000	16,433	567
Other Salaries for Instruction	290,000	(15,000)	275,000	274,939	61
General Supplies	30,000	-	30,000	29,090	910
Textbooks	45,000	-	45,000	44,428	572
Other Objects	25,000	6,405	31,405	30,578	827
Total Summer School	<u>470,000</u>	<u>(71,595)</u>	<u>398,405</u>	<u>395,468</u>	<u>2,937</u>
Accred. Even./Adult H.S./Post-Grad.-Inst.					
Salaries of Teachers	2,625,000	255,692	2,880,692	2,873,553	7,139
Sheriff's Office	845,000	158,795	1,003,795	999,849	3,946
Purchased Professional and Technical Services	105,000	(18,867)	86,133	85,194	939
General Supplies	45,000	(15,003)	29,997	28,422	1,575
Textbooks	45,000	6,651	51,651	51,137	514
Other Objects	45,000	(9,999)	35,001	30,983	4,018
Total Accred. Even./Adult H.S./Post-Grad.-Inst.	<u>3,710,000</u>	<u>377,269</u>	<u>4,087,269</u>	<u>4,069,138</u>	<u>18,131</u>
Accred. Even./Adult H.S./Post-Grad.-Supp. Service					
Salaries	1,950,000	(93,000)	1,857,000	1,856,231	769
Supplies and Materials	18,000	-	18,000	17,181	819
Other Objects	18,000	5,755	23,755	22,755	1,000
Total Accred. Even./Adult H.S./Post-Grad.-Supp. Service	<u>1,986,000</u>	<u>(87,245)</u>	<u>1,898,755</u>	<u>1,896,167</u>	<u>2,588</u>
Total Accred. Even./Adult H.S./Post-Grad.	<u>5,696,000</u>	<u>290,024</u>	<u>5,986,024</u>	<u>5,965,305</u>	<u>20,719</u>
Total Special Schools	<u>6,166,000</u>	<u>218,429</u>	<u>6,384,429</u>	<u>6,360,773</u>	<u>23,656</u>
UNALLOCATED BENEFITS					
Social Security Contributions	1,250,000	(8,000)	1,242,000	1,241,374	626
TPAF Contribution ERIP	350,000	(101,000)	249,000	248,436	564
Other Retirement - Regular	1,410,000	-	1,410,000	1,104,340	305,660
Other Contribution ERIP	60,000	(57,000)	3,000	2,518	482
Health Benefits	9,025,000	(2,793,270)	6,231,730	5,836,725	395,005
Unemployment Compensation	65,000	(34,000)	31,000	30,269	731
TPAF NCGI Premium (On-Behalf - Non-Budgeted)	-	-	-	69,147	(69,147)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	1,030,257	(1,030,257)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	1,635,534	(1,635,534)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,441,909	(1,441,909)
Total Allocated Benefits	<u>12,160,000</u>	<u>(2,993,270)</u>	<u>9,166,730</u>	<u>12,640,509</u>	<u>(3,473,779)</u>
TOTAL EXPENDITURES	<u>47,465,000</u>	<u>158,259</u>	<u>47,623,259</u>	<u>50,830,809</u>	<u>(3,207,550)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 150,000</u>	<u>\$ (158,259)</u>	<u>\$ (8,259)</u>	<u>\$ 1,970,635</u>	<u>\$ 1,978,894</u>

Continued

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2015

Exhibit C-1

	2015				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Other Financing Sources:					
Operating Transfer Out:					
Transfer to Special Revenue Fund Adjustment for					
Cumulative Effect of Grant Adjustments		\$ -			\$ -
Transfer to Food Service Fund	150,000	(20,000)	130,000	357,398	(227,398)
Total Other Financing Sources:	150,000	(20,000)	130,000	357,398	(227,398)
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	-	(138,259)	(138,259)	1,613,237	1,751,496
Fund Balance - July 1	-	-	-	3,586,222	-
Fund Balance - June 30	-	(138,259)	(138,259)	5,199,459	1,751,496
Recapitulation:					
Reserve for Subsequent Years Expenditures				849,723	
Reserve for Encumbrances				178,161	
Reserve for Excess Surplus				1,550,498	
Unrestricted Fund Balance				2,621,077	
				5,199,459	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Payment not recognized on GAAP basis				(2,103,661)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,095,798	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year Ended June 30, 2015

Exhibit C-2

	2014-2015				Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget	Actual	
REVENUES:					
Federal Sources	\$ 5,266,412	\$ -	\$ 5,266,412	\$ 5,266,412	\$ -
State Sources	445,863	-	445,863	445,863	-
Total Revenues	<u>5,712,275</u>	<u>-</u>	<u>5,712,275</u>	<u>5,712,275</u>	<u>-</u>
EXPENDITURES:					
Instruction					
Salaries of Teachers	3,888,500	-	3,888,500	3,888,500	-
Purchased Professional -Educational Services	71,003	-	71,003	71,003	-
Other Salaries for Instruction	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
Textbooks	114,936	-	114,936	114,936	-
General Supplies	616,673	-	616,673	616,673	-
Other Objects	9,735	-	9,735	9,735	-
Total Instruction	<u>4,700,847</u>	<u>-</u>	<u>4,700,847</u>	<u>4,700,847</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff	428,219	-	428,219	428,219	-
Salaries of Secretarial & Clerical Staff	4,400	-	4,400	4,400	-
Other Salaries	-	-	-	-	-
Personal Services - Employee Benefits	325,848	-	325,848	325,848	-
Other Purchased Professional Services	1,900	-	1,900	1,900	-
Purchased Technical Services	-	-	-	-	-
Rentals	-	-	-	-	-
Comm/Phone	-	-	-	-	-
Other Purchased Services (400-500 series)	64,961	-	64,961	64,961	-
Supplies & Materials	24,005	-	24,005	24,005	-
Energy	2,601	-	2,601	2,601	-
Other Objects	48,759	-	48,759	48,759	-
Total Support Services	<u>942,542</u>	<u>-</u>	<u>942,543</u>	<u>942,543</u>	<u>-</u>
Expenditures Continued					
Facilities Acquisition and Construction Services:					
Instructional Equipment	68,885	-	68,885	68,885	-
Total Facilities Acquisition and Construction Services	<u>68,885</u>	<u>-</u>	<u>68,885</u>	<u>68,885</u>	<u>-</u>
Total Expenditures	<u>5,712,274</u>	<u>-</u>	<u>5,712,275</u>	<u>5,712,275</u>	<u>-</u>
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Outflows	<u>5,712,274</u>	<u>-</u>	<u>5,712,275</u>	<u>5,712,275</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ -</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
For the Fiscal Year Ended June 30, 2015

Exhibit C-3

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 52,801,444	[C-2]	\$ 5,712,275
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Current		-		(910,341)
Prior		-		843,287
State aid payment recognized for budgetary purposes, not recognized for GAAP statements				
Current		(2,103,661)		-
Prior		2,105,423		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 52,803,206</u>	[B-2]	<u>\$ 5,645,221</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 50,830,809	[C-2]	\$ 5,712,275
Differences - budget to GAAP				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				
Current		-		(910,341)
Prior		-		843,287
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 50,830,809</u>	[B-2]	<u>\$ 5,645,221</u>

L. Pension Liability Schedules

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TWO FISCAL YEARS**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.1551639228%	0.1566660650%
District's proportionate share of the net pension liability	\$ 29,050,930	\$ 29,940,963
District's covered-employee payroll	\$ 10,942,211	\$ 10,734,252
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	265.49%	278.92%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	48.72%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)
LAST TWO FISCAL YEARS**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 1,279,149	\$ 1,180,406
Contributions in relation to the contractually required contribution	<u>1,279,149</u>	<u>1,180,406</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 10,942,211	\$ 10,734,252
Contributions as a percentage of covered-employee payroll	11.69%	11.00%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION ANNUITY FUND (TPAF)
LAST TWO FISCAL YEARS**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.1928234153%	0.1906916103%
District's proportionate share of the net pension liability	\$ -	\$ -
District's covered-employee payroll	\$ 20,203,608	\$ 19,438,138
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
LAST TWO FISCAL YEARS**

Changes in benefit terms: None

Changes in assumptions: The discount rate changed from the rate as of June 30, 2013 to the rate as of June 30, 2014, in accordance with GASB Statement No. 67.

Method and assumptions used in calculations of employer's actuarially determined contributions The actuarially determined contributions are calculated as of July 1 preceding the fiscal year in which the contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine rates in the schedule of employer contributions.

	<u>PERS</u>	<u>TPAF</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, open	Level Dollar, open
Remaining amortization period	30 years	30 years
Asset valuation method	Five-year average of market values	20% of the difference between the expected Actuarial Value and market value is recognized each year
Inflation	3.01%	2.50%
Projected salary increase		
2012-2021	2.15 - 4.40% based on age	Varies based on experience
Thereafter	3.15 - 5.40% based on age	Varies based on experience
Projected COLAs	N/A*	N/A*
Investment rate of return	7.90%	7.90%

* Pursuant to the provisions of Chapter 78, P.L. 2011, cost of living adjustment (COLA) increases were suspended for all current and future retirees of all retirement systems.

Contributions: Contributions reported on Exhibit L-2 represent actual contributions by the District including contributions to the Non-Contributory Group Insurance Premium Fund.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit E-1

Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2015

	Total Brought Forward (Ex.E-1a)	Title I Part A 2014-2015	Title I Part D 2014-2015	Title II Part A 2014-2015	Title II Part S 2014-2015	Workforce NJ TANF HS Proficiency Assessment 2014-2015	Totals
REVENUES:							
Federal Sources	\$ 4,016,505	\$ 927,363	\$ 149,630	\$ 52,914	\$ 120,000	\$ -	\$ 5,266,412
State Sources	165,420	-	-	-	-	280,443	445,863
Total Revenues	4,181,925	927,363	149,630	52,914	120,000	280,443	5,712,275
EXPENDITURES:							
Instruction:							
Salaries of Teachers	2,794,288	690,126	117,595	-	6,048	280,443	3,888,500
Other Salaries for Instruction	20,075	-	-	-	50,928	-	71,003
Purchased Professional and Technical Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-
General Supplies	591,343	17,381	7,949	-	-	-	616,673
Equipment	-	-	-	-	-	-	-
Textbooks	114,936	-	-	-	-	-	114,936
Other Objects	-	9,735	-	-	-	-	9,735
Total Instruction	3,520,642	717,243	125,544	-	56,976	280,443	4,700,848
Support services:							
Salaries of Other Professional Staff	428,219	-	-	-	-	-	428,219
Salaries of Secretarial & Clerical Staff	4,400	-	-	-	-	-	4,400
Personal Services - Employee Benefits	91,179	210,120	24,086	-	463	-	325,848
Purchased Professional - Educational Services	35,000	-	-	-	-	-	35,000
Other Purchased Professional Services	1,900	-	-	-	-	-	1,900
Rentals	-	-	-	-	-	-	-
Rent, utilities, security and maintenance	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Comm/Phone	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Travel	6,850	-	-	-	-	-	6,850
Other Purchased Services (400-500 series)	2,400	-	-	-	62,561	-	64,961
Supplies & Materials	19,200	-	-	4,805	-	-	24,005
Energy	2,600	-	-	-	-	-	2,600
Other Objects	650	-	-	48,109	-	-	48,759
Total support services	592,398	210,120	24,086	52,914	63,024	-	942,542
Facilities acquisition and const. serv.:							
Instructional Equipment	68,885	-	-	-	-	-	68,885
Total facilities acquisition construction services	68,885	-	-	-	-	-	68,885
Total Expenditures	4,181,925	927,363	149,630	52,914	120,000	280,443	5,712,275
Other Financing Sources (Uses)							
Transfer in from General Fund	-	-	-	-	-	-	-
Total Outflows	4,181,925	927,363	149,630	52,914	120,000	280,443	5,712,275
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit E-1a

Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2015

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Part B. Flow - Thru 2014-2015	P.L. 101-392 Perkins Voc. Ed. Secondary 2014-2015	P.L. 101-392 Voc. Ed. Post- Secondary 2014-2015	P.L. 101-392 Perkins Voc. Ed. Secondary 2014-2015	High School Proficiency Assessment 2014-2015	Total Carried Forward
REVENUES:							
Federal Sources	\$ 2,706,529	\$ 544,812	\$ 68,885	\$ 114,936	\$ 581,343	\$ -	\$ 4,016,505
State Sources	31,975	-	-	-	-	133,445	165,420
Total Revenues	2,738,504	544,812	68,885	114,936	581,343	133,445	4,181,925
EXPENDITURES:							
Instruction:							
Salaries of Teachers	2,706,529	87,759	-	-	-	-	2,794,288
Other Salaries for Instruction	20,075	-	-	-	-	-	20,075
Purchased Professional and Technical Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-
General Supplies	-	10,000	-	-	581,343	-	591,343
Textbooks	-	-	-	114,936	-	-	114,936
Other Objects	-	-	-	-	-	-	-
Total Instruction	2,726,604	97,759	-	114,936	581,343	-	3,520,642
Support services:							
Salaries of Other Professional Staff	-	294,774	-	-	-	133,445	428,219
Salaries of Secretarial & Clerical Staff	4,400	-	-	-	-	-	4,400
Personal Services - Employee Benefits	2,900	88,279	-	-	-	-	91,179
Purchased Professional - Educational Services	-	35,000	-	-	-	-	35,000
Other Purchased Professional Services	1,900	-	-	-	-	-	1,900
Rentals	-	-	-	-	-	-	-
Rent, utilities, security and maintenance	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Comm/Phone	-	-	-	-	-	-	-
Food	-	-	-	-	-	-	-
Travel	850	6,000	-	-	-	-	6,850
Other Purchased Services (400-500 series)	-	2,400	-	-	-	-	2,400
Supplies & Materials	1,200	18,000	-	-	-	-	19,200
Energy	-	2,600	-	-	-	-	2,600
Other Objects	650	-	-	-	-	-	650
Total support services	11,900	447,053	-	-	-	133,445	592,398
Facilities acquisition and const. serv.:							
Instructional Equipment	-	-	68,885	-	-	-	68,885
Total facilities acquisition and const. serv.	-	-	68,885	-	-	-	68,885
Total Expenditures	2,738,504	544,812	68,885	114,936	581,343	133,445	4,181,925
Other Financing Sources (Uses)							
Transfer in from General Fund	-	-	-	-	-	-	-
Total Outflows	2,738,504	544,812	68,885	114,936	581,343	133,445	4,181,925
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

Exhibit E-1b

	Apprenticeship	Smart	Workforce	Workforce	Workforce	Workforce	Workforce	Workforce	Workforce	Total Carried Forward
	Coordinator	Steps	Investment	Investment	Investment	Investment	Investment	Investment		
	2014-2015	2014-2015	Act 2014-2015	Act 2014-2015	Act 2014-2015	Act 2013-2014	Act 2013-2014	Act 2013-2014		
			<i>Adult</i>	<i>Youth</i>	<i>Dislocated Worker</i>	<i>Adult</i>	<i>Youth</i>	<i>Dislocated Worker</i>		
REVENUES:										
Federal Sources	\$ -	\$ -	\$ 569,585	\$ 844,308	\$ 682,086	\$ 336,940	\$ 141,661	\$ 131,949	\$ 2,706,529	
State Sources	23,950	8,025	-	-	-	-	-	-	31,975	
Total Revenues	23,950	8,025	569,585	844,308	682,086	336,940	141,661	131,949	2,738,504	
EXPENDITURES:										
Instruction:										
Salaries of Teachers	-	-	569,585	844,308	682,086	336,940	141,661	131,949	2,706,529	
Other Salaries for Instruction	12,050	8,025	-	-	-	-	-	-	20,075	
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	-	
Purchased Professional and Technical Services	-	-	-	-	-	-	-	-	-	
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-	-	-	
General Supplies	-	-	-	-	-	-	-	-	-	
Equipment	-	-	-	-	-	-	-	-	-	
Textbooks	-	-	-	-	-	-	-	-	-	
Other Objects	-	-	-	-	-	-	-	-	-	
Total Instruction	12,050	8,025	569,585	844,308	682,086	336,940	141,661	131,949	2,726,604	
Support services:										
Salaries of Other Professional Staff	-	-	-	-	-	-	-	-	-	
Salaries of Secretarial & Clerical Staff	4,400	-	-	-	-	-	-	-	4,400	
Other Salaries	-	-	-	-	-	-	-	-	-	
Personal Services - Employee Benefits	2,900	-	-	-	-	-	-	-	2,900	
Purchased Professional - Educational Services	-	-	-	-	-	-	-	-	-	
Other Purchased Professional Services	1,900	-	-	-	-	-	-	-	1,900	
Rentals	-	-	-	-	-	-	-	-	-	
Contr Services Trans	-	-	-	-	-	-	-	-	-	
Contr Services Reg Joint	-	-	-	-	-	-	-	-	-	
Rent, utilities, security and maintenance	-	-	-	-	-	-	-	-	-	
Insurance	-	-	-	-	-	-	-	-	-	
Comm/Phone	-	-	-	-	-	-	-	-	-	
Food	-	-	-	-	-	-	-	-	-	
Travel	850	-	-	-	-	-	-	-	850	
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-	-	-	
Supplies & Materials	1,200	-	-	-	-	-	-	-	1,200	
Energy	-	-	-	-	-	-	-	-	-	
Other Objects	650	-	-	-	-	-	-	-	650	
Total support services	11,900	-	-	-	-	-	-	-	11,900	
Facilities acquisition and const. serv.:										
Instructional Equipment	-	-	-	-	-	-	-	-	-	
Total facilities acquisition and const. serv.	-	-	-	-	-	-	-	-	-	
Total Expenditures	23,950	8,025	569,585	844,308	682,086	336,940	141,661	131,949	2,738,504	
Other Financing Sources (Uses)										
Transfer in from General Fund	-	-	-	-	-	-	-	-	-	
Total Outflows	23,950	8,025	569,585	844,308	682,086	336,940	141,661	131,949	2,738,504	
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major facilities and equipment purchases other than those financed by proprietary funds.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Capital Projects Fund
Summary Statement of Project Expenditures
For the Fiscal Year Ended June 30, 2015

Exhibit F-1

Ordinance Numbers	Ordinance Date	Project Title/Issue	Ordinance Amount	Expenditures to Date		7/1/2014-6/30/2015 New projects	Unexpended Balance June 30, 2015
				Prior Years	Current Year		
213-4-1993	4/23/1993	Various Buses and Equipment	1,625,000	1,618,710	-		6,290
738-12-1995	12/28/1995	Improvements/ Acquisition of Various Equipment/ Computers	1,300,000	1,300,000	-		-
354-7-1997 Amended as 512-10-1998	4/27/1993 10/8/1998	Improvements/Roof Replacement and Construction, HVAC Systems, Interior ,Exterior Renovations and Refurbishing, Underground Storage Tank Removal, etc	3,600,000	3,545,409	-		54,591
331-6-1998	6/25/1998	Improvements/Renovations of Various Facilities and Purchase of Various Equipment	700,000	699,032	701		267
412-9-2000	9/28/2000	Various Capital Improvements	4,300,000	4,203,790	-		96,210
305-7-2004	7/8/2004	Improvements/Renovation of Various Facilities, Network Upgrade, Various Buses and Equipment	6,475,000	6,468,706	6,294		-
299-7-2005 Amended as 535-11-2007	7/14/2005	Improvements/Acquisition of Various Equipment	5,000,000	4,936,852	51,701		11,447
269-6-2006	6/22/2006	Improvements/Acquisition of Various Equipment	11,800,000	11,721,683	25,517		52,800
406-7-2012	7/12/2012	Improvements/Acquisition of Various Equipment	8,600,000	6,745,392	1,689,082		165,526
261-5-2013	05/07/13	Improvements/Acquisition of Various Equipment	15,500,000	4,728,296	2,600,271		8,171,433
	05/27/2014	Improvements/Acquisition of Various Equipment	10,000,000	-	6,259,603	-	3,740,397
268-5-15		Improvements/Acquisition of Various Equipment	-	-	-	9,000,000	9,000,000
			68,900,000	45,967,870	10,633,169	9,000,000	21,298,961

Capital Projects Fund

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2015

Hudson County School of Technology Improvement Authorizations- Issued and Financed by the County of Hudson, State of New Jersey	<u>\$ 9,000,000</u>
Expenditures and Other Financing Uses:	
Building Improvements and Equipment purchases	<u>10,633,169</u>
Total Expenditures	<u>10,633,169</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(1,633,169)</u>
Fund Balance - beginning	<u>22,932,130</u>
Fund Balance - ending	<u><u>\$ 21,298,961</u></u>

PROPRIETARY FUNDS

Proprietary funds are used to account for district activities that are similar to business operations in the private sector. There are two categories of proprietary funds – enterprise and internal service funds.

Enterprise funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district’s board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

Internal service funds are used to account for the financing of goods or services provided by one department or office to other departments or offices of the district board of education, or to other district boards of education and governmental units, on a cost-reimbursement basis.

Internal Service Fund - Not applicable.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Net Position
Proprietary Funds
June 30, 2015

Exhibit G-1

	Food Service
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ -
State Receivables	539
Federal Receivables	36,899
Total Current Assets	37,438
 Noncurrent Assets:	
Furniture, machinery & equipment	369,725
Less accumulated depreciation	(319,574)
Total Noncurrent Assets	50,151
Total Assets	87,589
 LIABILITIES:	
Current Liabilities:	
Interfund payable	73,341
Accounts payable	14,248
Total Current Liabilities	87,589
Total Liabilities	87,589
 NET POSITION:	
Unrestricted	-
Total Net Position	\$ -

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit G-2

	Food Service
Operating Revenues:	
Charges for Services:	
Daily sales - non-reimbursable programs	\$ 270,468
Total Operating Revenues	270,468
Operating Expenses:	
Cost of sales	1,051,714
Salaries	-
Employee benefits	-
General supplies	-
Equipment	-
Depreciation	15,000
Miscellaneous	-
Total Operating Expenses	1,066,714
Operating Income (Loss)	(796,246)
Nonoperating Revenues (Expenses):	
State sources:	
State school lunch program	6,363
Federal sources:	
National school lunch program	300,760
National school breakfast program	113,709
Food distribution program	18,016
Total Nonoperating Revenues (Expenses)	438,848
Income (loss) before contributions & transfers	(357,398)
Transfers in (out)	357,398
Change in Net Position	-
Total Net Position - Beginning	-
Total Net Position - Ending	\$ -

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit G-3

	Food Service
Cash Flows from Operating Activities:	
Receipts from customers	\$ 270,468
Payments to suppliers and employees	(1,019,450)
Net Cash Provided by (Used for) Operating Activities	(748,982)
Cash Flows from Noncapital Financing Activities:	
State Sources	6,428
Federal Sources	419,213
(Payment of interfund)/interfunds advanced	(16,041)
Operating subsidies and transfers to other funds	339,382
Net Cash Provided by (Used for) Non-capital Financing Activities	748,982
Net increase (decrease) in cash and cash equivalents	-
Balances - Beginning of Year	-
Balances - End of Year	-
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	(796,246)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	15,000
Food distribution program	18,016
Increase (decrease) in accounts payable	14,248
Total adjustments	47,264
Net Cash Provided by (Used for) Operating Activities	\$ (748,982)

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Internal Service Funds
Combining Statement of Net Position
For the Year Ended June 30, 2015

Exhibit G-4

	Trans- portation Consortium	Youth House Services	Total Internal Service
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Account Receivable:			
County of Hudson	-	366,500	366,500
Interfund receivable - General Fund	-	-	-
Other LEA's	1,636,395	-	1,636,395
Other Receivable	-	387,000	387,000
Total Current Assets	1,636,395	753,500	2,389,895
Fixed Assets:			
Equipment	-	106,113	106,113
Less: Accumulated Depreciation	-	(106,113)	(106,113)
Total Fixed Assets - Net	-	-	-
Total Assets	\$ 1,636,395	\$ 753,500	\$ 2,389,895
LIABILITIES AND NET ASSETS:			
Current Liabilities:			
Accounts Payable	\$ 50,328	\$ -	\$ 50,328
Interfund payable - General Fund	963,261	399,025	1,362,286
Total Current Liabilities	1,013,589	399,025	1,412,614
Net Position - Unreserved	622,806	354,475	977,281
Total Net Position	622,806	354,475	977,281
Total Liabilities and Net Position	\$ 1,636,395	\$ 753,500	\$ 2,389,895

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit G-5

Internal Service Funds

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2015**

	<u>Transportation Consortium</u>	<u>Youth House Services</u>	<u>Total Internal Service</u>
Operating Revenue -			
Local Sources - Transportation fees from other LEA's within the state	\$ 3,483,148	\$ -	\$ 3,483,148
Accounts payable cancelled	16,826		
Total Operating Revenue	<u>3,499,974</u>	<u>-</u>	<u>3,483,148</u>
Operating Expenses:			
Salaries	2,344,703	469,042	2,813,745
Employee Benefits	-	-	-
Social Security Contribution	-	-	-
Professional Services	-	-	-
Other Purchased Services	1,402,763	5,596	1,408,359
Communication	-	-	-
Supplies and Materials	-	-	-
Textbooks	-	-	-
Equipment	-	-	-
Insurance	-	-	-
Depreciation	-	-	-
Write-off transportation receivable	-	-	-
Total Operating Expenses	<u>3,747,466</u>	<u>474,638</u>	<u>4,222,104</u>
Operating Income (Loss) before Non-Operating Revenues and Non-Operating Transfers	<u>(247,492)</u>	<u>(474,638)</u>	<u>(738,956)</u>
Non-Operating Revenues:			
County of Hudson:			
SFEA Match	-	-	-
Additional Funding - County	-	175,500	175,500
Other-Contracted Services	-	-	-
State Sources:			
State Facilities Education Act (SFEA)	-	366,500	366,500
Total Non-Operating Revenue	<u>-</u>	<u>542,000</u>	<u>542,000</u>
Income (Loss) Before Operating Transfers	(247,492)	67,362	(196,956)
Operating Transfers out- General Fund	-		-
Net Income (Loss)	<u>(247,492)</u>	<u>67,362</u>	<u>(180,130)</u>
Net Position - Beginning	<u>870,298</u>	<u>287,113</u>	<u>1,157,411</u>
Net Position - Ending	<u>\$ 622,806</u>	<u>\$ 354,475</u>	<u>\$ 977,281</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit G-6

**Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015**

	Trans- portation Consortium	Youth House Services	Total Internal Service
	<hr/>	<hr/>	<hr/>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 2,334,714	\$ -	\$ 2,334,714
Payment for salaries and benefits	(2,329,163)	(469,042)	(2,798,205)
Payments to suppliers	(1,379,467)	(7,459)	(1,386,926)
Net Cash Provided by (Used for) Operating Activities	<hr/> (1,373,916) <hr/>	<hr/> (476,501) <hr/>	<hr/> (1,850,417) <hr/>
Cash Flows from Non-capital Financing			
Cash Flows from Noncapital Financing Activities:			
State Sources	-	-	-
County Sources	-	357,500	357,500
(Payment of interfund)/interfunds advanced	1,373,916	119,001	1,492,917
Net Cash Provided by (Used for) Non-capital Financing Activities	<hr/> 1,373,916 <hr/>	<hr/> 476,501 <hr/>	<hr/> 1,850,417 <hr/>
Net increase (decrease) in cash and cash equivalents	-	-	-
Balances - Beginning of Year	-	-	-
Balances - End of Year	<hr/> \$ - <hr/>	<hr/> \$ - <hr/>	<hr/> \$ - <hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities -			
Operating income (loss)	(247,492)	(474,638)	(722,130)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			-
(Increase) Decrease in Accounts Receivable	(1,148,434)	-	(1,148,434)
Increase (Decrease) in Accounts Payable	22,010	(1,863)	20,147
Net Adjustments	<hr/> (1,126,424) <hr/>	<hr/> (1,863) <hr/>	<hr/> (1,128,287) <hr/>
Net Cash Provided by (Used for) Operating Activities	<hr/> \$ (1,373,916) <hr/>	<hr/> \$ (476,501) <hr/>	<hr/> \$ (1,850,417) <hr/>

FIDUCIARY FUNDS

Fiduciary funds report assets that are held in a trustee or agency capacity for external parties and that cannot be used to support the government's own programs.

Trust and agency funds are used to account for resources held and administered by a school district when it acts in a fiduciary capacity. Trust funds are used to account for assets held by the district in a trustee capacity. Agency funds are utilized to account for assets held by the district as an agent for individuals or other funds.

Unemployment Compensation

Insurance Trust Fund -

This is an expendable trust fund where both principal and interest may be spent for unemployment compensation claims.

Student Activity Agency Fund-

This agency fund is used to account for student funds held at the schools.

Payroll Agency Fund -

This agency fund is used to account for the payroll transactions of the school district.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

Exhibit H-1

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
ASSETS -		
Cash and cash equivalents	\$ 17,283	\$ 771,672
Total assets	<u>17,283</u>	<u>771,672</u>
LIABILITIES -		
Payable to student groups	-	446,349
Payroll deductions and withholdings	-	325,323
Total liabilities	<u>-</u>	<u>\$ 771,672</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>\$ 17,283</u>	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

Exhibit H-2

	<u>Unemployment Compensation Trust</u>
ADDITIONS:	
Contributions	\$ 27,830
Total Contributions	<u>27,830</u>
DEDUCTIONS:	
Unemployment claims	16,786
Transfer to/from Other Funds	16,000
Total Deductions	<u>32,786</u>
Change in Net Position	(4,956)
Net Position - July 1	<u>22,239</u>
Net Position- June 30	<u><u>\$ 17,283</u></u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit H-3

**Student Activity Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2014</u>
All Locations	\$ 425,755	\$ 832,523	\$ 811,929	\$ 446,349
Scholarship funds	67,349	-	67,349	-
	<u>\$ 493,104</u>	<u>\$ 832,523</u>	<u>\$ 879,278</u>	<u>\$ 446,349</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit H-4

Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
PAYROLL AGENCY FUND:				
Net Payroll	\$ 5,068	\$ 22,822,362	\$ 22,821,312	\$ 6,118
Payroll Agency	112,780	42,946,078	42,739,653	319,205
Total Payroll Agency Fund:	\$ 117,848	\$ 65,768,440	\$ 65,560,965	\$ 325,323

LONG-TERM DEBT

Long-term debt is used to record the outstanding principal balances of the general long-term liabilities of the school district. This included serial bonds outstanding, the outstanding principal balance of capital leases and activity for debt service of the school district.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Schedule of Serial Bonds
June 30, 2015

Exhibit I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued/ (Refunded/ Retired)	Balance June 30, 2015
			Date	Maturities				
NOTE: The following are obligations of the County of Hudson and are not pass-through obligations.								
County Vocational School Bonds	September 12, 2006	\$ 27,925,000	9/1/15	1,260,000	4.25%	\$ 25,065,000	(1,205,000)	23,860,000
			9/1/16	1,315,000	4.25%			
			9/1/17	1,375,000	4.25%			
			9/1/18	1,440,000	4.25%			
			9/1/19	1,505,000	4.25%			
			9/1/20	1,570,000	4.25%			
			9/1/21	1,645,000	4.25%			
			9/1/22	1,715,000	4.25%			
			9/1/23	1,795,000	4.25%			
			9/1/24	1,875,000	4.25%			
			9/1/25	1,955,000	4.25%			
			9/1/26	2,045,000	4.25%			
			9/1/27	2,135,000	4.25%			
9/1/28	2,230,000	4.25%						
Vocational School Refunding Bonds	April 26, 2011	\$ 2,740,000	5/1/16	265,000	2.55%	\$ 2,040,000	(250,000)	1,790,000
			5/1/17	270,000	2.75%			
			5/1/18	290,000	5.00%			
			5/1/19	305,000	5.00%			
			5/1/20	320,000	5.00%			
			5/1/21	340,000	5.00%			
Vocational Technical School Bonds	June 28, 2013	8,750,000	3/15/16	500,000	3.00%	8,250,000.00	(500,000)	7,750,000
			3/16/17	600,000	3.00%			
			3/16/18	775,000	4.00%			
			3/16/19	950,000	4.00%			
			3/15/20	950,000	4.00%			
			3/16/21	975,000	4.00%			
			3/16/22	1,000,000	4.00%			
			3/16/23	1,000,000	4.00%			
			3/15/24	1,000,000	4.00%			
						<u>\$ 35,355,000</u>	<u>\$ (1,955,000)</u>	<u>\$ 33,400,000</u>

STATISTICAL SECTION
(Unaudited)

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Net Position by Component
Last Ten Fiscal Years
Unaudited

Exhibit J-1

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental activities:										
Net investment in capital assets	54,113,387	46,048,092	37,811,276	14,307,328	13,555,843	12,878,704	12,946,705	13,722,087	17,808,017	16,072,716
Restricted	2,514,575	976,747	187,378	187,378	200,741	228,867	223,809	639,820	395,986	450,759
Unrestricted	(41,294,673)	(10,498,643)	(10,499,381)	(9,247,787)	(8,763,162)	(5,395,401)	1,421,021	5,718,675	7,446,630	8,278,981
Total Governmental Activities Net Assets	<u>15,333,289</u>	<u>36,526,196</u>	<u>27,499,273</u>	<u>5,246,919</u>	<u>4,993,422</u>	<u>7,712,170</u>	<u>14,591,535</u>	<u>20,080,582</u>	<u>25,650,633</u>	<u>24,802,456</u>
Business-type activities:										
Invested in capital assets, net of related debt	50,151	65,151	80,151	95,151	110,151.00	125,151	144,926	35,259	35,259	35,259
Restricted						-	-	-	-	-
Unrestricted	(50,151)	(65,151)	(80,151)	(95,151)	(181,217)	(125,151)	(144,926)	95,016	(35,259)	(35,259)
Total Business-type Activities Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,066)</u>	<u>-</u>	<u>-</u>	<u>130,275</u>	<u>-</u>	<u>-</u>
District-Wide:										
Invested in capital assets, net of related debt	54,163,538	46,048,092	37,891,427	14,402,479	13,665,994	13,003,855	13,091,631	13,757,346	17,843,276	16,107,975
Restricted	2,514,575	976,747	187,378	187,378	200,741	228,867	223,809	639,820	395,986	450,759
Unrestricted	(41,344,824)	(10,498,643)	(10,579,532)	(9,342,938)	(8,944,379)	(5,520,552)	1,276,095	5,813,691	7,411,371	8,243,722
Total District Net Assets	<u>15,333,289</u>	<u>36,526,196</u>	<u>27,499,273</u>	<u>5,246,919</u>	<u>4,922,356</u>	<u>7,712,170</u>	<u>14,591,535</u>	<u>20,210,857</u>	<u>25,650,633</u>	<u>24,802,456</u>

Source: School records

Hudson County Schools of Technology
Changes in Net Assets
Last Ten Fiscal Years
UNAUDITED

Exhibit J-2

	2014	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
Instruction:										
Regular	13,279,126	12,817,822	10,214,336	8,699,108	10,009,042	11,705,331	9,310,802	10,147,693	9,581,821	8,449,537
Vocational	5,776,504	5,840,705	5,392,858	5,209,591	4,701,861	5,206,508	6,051,171	4,639,239	4,719,132	5,125,907
Community Service Program	468,942	396,935	279,165	236,252	254,089	738,806	786,307	880,915	708,264	644,406
Support Services:										
Student & instruction related services	4,622,168	4,461,589	6,064,268	6,466,809	6,122,044	7,031,470	6,244,167	6,510,238	6,483,340	6,542,992
School Administrative services	3,117,769	3,009,309	4,207,108	4,615,864	4,246,780	5,957,117	3,933,502	3,360,649	3,364,546	2,769,490
General Administration	1,163,027	1,116,577	1,506,667	1,565,874	1,699,080	1,798,313	1,664,102	1,409,504	1,364,010	1,431,307
Plant operations and maintenance	5,773,926	5,491,370	5,384,231	5,098,731	5,054,828	4,796,216	5,742,214	5,026,160	4,791,339	4,737,986
Pupil transportation	6,694,904	5,922,433	5,717,771	5,869,297	5,942,977	6,387,673	6,743,450	6,264,791	5,996,832	6,912,539
Special Schools	6,835,411	6,722,010	7,191,308	6,490,405	6,117,631	7,367,120	7,416,664	6,840,682	5,419,231	5,072,182
Unallocated depreciation	1,454,799	1,822,526	1,427,776	1,359,034	1,256,166	1,148,363	1,022,243	1,026,635	1,502,345	2,275,894
Capital expenditures not capitalized	-	-	726,106	1,050,124	1,993,515	2,681,128	1,566,994	1,269,809	2,760,152	1,329,854
Unallocated Benefits	9,021,524	12,493,644	13,194,821	12,205,336	13,132,405	13,963,055	13,090,473	12,434,208	12,063,795	10,059,738
Total Governmental Activities Expenses	58,208,100	60,094,920	61,306,415	58,866,425	60,530,418	68,781,100	63,572,089	59,946,523	58,754,807	55,351,832
Business-type Activities:										
Food service	1,066,714	1,091,204	1,046,082	1,077,059	739,280	776,102	865,249	749,408	759,937	591,733
Total Business type activities expense	1,066,714	1,091,204	1,046,082	1,077,059	739,280	776,102	865,249	749,408	759,937	591,733
Total District Expenses	59,274,814	61,186,124	62,352,497	59,943,484	61,269,698	69,557,202	64,437,338	60,695,931	59,514,744	55,943,565
Program Revenue										
Governmental Activities:										
Charges for services:										
Instruction (tuition)	-	569,000	681,376	968,110	953,254	1,288,934	1,689,564	812,000	486,000	695,000
Pupil transportation	3,499,974	3,045,791	2,962,830	3,504,493	3,211,056	3,465,601	4,194,601	4,067,143	3,517,460	3,665,975
Operating grants and contributions	542,000	7,411,632	8,346,469	8,398,373	9,435,227	10,104,461	7,335,326	9,859,707	7,732,570	8,526,470
Capital grants and contributions	-	199,148	-	-	-	-	-	376,408	-	-
Total Governmental Activities Program Revenues	4,041,974	11,225,571	11,990,675	12,870,976	13,599,537	14,858,996	13,219,491	15,115,258	11,736,030	12,887,445
Business-type Activities										
Charges for services:										
Food service	270,468	287,417	289,413	289,413	264,359	319,125	334,612	363,520	348,067	339,288
Operating grants and contributions	438,848	450,780	278,448	278,448	403,855	439,687	362,249	285,319	242,380	217,858
Total Business-type Activities Program Revenues	709,316	738,197	567,861	567,861	668,214	758,812	696,861	648,839	590,447	557,146
Total District Program Revenues	4,751,290	11,963,768	12,558,536	13,438,837	14,267,751	15,617,808	13,916,352	15,764,097	12,326,477	13,444,591
Net (Expense)/ Revenue										
Governmental activities	(54,166,126)	(48,869,349)	(49,315,740)	(45,995,449)	(46,930,881)	(53,922,104)	(50,352,598)	(44,831,265)	(47,018,777)	(42,464,387)
Business-type activities	(357,398)	(353,007)	(478,221)	(509,198)	(71,066)	(17,290)	(168,388)	(100,569)	(169,490)	(34,587)
Total District-wide Net Expense	(54,523,524)	(49,222,356)	(49,793,961)	(46,504,647)	(47,001,947)	(53,939,394)	(50,520,986)	(44,931,834)	(47,188,267)	(42,498,974)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes - Net	26,010,000	25,500,000	24,990,000	24,990,000	24,150,000	23,514,000	23,514,000	24,314,000	24,314,000	21,814,000
Unrestricted grants and contributions	26,799,213	21,882,206	22,121,943	22,121,943	19,244,871	22,572,967	20,318,626	16,712,574	17,743,443	16,741,848
Tuition received	670,751	652,219	607,625	607,625	729,528	397,509	302,363	429,600	754,253	232,468
Interest earnings	6,785	4,669	5,275	5,275	5,417	15,057	35,485	74,972	37,305	36,993
Miscellaneous income	784,831	210,185	269,126	269,126	419,264	356,238	234,841	891,318	287,386	1,077,677
Transfers	(357,398)	(353,007)	(478,221)	(478,221)	-	(17,290)	(38,113)	(100,569)	(169,490)	(34,587)
County debt authorized	9,000,000	10,000,000	24,100,000	-	-	-	-	-	5,000,000	11,800,000
Extraordinary Item	-	-	-	-	-	64,033	212,253	61,394	(41,446)	(1,378,196)
Change in accounting treatment for pension cost	-	-	-	-	-	-	-	-	-	-
Federal and State Aid used in capital assets	-	-	-	-	-	140,225	284,095	191,106	-	17,563
Total Governmental Activities	62,914,182	57,896,272	71,615,748	47,515,748	44,549,080	47,042,739	44,863,550	42,574,395	47,925,451	50,307,766
Business-type activities:										
Transfers	357,398	353,007	478,221	404,258	-	17,290	38,113	100,569	169,490	34,587
Total business-type activities	357,398	353,007	478,221	404,258	-	17,290	38,113	100,569	169,490	34,587
Total district wide	63,271,580	58,249,279	72,093,969	47,920,006	44,549,080	47,060,029	44,901,663	42,674,964	48,094,941	50,342,353
Change in Net Position										
Governmental activities	8,748,056	9,026,923	22,300,008	1,520,299	(2,381,801)	(6,879,365)	(5,489,048)	(2,256,870)	906,674	7,843,379
Business-type activities	-	-	-	(104,940)	(71,066)	-	(130,275)	-	-	-
Total District	8,748,056	9,026,923	22,300,008	1,415,359	(2,452,867)	(6,879,365)	(5,619,323)	(2,256,870)	906,674	7,843,379

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit J-3

Fund Balances - Governmental Funds

**Last Ten
Fiscal Years
(Unaudited)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund:										
Committed	\$ 2,400,221	\$ 849,723	\$ 41,800	\$ 85,383	\$ 62,729	\$ 205,130	\$ 85,452	\$ 606,991	\$ 765,593	\$ 482,672
Unassigned	695,577	631,076	(33,232)	(415,703)	(2,139,121)	(3,407,210)	(1,332,738)	1,720,426	1,624,965	919,234
Total General Fund	<u>3,095,798</u>	<u>1,480,799</u>	<u>8,568</u>	<u>(330,320)</u>	<u>(2,076,392)</u>	<u>(3,202,080)</u>	<u>(1,247,286)</u>	<u>2,327,417</u>	<u>2,390,558</u>	<u>1,401,906</u>
All Other Governmental Funds:										
Committed reported in:										
Capital projects fund	-	4,678,399	2,103,000	666,629	592,620	984,556	230,078	545,870	567,909	198,007
Unassigned, reported in:										
Special revenue fund					-	-	-	(15,593)	-	-
Capital projects fund	21,298,961	18,253,731	18,633,312	733,375	3,843,849	7,555,046	11,874,158	12,868,740	13,788,983	14,946,666
Debt service fund					-	-	-	-	-	-
Permanent fund					-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 21,298,961</u>	<u>\$ 22,932,130</u>	<u>\$ 20,736,312</u>	<u>\$ 1,400,004</u>	<u>\$ 4,436,469</u>	<u>\$ 8,539,602</u>	<u>\$ 12,104,236</u>	<u>\$ 13,399,017</u>	<u>\$ 14,356,892</u>	<u>\$ 15,144,673</u>

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited

Exhibit J-4

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues											
Tax levy	26,010,000	25,500,000	24,990,000	24,500,000	\$ 24,150,000	\$ 23,514,000	\$ 23,514,000	\$ 24,314,000	\$ 24,314,000	\$ 21,814,000	\$ 20,914,000
Tuition charges	670,751	652,219	607,625	529,350	729,528	397,509	302,363	429,600	754,253	232,468	212,088
Interest earnings	6,785	4,669	5,275	4,475	5,417	15,057	35,485	74,972	37,304	36,993	49,549
Miscellaneous	784,831	210,185	269,126	496,083	419,264	356,238	234,841	891,318	287,386	1,077,677	1,356,489
State sources	25,733,835	24,918,073	25,972,329	24,647,393	23,139,448	23,033,668	24,099,341	23,253,449	19,585,506	18,694,584	17,862,052
Federal sources	5,242,225	4,478,176	4,496,083	4,874,276	5,540,650	9,693,650	3,804,750	3,755,072	5,890,507	6,591,297	1,633,245
Other sources	-	-	-	-	-	-	-	-	-	-	5,679,741
Private Sources	-	-	-	-	-	90,335	33,956	131,274	-	-	15,212
Total Revenue	58,448,427	55,763,322	56,340,438	55,051,577	53,984,307	57,100,457	52,024,736	52,849,685	50,868,956	48,447,019	47,722,379
Expenditures											
Instruction:											
Regular Instruction	13,279,126	11,593,621	9,019,226	8,522,120	8,878,447	9,100,911	7,546,910	8,526,487	7,774,819	7,445,250	7,711,710
Special education instruction											-
Community Service Program	468,942	396,935	279,165	236,252	254,089	738,806	786,307	880,915	708,264	644,406	577,478
Vocational education	5,707,619	5,840,705	5,392,858	5,209,591	4,701,861	5,206,508	6,051,171	4,639,239	4,719,132	5,125,907	4,250,747
Adult/continuing education											-
Support Services:											
Student & inst. related services	4,622,168	4,262,441	6,064,268	6,466,809	6,122,044	7,031,470	6,244,167	6,510,238	6,483,340	6,542,992	5,815,852
School administrative services	3,117,769	3,009,309	4,196,792	4,615,864	4,246,780	5,957,117	3,933,502	3,360,649	3,364,546	2,769,490	2,810,386
Plant operations and maintenance	5,773,926	5,491,370	5,384,231	5,098,731	5,054,828	4,852,847	5,961,600	5,234,556	4,989,296	4,926,027	4,772,404
Pupil transportation	2,947,438	2,812,324	2,738,954	2,366,087	2,490,820	2,945,622	2,778,995	2,485,252	2,770,876	3,402,923	3,647,188
Other Support Services	1,163,027	1,116,577	1,506,667	1,565,874	1,699,080	1,798,313	1,664,102	1,409,504	1,364,010	1,431,307	2,636,035
Unallocated benefits	12,966,357	12,493,644	13,194,821	12,205,336	13,132,405	13,963,055	13,090,473	12,434,208	12,063,795	10,059,738	9,862,935
Undistributed expenditures											-
Special Schools	6,360,773	6,722,010	7,191,308	6,490,405	6,117,631	7,367,120	7,416,664	6,840,682	5,419,231	5,072,182	5,125,917
Charter Schools											-
Capital outlay	10,702,054	8,003,330	5,318,731	3,160,643	3,926,825	3,704,859	1,594,469	1,509,796	5,799,841	3,924,142	1,436,984
Interest and other charges											-
Total Expenditures	67,109,199	61,742,266	60,287,021	55,937,712	56,624,810	62,666,628	57,068,360	53,831,526	55,457,150	51,344,364	48,647,636
Excess (Deficiency) of revenues over (under) expenditures	(8,660,772)	(5,978,944)	(3,946,583)	(886,135)	(2,640,503)	(5,566,171)	(5,043,624)	(981,841)	(4,588,194)	(2,897,345)	(925,257)
Other Financing Sources (Uses)											
Proceeds from Hudson County	9,000,000	10,000,000	24,100,000						5,000,000	11,800,000	6,475,000
Payments to escrow agent											-
Transfers in										1,378,196	-
Transfers out	(357,398)	(353,007)	(478,221)	(404,258)	-	(17,290)	(38,113)	(100,569)	(169,490)	(1,412,783)	(163,945)
Write off (recovery) of receivables						64,033	212,253	61,394	(99,943)	(1,378,196)	-
Total other financing sources (uses)	8,642,602	9,646,993	23,621,779	(404,258)	-	46,743	174,140	(39,175)	4,730,567	10,387,217	6,311,055
Net change in fund balances	(18,170)	3,668,049	19,675,196	(1,290,393)	\$ (2,640,503)	\$ (5,519,428)	\$ (4,869,484)	\$ (1,021,016)	\$ 142,373	\$ 7,489,872	\$ 5,385,798
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
General Fund - Miscellaneous Revenue by Source
Last Nine Fiscal Years
Unaudited

Exhibit J-5

Description	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:											
Interest on Investments	\$ 6,785	\$ 4,669	\$ 5,275	\$ 4,475	\$ 5,417	\$ 15,057	\$ 35,485	\$ 74,972	\$ 37,304	\$ 36,993	\$ 49,397
Book Sales / Rentals	-	-	-	-	-	-	41,821	6,975	-	-	57
Health Benefits	72,077	-	-	-	-	32,191	49,557	12,527	-	-	694
Tuition	670,751	652,219	607,625	529,350	729,528	397,509	302,363	429,600	754,253	232,468	212,088
Workmen's Compensation	-	-	-	-	-	-	-	25,890	40,026	56,494	35,632
Local Revenue for In and Out of School Programs	-	-	-	-	-	-	-	679,000	-	-	-
Reimbursements	187,820	-	-	-	-	-	9,927	-	-	-	-
E-Rate Vendors Refund	-	17,292	28,500	47,256	53,684	61,290	28,350	67,550	98,480	84,253	91,400
State check cancellations	99,945	-	-	-	-	-	-	-	-	-	-
Refunds	-	-	-	-	-	-	85	10,646	17,866	56,505	67,226
Other	424,989	192,893	240,626	448,827	365,580	262,757	105,101	88,730	131,014	880,425	204,537
Total Miscellaneous	1,462,367	867,073	882,026	1,029,908	1,154,209	768,804	572,689	1,395,890	1,078,943	1,347,138	661,031
Total General Fund	1,462,367	867,073	882,026	1,029,908	1,154,209	768,804	572,689	1,395,890	1,078,943	1,347,138	661,031

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Assessed Value and Actual Value of Taxable Property
Unaudited

Exhibit J-6

Not Applicable

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Direct and Overlapping Property Tax Rates
Unaudited

Exhibit J-7

Not Applicable

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Schedule of Principal Property Taxpayers
Unaudited

Exhibit J-8

Not Applicable

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Municipal Property Tax Levies and Collections
Unaudited

Exhibit J-9

Not Applicable

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Schedule of Ratios of Outstanding Debt by Type
Unaudited

Exhibit J-10

Not Applicable

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Ratios of Net General Bonded Debt Outstanding
Unaudited

Exhibit J-11

Not Applicable

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Direct and Overlapping Governmental Activities Debt
Unaudited**

Exhibit J-12

Not Applicable

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Computation of Legal Debt Margin
Unaudited

Exhibit J-13

Not Applicable

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Demographic Statistics
Last Ten Fiscal Years
Unaudited

Exhibit J-14

Year Ended July 1,	School District Population	Total Median Household Income (1)	Unemployment Rate
2006	592,174	37,799	5.50%
2007	589,377	40,169	5.00%
2008	592,111	43,464	6.40%
2009	597,924	43,982	10.70%
2010	634,266	46,064	10.80%
2011	645,000	49,113	10.30%
2012	652,302	50,033	10.50%
2013	660,282	58,722	9.10%
2014	669,115	58,442	5.90%

Sources: Population information provided by the NJ Department of Labor and Workforce Development
Unemployment data provided by County of Hudson

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Principal Employers
Current Year and Ten Years Ago
Unaudited

Exhibit J-15

Information was not available

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Full-Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Exhibit J-16

<u>Function/Program</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Instruction											
Regular	137	138	134	138	148	150	152	140	138	145	149
Vocational	52	48	45	45	42	44	46	43	42	41	51
Support Services:											
Student & Instruction Related Services	37	37	37	35	39	41	42	41	39	40	37
General Administration	10	10	11	9	9	10	10	10	8	11	10
School Administrative Services	10	10	10	8	9	9	9	9	9	6	12
Other Administrative Services								-	-	-	17
Central Services	20	20	20	17	16	16	17	16	15	14	17
Administrative Information Technology				1	1	2	2	2	2	1	13
Plant Operations and Maintenance	36	39	40	39	39	41	43	42	40	41	39
Pupil Transportation	55	53	55	55	60	60	64	65	68	70	67
Other Support Services	27	27	27	25	19	19	19	19	18	15	38
Media Svcs Tech	16	12	8	5	5	5	5	5	5		
Total	<u>400</u>	<u>394</u>	<u>387</u>	<u>377</u>	<u>387</u>	<u>397</u>	<u>409</u>	<u>392</u>	<u>384</u>	<u>384</u>	<u>450</u>

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Operating Statistics
Last Ten Fiscal Years
Unaudited

Exhibit J-17

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2006	1,867	48,027,182	25,724	9.70%	175	11	1,839	1,739	3.95%	94.56%
2007	1,925	49,657,309	25,796	0.28%	181	11	1,875	1,791	1.96%	95.52%
2008	2,636	52,321,730	19,849	-23.05%	186	14	2,556	2,429	36.32%	95.03%
2009	2,746	55,473,891	20,202	1.78%	198	14	2,646	2,533	3.52%	95.73%
2010	2,985	58,961,769	19,753	-2.22%	194	15	2,656	2,516	0.38%	94.73%
2011	3,041	52,777,069	17,355	-12.14%	190	16	2,722	2,566	2.48%	94.27%
2012	3,141	54,968,290	17,500	0.84%	183	17	2,851	2,658	4.74%	93.23%
2013	3,218	53,738,936	16,699	-4.58%	179	18	2,975	2,715	4.35%	91.26%
2014	3,171	53,938,084	17,010	1.86%	186	17	2,960	2,827	-0.50%	95.51%
2015	3,170	56,476,030	17,816	4.74%	189	17	3,170	2,985	7.09%	94.16%

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
School Building Information
June 30, 2015

Exhibit J-18

School Buildings

Hudson County Schools of Technology North Hudson Center (1974)

Square feet	91,500
Capacity (students)	3,519
Enrollment	1,985

Hudson County Schools of Technology Jersey City Center

Square feet	88,000
Capacity (students)	3,384
Enrollment	1,233

Source: School Records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years
Unaudited

Exhibit J-19

Location	Building Code	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
H.C.S.T. Jersey City Center	030	338,178	397,736	244,324	276,554	279,199	273,004	281,914	215,788	198,391	147,162
H.C.S.T. North Hudson Center	050	379,411	413,556	238,453	389,389	329,373	326,477	315,778	284,873	242,478	179,865
		<u>717,589</u>	<u>811,292</u>	<u>482,777</u>	<u>665,943</u>	<u>608,572</u>	<u>599,481</u>	<u>597,692</u>	<u>500,661</u>	<u>440,869</u>	<u>327,027</u>

Source: School Records

**Hudson County School of Technology
Insurance Schedule
June 30, 2013**

Exhibit J-20

UNAUDITED

Coverage	Limit	Insurer	Policy #	Effective date	Expiration date
PROPERTY :			P309AF	07/01/14	07/01/15
Blanket Real & Personal Property	\$350,000,000				
Blanket Extra Expense	\$50,000,000				
Blanket valuable Papers	\$10,000,000				
Terrorism	\$1,000,000	per occurrence/annual NJSBAIG aggregate			
Deductible	\$5,000				
Flood		Flood Zones A & V \$ 15,000,000 per occurrence/ \$ 15,000,000 NJSBAIG annual Aggregate			
		All Other Flood Zones \$75,000,000 per occurrence / \$ 75,000,000 NJSBAIG Annual Aggregate			
		\$50,000,000 per occurrence / \$ 50,000,000 NJSBAIG Annual Aggregate			
Earthquake					
Deductible		Zones A & V \$ 500,000 per building \$ 500,000 per building contents All other zones \$ 10,000 per occurrence subject to a maximum retained deductible of \$ 1,000,000 to NJSBAIG			
ELECTRONIC DATA PROCESSING					
EDP Hardware /Software	\$5,000,000	NJSBAIG			
Deductible	\$1,000				
EQUIPMENT BREAKDOWN					
Deductible	\$100,000,000	NJSBAIG			
	\$5,000				
CRIME					
		NJSBAIG			
Public Employee Dishonesty with Faithful Performance	\$100,000				
deductible	\$500				
Moneys & Securities	\$100,000				
Deductible	\$500				
Forgery or Alteration	\$100,000				
Deductible	\$500				
Money Orders & Counterfeit	\$100,000				
Deductible	\$500				
Computer Fraud	\$500,000				
Deductible	\$500				
BONDS					
Board Administrator	\$150,000				
Deductible	\$1,000				
Board Secretary	\$150,000				
Deductible	\$1,000				
Board Treasurer	\$300,000				
Deductible	\$1,000				
COMPREHENSIVE GENERAL LIABILITY					
		NJSBAIG			
General Aggregate , Products / Completed Operation	16,000,000				
Bodily Injury/Property damage each claim	\$16,000,000				
Products Completed Operations	\$16,000,000				

**Hudson County School of Technology
Insurance Schedule
June 30, 2013**

Exhibit J-20

UNAUDITED

Coverage	Limit	Insurer	Policy #	Effective date	Expiration date
Personal Injury & Advertising Injury	\$16,000,000				
Employee Benefits Liability	\$16,000,000				
Premises Medical per person	\$1,000				
occurrence limit	\$10,000				
Group Blanket Health and Accident	\$5,000,000	Berkely Life and Health Ins. Co	US407635		
	\$25,000	deductible			
AUTOMOBILE		NJSBAIG			
Combined Single Limit	\$16,000,000				
Uninsured/Underinsured Motorist	\$ 1,000,000	Combined Single Limit Private Passenger Auto			
	\$ 15,000	Bodily Injury per Person/\$ 30,000 Bodily Injury Per Accident			All Other vehicles
Personal Injury Protection (Including pedestri	\$250,000				
Medical Payments	\$ 10,000	Private Passenger Vehicles/\$ 5,000			All others
Physical Damage					
Comprehensive	\$ 1,000	deductible			
Collision	\$ 1,000	deductible			
WORKERS COMPENSATION		NJSBAIG	W309AA-01	07/01/14	07/01/15
PART I		STATUTORY LIMITS			
PART II					
Bodily Injury by Acciden	\$2,000,000	EACH ACCIDENT			
Bodily Injury by Disease	\$2,000,000	EACH EMPLOYEE			
Bodily Injury by Disease	\$2,000,000	AGGREGATE LIMIT			
ERRORS & OMISSIONS		NJSBAIG	E309AA-01	07/01/14	07/01/15
Coverage A	\$16,000,000	Each policy period			
deductible	\$15,000	each claim			
Coverage B	\$100,000	each claim			
	\$300,000	each policy period			
deductible	\$15,000	each claim			

SINGLE AUDIT SECTION

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

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EXHIBIT K-1

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Hudson County Schools of Technology
County of Hudson
North Bergen, New Jersey

We have audited, 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson County Schools of Technology, in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise of the Hudson County Schools of Technology's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hudson County Schools of Technology's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hudson County Schools of Technology's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hudson County Schools of Technology's internal control.

EXHIBIT K-1

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hudson County Schools of Technology's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to management of the Hudson County Schools of Technology in a separate auditor's management report dated December 1, 2015 as required by the Division of Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



DONOHUE, GIRONDA, DORIA
& TOMKINS LLC



ROBERT G. DORIA
Certified Public Accountant
Public School Accountant
License No. CS 00778

Bayonne, New Jersey
December 1, 2015

DONOHUE, GIRONDA, DORIA & TOMKINS LLC

Certified Public Accountants

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EXHIBIT K-2

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04 AND/OR 15-08

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Hudson County Schools of Technology
County of Hudson
North Bergen, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Hudson County Schools of Technology, in the County of Hudson, State of New Jersey compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Hudson County Schools of Technology's major federal and state programs for the year ended June 30, 2015. The Hudson County Schools of Technology's major federal and state 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 its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Hudson County Schools of Technology's major federal and state 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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*; and *New Jersey OMB's Circular 04-04 and/or 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08, 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Hudson County Schools of Technology'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 and state program. However, our audit does not provide a legal determination of the Hudson County Schools of Technology's compliance.

Opinion on Each Major Federal Program

In our opinion, the Hudson County Schools of Technology complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Hudson County Schools of Technology is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hudson County Schools of Technology's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04 and/or 15-08, 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 County Schools of Technology's internal control over compliance.

EXHIBIT K-2

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 or state 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 or state 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 or state 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.

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 and New Jersey OMB's Circular 04-04 and/or 15-08. Accordingly, this report is not suitable for any other purpose


DONOHUE, GIRONDA, DORIA
& TOMKINS


ROBERT G. DORIA
Certified Public Accountant
Public School Accountant
License No. CS 00778

Bayonne, New Jersey
December 1, 2015

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT	BALANCE AT	BALANCE AT	CUMULATIVE EXPENDITURES
				FROM	TO				JUNE 30, 2015 DEFERRED REVENUE	JUNE 30, 2015 (ACCOUNTS RECEIVABLE)	JUNE 30, 2015 Due Grantor	
Enterprise Funds												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Non-Cash Assistance (Food Distribution):												
* National School Lunch Program	10.555	N/A		07/01/14	06/30/15	\$ -	\$ 18,016	\$ 18,016	\$ -	\$ -	\$ -	-
Cash Assistance:												
* School Breakfast Program	10.553	N/A	113,709	07/01/14	06/30/15	-	102,712	(113,709)	-	(10,997)	-	113,709
* School Breakfast Program	10.553	N/A	103,488	07/01/13	06/30/14	(12,182)	12,182	-	-	-	-	-
* National School Lunch Program	10.555	N/A	300,760	07/01/14	06/30/15	-	274,858	(300,760)	-	(25,902)	-	300,760
* National School Lunch Program	10.555	N/A	324,475	07/01/13	06/30/14	(29,460)	29,460	-	-	-	-	-
Total Child Nutrition Cluster						(41,642)	437,228	(396,453)	-	(36,899)	-	414,469
Total Enterprise Funds						(41,642)	437,228	(396,453)	-	(36,899)	-	414,469
Special Revenue Funds												
US Department of Education												
Passed-through State Department of Education:												
No Child Left Behind:												
* Title I - Part A Grants to Local Educational Agencies	84.010	NCLB_14	974,223	09/01/13	08/31/14	(74,612)	74,612	-	-	-	-	-
Title I - Part A Grants to Local Educational Agencies	84.010	NCLB_15	927,363	09/01/14	08/31/15	-	874,624	(927,363)	-	(52,739)	-	927,363
Title I - Part D State Agency Program for Neglected and Delinquent Children and Youth												
Title I - Part D State Agency Program for Neglected and Delinquent Children and Youth	84.013	NCLB_14	130,949	09/01/13	08/31/14	(7,114)	7,114	-	-	-	-	-
Title I - Part D State Agency Program for Neglected and Delinquent Children and Youth	84.013	NCLB_15	149,630	09/01/14	08/31/15	-	149,630	(149,630)	-	-	-	149,630
Title II - Part A Improving Teacher Quality												
Title II - Part A Improving Teacher Quality	84.367A	NCLB_15	52,914	09/01/14	08/31/15	-	28,795	(52,914)	-	(24,119)	-	52,914
Title II - Part S Competitive												
Title II - Part S Competitive	84.367A	NCLB_15	120,000	09/01/14	08/31/15	-	-	(120,000)	-	(120,000)	-	120,000
* I.D.E.A. Part B Basic Regular	84.027	FT_14	457,919	09/01/13	08/31/14	(457,919)	457,919	-	-	-	-	-
* I.D.E.A. Part B Basic Regular	84.027	FT_15	544,812	09/01/14	08/31/15	-	355,086	(544,812)	-	(189,726)	-	544,812
						(539,645)	1,947,780	(1,794,719)	-	(386,584)	-	1,794,719
* Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	CP_15	584,877	07/01/14	06/30/15	-	581,343	(581,343)	3,534	-	-	581,343
* Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	CP_15	68,885	07/01/14	06/30/15	-	68,885	(68,885)	-	-	-	68,885
* Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048	CP_15	117,019	07/01/14	06/30/15	-	114,936	(114,936)	2,083	-	-	114,936
* Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	CP_14	548,762	07/01/13	06/30/14	(548,762)	548,762	-	-	-	-	-
* Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	CP_14	105,708	07/01/13	06/30/14	(105,708)	105,708	-	-	-	-	-
* Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048	CP_14	53,618	07/01/13	06/30/14	(53,618)	53,618	-	-	-	-	-
						(708,088)	1,473,252	(765,164)	5,617	-	-	765,164
Total US Department of Education						(1,247,733)	3,421,032	(2,559,883)	5,617	(386,584)	-	2,559,883

The Accompanying Notes to the Schedule of Awards and Financial Assistance are an integral part of this schedule.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2014	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT	BALANCE AT	BALANCE AT	CUMULATIVE EXPENDITURES
				FROM	TO				JUNE 30, 2015 DEFERRED REVENUE	JUNE 30, 2015 (ACCOUNTS RECEIVABLE)	JUNE 30, 2015 Due Grantor	
US Department of Labor												
Passed-through County of Hudson												
WIA Cluster												
Workforce Investment Act												
* Adult	17.258	N/A	1,144,767	07/01/14	06/30/15	-	221,825	(569,585)	575,182	(922,942)	-	569,585
* Adult	17.258	N/A	989,103	07/01/13	06/30/14	(218,848)	558,036	(336,940)	-	-	2,248	986,855
* Youth	17.259	N/A	1,099,238	07/01/14	06/30/15	-	493,379	(844,308)	254,930	(605,859)	-	844,308
* Youth	17.259	N/A	935,552	07/01/13	06/30/14	(313,018)	454,679	(141,661)	-	-	-	935,552
* Dislocated Worker	17.278	N/A	999,051	07/01/14	06/30/15	-	242,348	(682,086)	316,965	(756,703)	-	682,086
* Dislocated Worker	17.278	N/A	942,112	07/01/13	06/30/14	(487,699)	619,648	(131,949)	-	-	-	942,112
Total WIA Cluster						<u>(1,019,565)</u>	<u>2,589,915</u>	<u>(2,706,529)</u>	<u>1,147,077</u>	<u>(2,285,504)</u>	<u>2,248</u>	<u>4,960,498</u>
Total Department of Labor						<u>(1,019,565)</u>	<u>2,589,915</u>	<u>(2,706,529)</u>	<u>1,147,077</u>	<u>(2,285,504)</u>	<u>2,248</u>	<u>4,960,498</u>
Total Special Revenue Funds						<u>(2,267,298)</u>	<u>6,010,947</u>	<u>(5,266,412)</u>	<u>1,152,694</u>	<u>(2,672,088)</u>	<u>2,248</u>	<u>7,520,381</u>
Total Federal Financial Assistance						<u>\$ (2,308,940)</u>	<u>\$ 6,448,175</u>	<u>\$ (5,662,865)</u>	<u>\$ 1,152,694</u>	<u>\$ (2,708,987)</u>	<u>\$ 2,248</u>	<u>\$ 7,934,850</u>

The Accompanying Notes to the Schedule of Awards and Financial Assistance are an integral part of this schedule.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE AT 06/30/14		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT	BALANCE AT	MEMO	
					DEFERRED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR			June 30, 2015	June 30, 2015		
									DEFERRED REVENUE	(ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CUMULATIVE EXPENDITURES
General Funds												
State Department of Education												
* Equalization Aid	14-495-034-5120-078	\$ 19,299,976	07/01/14	06/30/15	\$ -	\$ -	\$ 17,376,630	\$ (19,299,976)	\$ -	\$ -	(1,923,346)	\$ 19,299,976
* Equalization Aid	13-495-034-5120-078	19,299,976	07/01/13	06/30/14	(1,936,989)	-	1,936,989	-	-	-	-	-
* Special Education Aid	14-495-034-5120-089	1,482,331	07/01/14	06/30/15	-	-	1,334,609	(1,482,331)	-	-	(147,722)	1,482,331
* Special Education Aid	13-495-034-5120-089	1,482,331	07/01/13	06/30/14	(147,380)	-	147,380	-	-	-	-	-
Transportation Aid	14-495-034-5120-014	131,518	07/01/14	06/30/15	-	-	118,412	(131,518)	-	-	(13,106)	131,518
Transportation Aid	14-495-034-5120-014	131,518	07/01/13	06/30/14	(9,685)	-	9,685	-	-	-	-	-
Security Aid	14-495-034-5120-084	152,917	07/01/14	06/30/15	-	-	137,678	(152,917)	-	-	(15,239)	152,917
Security Aid	14-495-034-5120-084	152,917	07/01/13	06/30/14	(11,369)	-	11,369	-	-	-	-	-
PARCC Readiness Aid		21,310	07/01/14	06/30/15	-	-	19,186	(21,311)	-	-	(2,125)	21,311
Per Pupil Growth Aid		21,310	07/01/14	06/30/15	-	-	19,186	(21,310)	-	-	(2,124)	21,310
* T.P.A.F. Social Security	14-495-034-5095-002	-	07/01/13	06/30/14	(65,078)	-	1,441,744	(1,441,909)	-	(65,243)	-	1,441,909
On Behalf T.P.A.F. Pension Contribution	14-495-034-5095-006	-	07/01/14	06/30/15	-	-	1,030,257	(1,030,257)	-	-	-	1,030,257
On Behalf T.P.A.F. Non-Contributory Group Insurance	14-495-034-5095-006	-	07/01/14	06/30/15	-	-	69,147	(69,147)	-	-	-	69,147
On Behalf T.P.A.F. Post Retirement Medical Contributi	14-495-034-5095-006	-	07/01/14	06/30/15	-	-	1,635,534	(1,635,534)	-	-	-	1,635,534
Total General Funds	14-495-034-5095-006				<u>(2,170,501)</u>	<u>-</u>	<u>25,287,806</u>	<u>(25,286,210)</u>	<u>-</u>	<u>(65,243)</u>	<u>(2,103,662)</u>	<u>25,286,210</u>
Special Revenue Funds												
State Department of Education												
Apprenticeship Coordinator	15-100-034-5062-032	23,950	07/01/14	06/30/15	-	-	17,913	(23,950)	-	(6,037)	-	23,950
Apprenticeship Coordinator	14-100-034-5062-032	20,000	07/01/13	06/30/14	(6,250)	-	-	-	-	-	-	-
State Department of Labor and Workforce Development												
Pass-through County of Hudson												
High School Proficiency Assessment	15-062-4545-100-322	130,000	07/01/14	06/30/15	-	-	101,764	(133,445)	-	(31,681)	-	133,445
High School Proficiency Assessment	13-062-4545-100-322	130,000	07/01/13	06/30/14	(22,308)	-	22,308	-	-	-	-	-
Smart Steps	N/A	11,235	07/01/13	06/30/14	(2,407)	-	-	-	-	(2,407)	-	-
Smart Steps	N/A	5,890	07/01/12	06/30/13	(10)	-	-	-	-	(10)	-	-
Smart Steps	N/A	8,025	07/01/14	06/30/15	-	-	8,025	(8,025)	-	-	-	8,025
Workforce Learning Link - Literacy	15-062-4545-767-003	299,000	07/01/14	06/30/15	-	-	164,833	(280,443)	-	(134,167)	-	280,443
Total Special Revenue Fund					<u>(30,975)</u>	<u>-</u>	<u>314,843</u>	<u>(445,863)</u>	<u>-</u>	<u>(174,302)</u>	<u>-</u>	<u>445,863</u>
Internal Service Fund:												
Department of Law and Public Safety												
Juvenile Justice Commission	14-Unknown	211,500	07/01/13	06/30/14	(211,500)	-	-	-	-	(211,500)	-	175,500
Juvenile Justice Commission	14-Unknown	175,500	07/01/14	06/30/15	-	-	-	(175,500)	-	(175,500)	-	-
					<u>(211,500)</u>	<u>-</u>	<u>-</u>	<u>(175,500)</u>	<u>-</u>	<u>(387,000)</u>	<u>-</u>	<u>175,500</u>
Enterprise Fund:												
National School Lunch Program (State Share)	14-100-010-3360-067	6,363	07/01/14	06/30/15	-	-	5,823	(6,363)	-	(539)	-	6,363
National School Lunch Program (State Share)	13-100-010-3360-067	6,733	07/01/13	06/30/14	(605)	-	605	-	-	-	-	-
Total Enterprise Fund					<u>(605)</u>	<u>-</u>	<u>605</u>	<u>(6,363)</u>	<u>-</u>	<u>(539)</u>	<u>-</u>	<u>6,363</u>
Total State Financial Assistance					<u>\$ (2,413,581)</u>	<u>\$ -</u>	<u>\$ 25,603,254</u>	<u>\$ (25,913,936)</u>	<u>\$ -</u>	<u>\$ (627,084)</u>	<u>\$ (2,103,662)</u>	<u>\$ 25,913,936</u>
Less:												
On Behalf T.P.A.F.								2,734,938				
Total State Financial Assistance Subject to Single Audit								<u>\$ (23,178,998)</u>				

N/A - Information not available.
* Denotes major program

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 - GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Hudson County Schools of Technology (the "Board"). The Board is defined in Note 1 to the District's basic financial statements. All federal awards and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Financial Assistance and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. 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* and New Jersey OMB Circular 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes the payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last State aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,762 for the General Fund and (\$67,054) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 42,867	\$ 25,286,210	\$ 25,329,077
Special Revenue Fund	5,266,412	445,863	5,712,275
Food Service Fund	414,469	24,379	438,848
Total Awards and Financial Assistance	<u>\$ 5,723,748</u>	<u>\$ 25,756,452</u>	<u>\$ 31,480,200</u>

NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5 - OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount of \$2,734,938 reported as TPAF Pension and Medical Contributions represent the amount paid by the State on behalf of the Board for the year ended June 30, 2015. TPAF Social Security Contributions in the amount of \$1,441,909 represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2015.

NOTE 6 – ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf expenditures for the Board by the State are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to the State single audit and major program determination.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 7 – SCHOOL-WIDE PROGRAM FUNDS

School-wide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in school-wide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in school-wide programs in the District:

Program	Total
Title I - Part A Grants to Local Educational Agencies	\$ 927,363
Title I - Part D	149,630
Title II - Part A Improving Teacher Quality	52,914
	<u>\$ 1,129,907</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditors' Results

Financial Statement Section

- A) Type of Auditors Report Issued: Unmodified
- B) Internal Control over Financial Reporting:
- 1) Material weakness(es) identified? Yes ✓ No
- 2) Significant deficiency(ies) identified? ✓ Yes None reported
- C) Noncompliance material to basic financial statements noted? Yes ✓ No

Federal Awards Section

- D) Internal Control over major programs:
- 1) Material weakness(es) identified? Yes ✓ No
- 2) Significant deficiency(ies) identified? ✓ Yes None reported
- E) Type of auditor's report on compliance for major program Unmodified
- F) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(a)]? Yes ✓ No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.010	No Child Left Behind:
84.027	Title I - Part A - Grants to Local Educational Agencies
84.048	IDEA Part B Basic Regular
17.258, 17.259, 17.278	Carl D. Perkins P.L. 108-270 Vocational Education Secondary
	Workforce Investment Act (WIA) Cluster

- H) Dollar threshold used to distinguish between Type A and Type B Programs. \$300,000
- I) Auditee qualified as low-risk auditee? Yes ✓ No

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditors' Results

State Awards Section

- J) Dollar threshold used to distinguish between Type A and Type B Programs. \$681,243
-
- K) Auditee qualified as low-risk auditee? _____ Yes No
- L) Internal Control over major programs:
- 1) Material weakness(es) identified? _____ Yes No
- 2) Significant deficiency(ies) identified? _____ Yes None reported
- M) Type of auditor's report on compliance for major programs: Unmodified
-
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04? _____ Yes No
- O) Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
14-495-034-5120-078	Equalization Aid
14-495-034-5120-089	Special Education Categorical Aid
14-495-034-5095-002	Reimbursed TPAF Social Security

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 6.33 of Government Auditing Standards.

Finding FS15-01

Condition/context:

The Career Development Center (CDC) and the Hudson County Schools of Technology accounting systems are not being reconciled on a regular basis and outstanding grant receivable balances are not being followed-up on in a timely manner.

Criteria:

Timely preparation of complete and accurate reconciliations of general ledger accounts for the WIA receivables between the, Hudson County and the Hudson County Schools of Technology is key to maintaining adequate control over financial reporting. Open receivable have a significant impact on cash flow for both the CDC and The Hudson County Schools of Technology.

Cause:

The WIA grant accounting records are maintained by the CDC, a separate department that is not part of the Hudson County Schools of Technology's accounting system.

Effect:

The School has significant prior year outstanding balances in accounts receivable from Hudson County.

Recommendation:

All grants, contracts and programs should be reconciled to the general ledger and cash draw downs on a monthly basis. Outstanding receivables should be followed up with resubmission of the vouchers and discussions with Hudson County. Required allocation of the expenditures by the specific grant should be posted by the School in accordance with the records provided by Career Development Center.

View of Responsible Official:

Management has during the year ended June 30, 2014 replaced the CDC accounting system and has begun to maintain a separate general ledger. All balances are beginning to be reconciled and any differences are resolved by the accounting staff for each entity.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

FEDERAL AWARDS

U.S. Department of Education

CFDA 84.010-84.013 United States Department of Education

Title I Section 1120A Subpart 1: sec 1415

Condition:

In general a State Agencies shall use funds received under this subpart only for programs and projects that supports the grant and it may include the acquisition of equipment. Equipment must be recorded as required as assets purchased with grant funds.

Questioned Cost

None

Cause

The Hudson County School of Technology made purchase of items requiring listing in active assets and failed to record these items. Example is a 3-D copier purchased for title I and was not recorded as an asset.

Effect

Assets need to be identified to insure proper use and security.

Recommendation :

The School must maintain an active asset list.

View of Responsible official:

Management will begin the process of identifying all assets during the next fiscal year. In addition any purchases that require addition will begin to noted in the district's software for recording.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

(This section identifies audit findings required to be reported by Section .510(a) of Circular A-133 and New Jersey OMB Circular Letter 04-04.)

FEDERAL AWARDS

U.S. Department of Labor

Passed-through County of Hudson

Workforce Investment Act (WIA):

Adult, CFDA Number: 17.258

Youth Activities CFDA Number: 17.259

Dislocated Workers, CFDA Number: 17.278

Finding SA14-02

Condition/context:

The Career Development Center (CDC) and the Hudson County Schools of Technology accounting systems are not being reconciled on a regular basis and outstanding grant receivable balances are not being followed-up on in a timely manner.

Criteria:

Reconciliation of grant receivable amounts and the follow-up on those amounts is critical. A significant balance remains in amounts due from the county.

Cause:

The WIA grant accounting records are maintained by the CDC, a separate department that is not part of the Hudson County Schools of Technology's accounting system.

Effect:

The significant balances in accounts receivable can impair the effectiveness of grant programs.

Recommendation:

All grant revenues and receivables should be reconciled between both accounting systems on a regular basis. Additionally, if the information is more accurately maintained management, can more efficiently monitor grant receivables. .

View of Responsible Officials:

Management has during the year ended June 30, 2014 replaced the CDC accounting system and has begun to maintain a separate general ledger. During the year ended June 30, 2015 balances are starting to be reconciled and any differences are resolved by the accounting staff for each entity.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATE FINANCIAL ASSISTANCE

None Reported

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

(This section identifies the status of prior year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 [Section .315(a)(b)] and New Jersey OMB Circular 04-04.)

Finding FS13-01

Condition:

Reconciliation of expenditures to the amounts receivables by grant has not been performed. Significant time was required in reconciling the expenditures charged to the grants to the amounts submitted for reimbursements. Prior year open grants receivable were not investigated and follow up on open vouchers was not performed timely to resolve open balances. A significant balance remains in the amounts due from the county.

Recommendation:

All grants, contracts and programs should be reconciled to the general ledger and cash draw downs on a monthly basis. Outstanding receivables should be followed up with resubmission of the vouchers and discussions with the County of Hudson. Required allocation of the expenditures by the specific grant should be posted by the School in accordance with the records provided by the Career Development Center.

Current Status:

Management has during the year ended June 30, 2014 replaced the CDC accounting system and has begun to maintain a separate general ledger. All balances are starting to be reconciled and any differences are resolved by the accounting staff for each entity. A similar finding is repeated in the current year as finding FS15-01, however the recommendation appears it will be fully adopted in the following fiscal year once the systems have been put in place.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL AWARDS

U.S. Department of Labor

Passed-through County of Hudson

Workforce Investment Act (WIA):

Adult, CFDA Number: 17.258

Youth Activities CFDA Number: 17.259

Dislocated Workers, CFDA Number: 17.278

Finding SA13-01

Condition:

According to the terms of the Federal awards, the Career Development Center (“CDC”), which is part of the Hudson County Schools of Technology (the “School”), is required to maintain its records and accounts in such a way as to facilitate the preparation of the Schedule of Federal and State awards and the financial statements in accordance with GAAP and Governmental Auditing Standards.

Recommendation:

All grant revenues and expenditures should be maintained on their accounting system to facilitate regulators and external auditors’ audits of the grants. Additionally, if the information is more easily obtained by management, the grants can be more efficiently monitored and controlled.

Current Status:

Management has during the year ended June 30, 2014 replaced the CDC accounting system and has begun to maintain a separate general ledger. All balances are reconciled and any differences are resolved by the accounting staff for each entity. A similar finding is repeated in the current year as finding SA15-01, however the recommendation appears it will be fully adopted in the following fiscal year once the School has gone through an entire year’s cycle.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

STATE FINANCIAL ASSISTANCE

New Jersey State Department of Education

Special Education Aid, State Grant Number: 13-495-034-5120-011

Equalization Aid, State Grant Number: 13-495-034-5120-078

Finding SA13-02

Condition:

The School did update travel reimbursement policies as required under the terms of the grant agreement and included the policy requirements but has not adhered to the stated policy. In addition, the School did not adopt a resolution authorizing the maximum travel expenditure amount for the fiscal year ended June 30, 2015.

Recommendation:

The School should annually adopt a resolution authorizing the maximum travel expenditures, as well as maintain separate accounting, to ensure proper reimbursement under the terms of the grant agreement.

Current Year Status:

The recommendation has been adopted.