

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

Hudson County Schools of Technology

North Bergen, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

**Hudson County Schools of Technology Board of Education
Office of the School Business Administrator/Board Secretary**

Hudson County Schools of Technology

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INTRODUCTORY SECTION

HCST

December 1, 2011

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, 2011, 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, consultants, auditors and advisors and Certificate of Excellence in Financial Reporting. 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 Pre-K through 12. These include regular, early childhood, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an average daily enrollment of 3,041 students, which is 1.8% more than 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>
2010-2011	3,041	1.88%
2009-2010	2,985	8.70%
2008-2009	2,746	4.17%
2007-2008	2,636	36.94%
2006-2007	1,925	3.11%

2.) ECONOMIC CONDITION AND OUTLOOK: The Hudson County Schools of Technology was affected by loss of Adult School Aid during the 2009-2010 school year. The reduction of approximately 1.1 million dollars had a negative effect on the financial results for the year. In addition, the funding for the current year was reduced dramatically causing the District to reduce staffing and expenses drastically. The District has worked hard to restore the surplus level it had before the state reductions.

3.) MAJOR INITIATIVES: The major initiative of the district is the proposed construction of a new high school. The District is currently working with the Hudson County Executive's Office and the Board of Chosen Freeholders for the development of a new consolidated high school.

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, 2011.

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.

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 Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. 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.

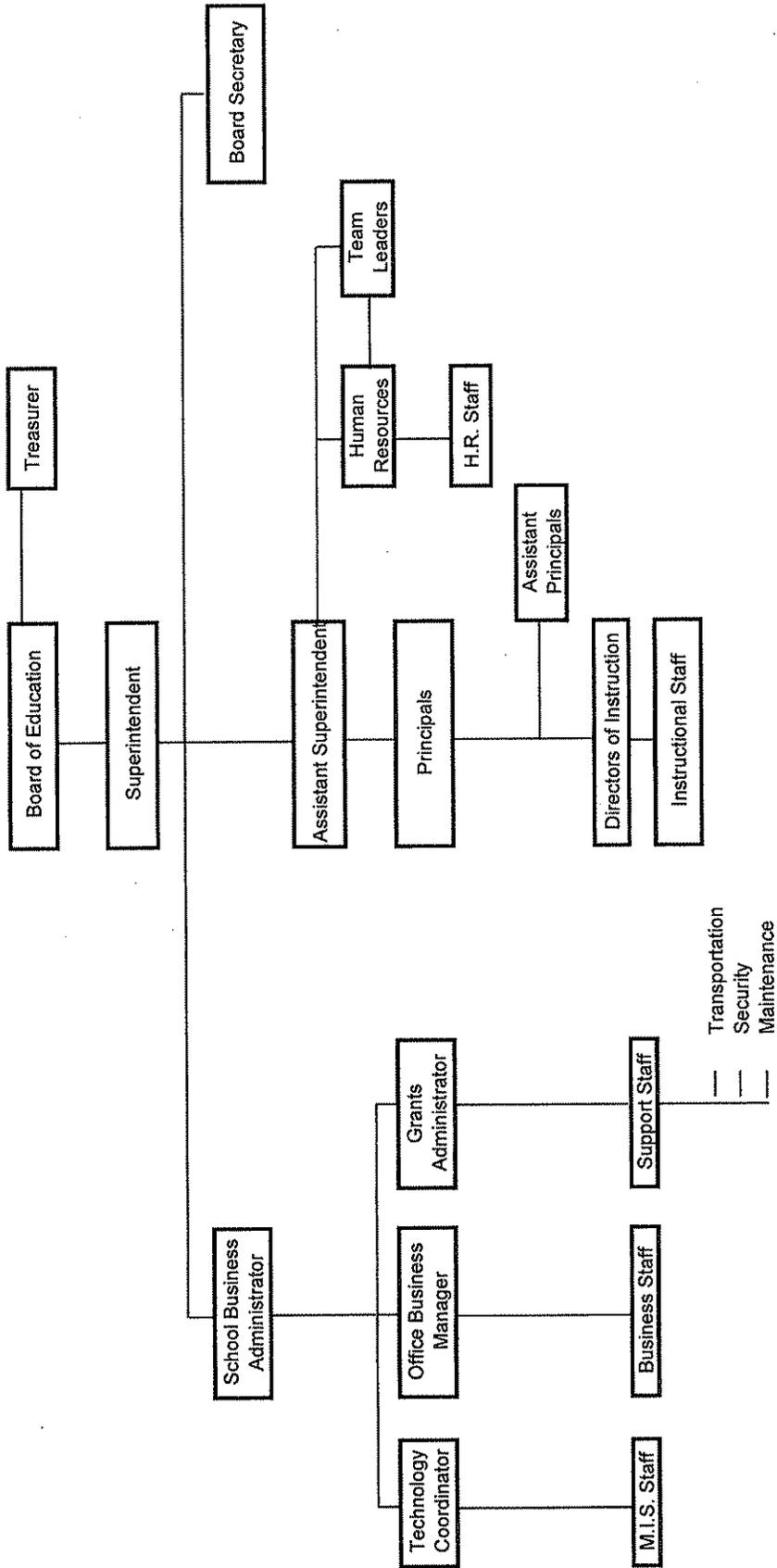
8.) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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 accountant and bookkeeper.

Respectfully submitted,

Nicholas Fargo

Nicholas Fargo
School Business Administrator

Hudson County Schools of Technology Organizational Chart



HUDSON COUNTY SCHOOLS OF TECHNOLOGY

ROSTER OF OFFICIALS

JUNE 30, 2011

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		10/31/12
Reverend Edward Allen		10/31/14
Jose G Falto		10/31/14
Anthony P. Vainieri Jr.		10/31/12
Neil Carroll		10/31/13
Sebastian J. D'Amico		10/31/15

Other Officials

Frank Gargiulo	School Superintendent
Nicholas Fargo	School Business Administrator
Richard Myrlak	Board Secretary
John Dineen, esq.	Counsel (Effective August 1, 2011)
George Campen, esq.	Counsel (Effective through July 31, 2011)
Florio & Kenny	Special Counsel
John Capazzi	Architect

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FINANCIAL SECTION

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

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Robert A. Gironda, CPA
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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 Board of Education 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, 2011, which collectively comprise the Hudson County Schools of Technology's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Hudson County Schools of Technology's management. 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; and 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 Division of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

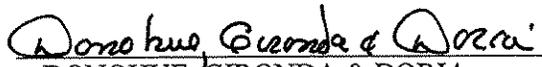
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund of the Hudson County Schools of Technology as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

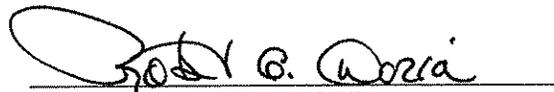
In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the Hudson County Schools of Technology's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 8 through 13 and pages 53 through 59 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 accompanying 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 combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

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, *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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


DONOHUE, GIRONDA & DORIA
Certified Public Accountants


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

Bayonne, New Jersey
December 1, 2011

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011. 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 2011 and 2010 are as follows, respectively:

- In total, Net assets of governmental activities are \$4,993,422 and \$7,712,165. Net assets of the business-type activity, which represents food service, are (\$71,066) and \$-0-. This reflects a decrease in net assets in the amount of \$2,718,743 and \$71,066.
- Total revenues accounted for \$53,984,307 and \$57,100,457 while the county tax contribution to General Revenue increased slightly to \$24,150,000 from \$23,514,000, state and federal revenue has decreased. In the prior year, ARRA monies had offset the decrease in State Aid. Operating Grants and Contributions decreased by 12.6% to \$28,680,098 from \$32,817,653.
- The Board continues to experience stability in student enrollment. Enrollment for the year ending June 30, 2011 was 3,041. The Board enrollment has increased significantly in the last 5 years, primarily due to increased adult school enrollment.

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 assets 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, 2011**

Reporting the Board as a Whole

Statement of Net Assets 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 2011?" The statement of net assets 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 assets and changes in those assets. This change in net assets 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 assets 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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

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 assets is of the City Board as a whole. Table 1 provides a summary of the Board's net assets for the fiscal years 2011 and 2010, respectively.

The following summarizes Net Assets by Governmental and Business-Type Activities:

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$ 8,237,077	\$ 11,645,979	\$ 174,879	\$ 84,256	\$ 8,411,956	\$ 11,730,235
Capital Assets, Net	13,555,843	12,878,699	110,151	125,151	13,665,994	13,003,850
Total Assets	\$ 21,792,920	\$ 24,524,678	\$ 285,030	\$ 209,407	\$ 22,077,950	\$ 24,734,085
Liabilities and Net Assets						
Liabilities:						
Current and Other						
Liabilities	\$ 5,099,649	\$ 4,794,545	\$ 356,096	\$ 209,407	\$ 5,455,745	\$ 5,003,952
Long-Term Liabilities	11,699,849	12,017,968	-	-	11,699,849	12,017,968
Total Liabilities	16,799,498	16,812,513	356,096	209,407	17,155,594	17,021,920
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	13,555,843	12,878,699	110,151	125,151	13,665,994	13,003,850
Restricted	200,741	228,867	-	-	200,741	228,867
Unrestricted	(8,763,162)	(5,395,401)	(181,217)	(125,151)	(8,944,379)	(5,520,552)
Total Net Assets	4,993,422	7,712,165	(71,066)	-	4,922,356	7,712,165
Total Liabilities and Net Assets	\$ 21,792,920	\$ 24,524,678	\$ 285,030	\$ 209,407	\$ 22,077,950	\$ 24,734,085

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Table 2 reflects the change in net assets for fiscal years 2011 and 2010, respectively.

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues						
Program revenues:						
Charges for services	\$ 4,164,310	\$ 264,359	\$ 4,428,669	\$ 4,754,535	\$ 319,125	\$ 5,073,660
Operating grants and contributions	9,435,227	403,855	9,839,082	10,104,461	439,687	10,544,148
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	24,150,000	-	24,150,000	23,514,000	-	23,514,000
Federal and state aid not restricted to:						
Specific purposes	19,244,871	-	19,244,871	22,572,967	-	22,572,967
Federal and State aid used for:						
Capital Outlay	-	-	-	140,225	-	140,225
Earnings on investments	5,417	-	5,417	15,057	-	15,057
Miscellaneous	1,148,792	-	1,148,792	817,780	-	817,780
Total Revenue	58,148,617	668,214	58,816,831	61,919,025	758,812	62,677,837
Expenses						
Instructional services	14,011,738	-	14,011,738	16,361,711	-	16,361,711
Support services	32,987,058	-	32,987,058	36,468,243	-	36,468,243
Charter Schools	-	-	-	-	-	-
Special Schools	6,117,631	-	6,117,631	7,367,120	-	7,367,120
Capital outlay not capitalized	1,993,515	-	1,993,515	2,681,128	-	2,681,128
Depreciation	1,256,166	-	1,256,166	1,148,363	-	1,148,363
Service Related Expenses	4,164,310	739,280	4,903,590	4,754,535	776,102	5,530,637
Total Expenses	60,530,418	739,280	61,269,698	68,781,100	776,102	69,557,202
Increase (decrease) in net assets						
before transfers	(2,381,801)	(71,066)	(2,452,867)	(6,862,075)	(17,290)	(6,879,365)
Transfers	-	-	-	(17,290)	17,290	-
Change in net assets	(2,381,801)	(71,066)	(2,452,867)	(6,879,365)	-	(6,879,365)
Net Assets – Beginning, as restated	7,712,170	-	7,712,170	14,591,535	-	14,591,535
Net Assets – Ending	\$ 5,330,369	\$ (71,066)	\$ 5,259,303	\$ 7,712,170	\$ -	\$ 7,712,170

The total decrease in Net Assets for the fiscal years 2011 and 2010 for Governmental Activities are (\$2,718,743) and (\$6,879,365). The total (decrease) increase in Net Assets for the Business-Type Activity is (\$71,066) and \$-0-.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

	<u>2010-2011</u>				<u>2009-2010</u>			
	<u>Revenue</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2010</u>	<u>Percent of Increase (Decrease)</u>	<u>Revenue</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2009</u>	
Local sources	\$ 25,304,209	47%	\$ 1,021,405	4.21%	\$ 24,282,804	42.5%	\$ 196,115	
State sources	23,139,448	42.9%	105,780	0.46%	23,033,668	40.3%	(1,065,673)	
Federal sources	5,540,650	10.3%	(4,153,000)	-42.84%	9,693,650	17.0%	5,888,900	
Private	-	0.0%	(90,335)	-100.00%	90,335	0.2%	56,379	
Total	\$ 53,984,307	100%	\$ (3,025,815)		\$ 57,100,457	100%	\$ 5,019,342	

General Fund Budgeting Highlights

The difference between the original budget and the final amended budget was \$150,000.

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 was affected by loss of Adult School Aid during the 2009-2010 school year. They have made significant progress since then, through some cost-cutting measures which meant some cuts to the program and savings related to joining the State of New Jersey Health Benefit Plan. Additionally, there was an unexpected federal award, Ed Jobs, which allowed just over \$700,000 of existing teacher's salaries to be charged to the grant.

Capital Assets and Depreciation

Capital Assets

At June 30, 2011 the District has capital assets in excess of \$13,555,843, net of depreciation, which includes school facilities, land, buildings, equipment and vehicles.

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	June 30, 2011		June 30, 2010	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Land	\$ 1,533,490	\$ -	\$ 1,533,490	\$ -
Buildings and improvements	10,341,424	-	9,301,586	-
Machinery, equipment and vehicles	1,680,929	110,151	2,043,623	125,151
Total	\$ 13,555,843	\$ 110,151	\$ 12,878,699	\$ 125,151

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 \$12,048,770 and \$12,017,968 at June 30, 2011 and 2010, 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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit A-1

Statement of Net Assets

June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,660	\$ -	\$ 2,660
Receivables, net	8,034,688	174,879	8,209,567
Restricted assets:			
Cash and cash equivalents	199,729	-	199,729
Capital assets, net (Note 4):	13,555,843	110,151	13,665,994
Total Assets	21,792,920	285,030	22,077,950
LIABILITIES:			
Cash overdraft	1,477,321	-	1,477,321
Accounts payable	773,763	356,096	1,129,859
Deferred revenue	16,126		16,126
Loan payable	2,483,518	-	2,483,518
Noncurrent liabilities (Note 5):			
Due within one year	348,921	-	348,921
Due beyond one year	11,699,849	-	11,699,849
Total Liabilities	16,799,498	356,096	17,155,594
NET ASSETS:			
Invested in capital assets, net of related debt	13,555,843	110,151	13,665,994
Restricted for:			
Capital projects	199,729	-	199,729
Other purposes	1,012	-	1,012
Unrestricted	(8,763,162)	(181,217)	(8,944,379)
Total Net Assets	\$ 4,993,422	\$ (71,066)	\$ 4,922,356

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Activities
For the Year Ended June 30, 2011

Exhibit A-2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 10,009,042	\$ 953,254	\$ 1,968,919	\$ -	(7,086,869)	-	\$ (7,086,869)
Vocational education	4,701,861				(4,701,861)		(4,701,861)
Community service program	254,089				(254,089)		(254,089)
Support services:							
Tuition							
Student & instruction related services	6,122,044		2,121,436		(4,000,608)		(4,000,608)
School administrative services	4,246,780		1,417,390		(2,829,390)		(2,829,390)
General and business administrative services	1,699,080		347,781		(1,351,299)		(1,351,299)
Plant operations and maintenance	5,054,828				(5,054,828)		(5,054,828)
Pupil transportation	5,942,977	3,211,056	24,398		(2,707,523)		(2,707,523)
Unallocated Benefits	13,132,405		3,394,669		(9,737,736)		(9,737,736)
Special schools	6,117,631				(6,117,631)		(6,117,631)
Capital expenditures not capitalized	1,993,515		160,634	(336,942)	(2,169,823)		(2,169,823)
Unallocated depreciation	1,256,166				(1,256,166)		(1,256,166)
Total Governmental Activities	60,530,418	4,164,310	9,435,227	(336,942)	(47,267,823)	-	(47,267,823)
Business-type activities:							
Food Service	739,280	264,359	403,855			(71,066)	(71,066)
Total Business-type Activities	739,280	264,359	403,855	-	-	(71,066)	(71,066)
Total Primary Government	\$ 61,269,698	\$ 4,428,669	\$ 9,839,082	\$ (336,942)	\$ (47,267,823)	\$ (71,066)	\$ (47,338,889)
General revenues:							
Taxes:							
Property taxes, levied for general purposes - Net					24,150,000		24,150,000
Federal and State aid not restricted					19,244,871		19,244,871
Tuition received					729,528		729,528
Investment earnings					5,417		5,417
Miscellaneous Income					419,264		419,264
Transfers to special revenue - adjustments					-		-
Special Revenue used in capital outlay					-		-
Transfers					-		-
Total general revenues, special items, extraordinary items and transfers					44,549,080		44,549,080
Change in Net Assets -					(2,718,743)	(71,066)	(2,789,809)
Net Assets - Beginning					7,712,165		7,712,165
Net Assets - Ending					\$ 4,993,422	\$ (71,066)	\$ 4,922,356

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

FUND FINANCIAL STATEMENTS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit B-1

**Balance Sheet
Governmental Funds
June 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 695	\$ 1,965	\$ -	\$ 2,660
Receivables, net	115,642	2,306,328	-	2,421,970
Due from other funds	1,615,834	-	180,559	1,796,393
Receivables from other governments	-	-	4,056,181	4,056,181
Restricted cash and cash equivalents	-	-	199,729	199,729
Total Assets	<u>1,732,171</u>	<u>2,308,293</u>	<u>4,436,469</u>	<u>8,476,933</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Cash overdraft	1,282,804	194,517	-	1,477,321
Accounts payable	42,241	731,522	-	773,763
Interfund payable	-	1,366,128	-	1,366,128
Payable to federal government	-	-	-	-
Loan payable	2,483,518	-	-	2,483,518
Deferred revenue	-	16,126	-	16,126
Total Liabilities	<u>3,808,563</u>	<u>2,308,293</u>	<u>-</u>	<u>6,116,856</u>
Fund Balances:				
Committed Fund Balance:				
Year-End Encumbrances	62,729	-	592,620	655,349
Unassigned Fund Balance:				
General fund	(2,139,121)	-	-	(2,139,121)
Capital projects fund	-	-	3,843,849	3,843,849
Total Fund balances	<u>(2,076,392)</u>	<u>-</u>	<u>4,436,469</u>	<u>\$ 2,360,077</u>
Total Liabilities and Fund Balances	<u>\$ 1,732,171</u>	<u>\$ 2,308,293</u>	<u>\$ 4,436,469</u>	

Amounts reported for governmental activities in the statement of net assets (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 \$35,752,836 and the accumulated depreciation is \$22,196,993.	13,555,843
Liabilities for compensated absences are not payable in the current period and are not reportable in governmental funds.	(12,048,770)
Internal Service Fund which is by its activities (transportation and education) is governmental in nature (excludes capital assets)	1,126,272
Net assets of governmental activities	<u>\$ 4,993,422</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2011

Exhibit B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local sources:				
Local tax levy	\$ 24,150,000	\$ -	\$ -	\$ 24,150,000
Tuition charges	729,528	-	-	729,528
Interest Earned	5,417	-	-	5,417
Miscellaneous	419,264	-	-	419,264
Total - Local Sources	25,304,209	-	-	25,304,209
State sources	21,820,621	1,318,827	-	23,139,448
Federal sources	-	5,540,650	-	5,540,650
Private Sources	-	-	-	-
Total Revenues	47,124,830	6,859,477	-	53,984,307
EXPENDITURES:				
Current:				
Regular instruction	6,909,528	1,968,919	-	8,878,447
Vocational education	4,701,861	-	-	4,701,861
Community Service Program	254,089	-	-	254,089
Support services and undistributed costs:				
Student & instruction related services	4,000,608	2,121,436	-	6,122,044
School administrative services	2,829,390	1,417,390	-	4,246,780
Other administrative services	1,351,299	347,781	-	1,699,080
Plant operations and maintenance	5,054,828	-	-	5,054,828
Pupil transportation	2,466,422	24,398	-	2,490,820
Unallocated benefits	12,313,486	818,919	-	13,132,405
Special schools	6,117,631	-	-	6,117,631
Capital outlay	-	160,634	3,766,191	3,926,825
Total Expenditures	45,999,142	6,859,477	3,766,191	56,624,810
Excess (Deficiency) of revenues over expenditures	1,125,688	-	(3,766,191)	(2,640,503)
OTHER FINANCING SOURCES (USES):				
Cancellations	-	-	(336,942)	(336,942)
Total Other Financing Sources and Uses	-	-	(336,942)	(336,942)
Net change in fund balances	1,125,688	-	(4,103,133)	(2,977,445)
Fund balance - July 1	(3,202,080)	-	8,539,602	5,337,522
Fund balance - June 30	\$ (2,076,392)	\$ -	4,436,469	\$ 2,360,077

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, 2011

Total net change in fund balances - Governmental funds (from B-2) \$(2,977,445)

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	\$ (1,256,166)	
	Capital outlays	<u>1,933,310</u>	677,144

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

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 (+).

(30,802)

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds - internal service fund

(387,640)

Change in net assets of governmental activities

\$(2,718,743)

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Net Assets
Proprietary Funds
June 30, 2011

Exhibit B-4

	Business-type Activities - Enterprise Fund		Governmental Activities Internal Service Funds		Total Internal Service Funds
	Food Service	Trans- portation	Youth House	Vendor Contracts	
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	174,879	-	416,000	-	416,000
Interfund receivable- General Fund	-	436,046	-	-	436,046
Other receivables	-	560,928	-	248,242	809,170
Inventories	-	-	-	-	-
Total Current Assets	<u>174,879</u>	<u>996,974</u>	<u>416,000</u>	<u>248,242</u>	<u>1,661,216</u>
Noncurrent Assets:					
Furniture, machinery & equipment	369,725	-	106,113	-	106,113
Less: Accumulated depreciation	<u>(259,574)</u>	<u>-</u>	<u>(71,158)</u>	<u>-</u>	<u>(71,158)</u>
Total Noncurrent assets	<u>110,151</u>	<u>-</u>	<u>34,955</u>	<u>-</u>	<u>34,955</u>
Total Assets	<u>\$ 285,030</u>	<u>\$ 996,974</u>	<u>\$ 450,955</u>	<u>\$ 248,242</u>	<u>\$ 1,696,171</u>
LIABILITIES:					
Accounts payable	\$ 24,729	\$ -	\$ -	\$ -	\$ -
Interfunds Payable	331,367	-	271,603	263,341	534,944
Compensated absences	-	-	-	-	-
Total Current Liabilities	<u>356,096</u>	<u>-</u>	<u>271,603</u>	<u>263,341</u>	<u>534,944</u>
Total Liabilities	<u>356,096</u>	<u>-</u>	<u>271,603</u>	<u>263,341</u>	<u>534,944</u>
NET ASSETS -					
Unrestricted	(71,066)	996,974	179,352	(15,099)	1,161,227
Total Net Assets	<u>\$ (71,066)</u>	<u>\$ 996,974</u>	<u>\$ 179,352</u>	<u>\$ (15,099)</u>	<u>\$ 1,161,227</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit B-5

	Business-type Activities - Enterprise Fund		Governmental Activities Internal Service Funds		Total Internal Service Funds
	Food Service	Trans- portation	Youth House	Vendor Contracts	
Operating Revenues:					
Charges for services:					
Daily sales - non-reimbursable programs	\$ 264,359	\$ -	\$ -	\$ -	\$ -
Transportation fees from other LEA's within the state	-	3,211,056	-	-	3,211,056
Total Operating Revenues	264,359	3,211,056	-	-	3,211,056
Operating Expenses:					
Cost of sales	283,888	-	-	-	-
Salaries	248,805	1,382,959	570,445	-	1,953,404
Employee benefits	80,285	-	180,000	-	180,000
Other purchased services	-	2,069,198	-	-	2,069,198
Social Security contributions	-	-	27,000	-	27,000
Communication	-	-	-	-	-
Cleaning, repair and maintenance services	2,650	-	-	312,927	312,927
General supplies	87,500	-	781	-	781
Textbooks	-	-	672	-	672
Equipment	-	-	-	-	-
Depreciation	15,000	-	-	-	-
Insurance	15,246	-	-	-	-
Travel	932	-	-	-	-
Laundry & Cleaning	528	-	-	-	-
Miscellaneous	4,446	-	7,968	-	7,968
Total Operating Expenses	739,280	3,452,157	786,866	312,927	4,551,950
Operating income (loss)	(474,921)	(241,101)	(786,866)	(312,927)	(1,340,894)
Nonoperating Revenues (Expenses):					
State sources:					
State school lunch program	5,489	-	-	-	-
State Facilities Education Act	-	-	243,000	-	243,000
County of Hudson:					
SFEA Match	-	-	243,000	-	243,000
Additional Funding	-	-	173,000	-	173,000
Other Contracted Services	-	-	-	294,254	294,254
Federal sources:					
National school lunch program	265,497	-	-	-	-
National school breakfast program	101,547	-	-	-	-
Food distribution program	31,322	-	-	-	-
Total nonoperating revenues (expenses)	403,855	-	659,000	294,254	953,254
Income (loss) before contributions & transfers	(71,066)	(241,101)	(127,866)	(18,673)	(387,640)
Transfers in (out)	-	-	-	-	-
Change in net assets	(71,066)	(241,101)	(127,866)	(18,673)	(387,640)
Total Net Assets - Beginning,	-	1,238,075	307,218	3,574	1,545,293
Total Net Assets - Ending	\$ (71,066)	\$ 996,974	\$ 179,352	\$ (15,099)	\$ 1,157,653

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, 2011

Exhibit B-6

	Business-type Activities - Enterprise Fund		Governmental Activities Internal Service Funds		Total Internal Service Funds
	Food Service	Transportation	Youth House	Vendor Contracts	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 264,359	\$ 2,861,851	\$ -	\$ 224,250	\$ 3,086,101
Payment for salaries and benefits	-	-	-	(282,281)	(282,281)
Payments to suppliers	(739,757)	(3,462,441)	(789,609)	-	(4,252,050)
Net Cash Provided by (Used for) Operating Activities	(475,398)	(600,590)	(789,609)	(58,031)	(1,448,230)
Cash Flows from Noncapital Financing Activities					
State Sources	6,949	-	243,000	-	243,000
Federal Sources	274,961	-	-	-	-
County Sources	-	-	375,500	-	375,500
Payment of interfunds/interfunds advanced	193,488	600,590	171,109	58,031	829,730
Net Cash Provided by (Used for) Non-capital Financing Activities	475,398	600,590	789,609	58,031	1,448,230
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)	(474,921)	(241,101)	(786,866)	(18,673)	(1,046,640)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and net amortization	15,000	-	-	-	-
Non-Cash expenditure recognized for national food program	31,322	-	-	-	-
(Increase) decrease in accounts receivable, net	-	(349,203)	-	(39,358)	(388,561)
Increase (decrease) in accounts payable	(46,799)	(10,286)	(2,743)	-	(13,029)
Total adjustments	(477)	(359,489)	(2,743)	(39,358)	(401,590)
Net Cash Provided by (Used for) Operating Activities	\$ (475,398)	\$ (600,590)	\$ (789,609)	\$ (58,031)	\$ (1,448,230)

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit B-7

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
ASSETS -		
Cash and cash equivalents	\$ 154,069	\$ 442,786
Due from other funds	35,411	-
Total Assets	<u>189,480</u>	<u>442,786</u>
 LIABILITIES:		
Payable to student groups	-	364,574
Due to other funds	-	35,411
Payroll deductions and withholdings	-	42,801
Total Liabilities	<u>-</u>	<u>442,786</u>
 NET ASSETS -		
Held in trust for unemployment claims and other purposes	<u>\$ 189,480</u>	

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

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

Exhibit B-8

	Unemployment Compensation Trust
ADDITIONS-	
Contributions	\$ 52,915
Total Additions	52,915
DEDUCTIONS -	
Unemployment claims	387,371
Total Deductions	387,371
Change in net assets	(334,456)
Net Assets - Beginning of the Year	523,936
Net Assets - End of the Year	\$ 189,480

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2011 of 3,041 students.

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 Assets 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 Assets, 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 assets; and unrestricted net assets. The Board first utilizes restricted resources to finance qualifying activities.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. 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 noninstructional equipment which are classified in the capital outlay subfund.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 assets, 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:

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. PROPRIETARY FUND (Continued)

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.

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 assets (net total assets) 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 net total assets.

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

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 assets, and changes in net assets. 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Measurement and Accounting Focus (Continued):

Measurement Focus

On the district-wide Statement of Net Assets 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.

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 assets (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 assets.
- 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 Assets 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

Effective December 2004, 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.

	2010 - 2011
Total Revenues (Budgetary Basis)	\$ 7,428,152
Adjustments:	
Add: Prior Year Encumbrances	481,838
Less: Current Year Encumbrances	(1,050,513)
Adjust for State Aid Payment	
Recognize 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	\$ 6,859,477
Total Expenditures (Budgetary Basis)	\$ 7,428,152
Adjustments:	
Add: Prior Year Encumbrances	481,838
Less: Current Year Encumbrances	(1,050,513)
Total Expenditures (GAAP) Basis	\$ 6,859,477

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 2010 - 2011 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, 2011, there was no tuition receivable.

Tuition Payable - For the year ending June 30, 2011, 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, 2011.

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
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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	50 Years	N/A
Furniture and Equipment	8-20 Years	8-20 Years
Vehicles	10 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are 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.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Equity Classifications:

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 assets - Consists of net assets 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 assets - All other net assets 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, 2010 audited excess surplus that will be appropriated in the 2011-2012 original budget certified for taxes.

Restricted - Excess Surplus - This reserve was created to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012-2013 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. 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.

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, 2011, none of the District's bank balances totaling \$936,112 was exposed to custodial credit risk.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

As of June 30, 2011, the District's deposits are summarized as follows:

	Book Balance
Insured - FDIC	\$ 250,000
Insured - GUDPA	555,948
Overdraft in operating	<u>(1,477,321)</u>
	<u>\$ (671,373)</u>
 Reconciliation to Government-Wide Statement of Net Assets:	
Unrestricted Cash	\$ 2,660
Restricted Cash	199,729
Trust and Agency Fund Cash (Not Included in Government-Wide Statement)	603,558
Cash overdraft included in accounts payable	<u>(1,477,321)</u>
	<u>\$ (671,373)</u>

As of June 30, 2011, 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:

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

At June 30, 2011 the Board did not hold any investments and thus were not exposed to custodial credit risk or foreign currency risk.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3. DEPOSIT AND INVESTMENT RISK (Continued)

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2011 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, 2011 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, 2011 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.

Capital asset activity for the year ended June 30, 2011, was as follows:

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Governmental Activities:				
Capital assets not being Depreciated:				
Land	\$ 1,533,490	\$ -	\$ -	\$ 1,533,490
Capital Assets being depreciated:				
Buildings and Improvements	26,834,532	1,690,716		28,525,248
Furniture and Equipment	1,820,796			1,820,796
Machinery and Other Equipment	3,630,708	242,594		3,873,302
Total Capital Assets being depreciated	32,286,036	1,933,310	-	34,219,346
Total Assets	33,819,526	1,933,310	-	35,752,836
Less Accumulated Depreciation:				
Buildings and Improvements	17,532,946	650,878		18,183,824
Furniture and Equipment	1,280,568	156,029		1,436,597
Machinery and Other Equipment	2,127,313	449,259		2,576,572
Total Accumulative Depreciation	20,940,827	1,256,166	-	22,196,993
Governmental Capital Assets Net	\$ 12,878,699	\$ 677,144	\$ -	\$ 13,555,843
Business Type Activities:				
Machinery and Equipment	\$ 369,725		\$ -	\$ 369,725
Less Accumulative Depreciation	(244,574)	(15,000)	-	(259,574)
Business Type Capital Assets Net	\$ 125,151	\$ (15,000)	\$ -	\$ 110,151

In 2009 the District had an appraisal performed to value machinery and equipment and its accumulated depreciation as of June 30, 2009. As a result of the appraisal capital assets and accumulated depreciation has been adjusted per valuation.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 6. LONG-TERM DEBT

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

Governmental Activities

As of June 30, 2011, the governmental long-term debt of the District consisted of the following:

Accrued Compensation Absences:	
Current Portion	\$ 348,921
Noncurrent Portion	11,699,849
Total Governmental Activity Debt	\$ 12,048,770

Business-type Activity

As of June 30, 2011, there was no long-term debt payable from proprietary fund resources.

The following is a summary of changes in long-term debt for the year ended June 30, 2011:

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011	Amounts Due Within One Year	Long-Term Portion
Governmental Activities:						
Compensated Absences	\$12,017,968	\$109,335	\$ (78,533)	\$ 12,048,770	\$ 348,921	\$11,699,849
	\$12,017,968	\$109,335	\$ (78,533)	\$ 12,048,770	\$ 348,921	\$11,699,849

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 Board are general obligation bonds. As of June 30, 2011, the County of Hudson on behalf of School's projects had outstanding bonds in the amount of \$30,810,000.

Bonds Authorized But Not Issued: As of June 30, 2011, the County had no bonds authorized but not issued. All debt authorized was carried on the books and records of the County of Hudson.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7. OPERATING LEASES

The District has commitments to lease copiers under operating leases that expire through the year 2015. Total operating lease payments made during the year ended June 30, 2011 were \$152,019. Future minimum lease payments are as follows:

<u>Year Ending</u>	
June 30, 2012	\$ 148,048
June 30, 2013	78,648
June 30, 2014	75,282
June 30, 2015	29,776
	<u>331,754</u>

NOTE 8. 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 obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

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. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the System's other related non-contributing employers. 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 8. PENSION PLANS (Continued)

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. 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. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55th of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

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.

E. Significant Legislation:

P.L. 2010, c.1, effective May 21, 2010, changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 8. PENSION PLANS (Continued)

P.L. 2008, c.89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c.103, certain parts effective July 1, 2007 implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

F. Contribution Requirements:

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62 P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5%, respectfully, of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current Statute, the District is a non-contributing employer of the TPAF.

During the years ended June 30, 2011, 2010 and 2009 the District was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal pension contributions and non-contributory group life insurance (NCGI) in the following amounts.

Three-Year Trend Information

<u>Year Funding</u>	<u>PERS Contributed by the District</u>		<u>TPAF Paid on Behalf of the District</u>	
	<u>Pension</u>	<u>NCGI</u>	<u>Pension</u>	<u>NCGI</u>
June 30, 2011	\$ 1,323,432	\$176,719	\$ -	\$53,402
June 30, 2010	1,232,677	91,229	-	55,097
June 30, 2009	716,484	46,358	-	50,593

Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,388,087 during the year ended June 30, 2011, 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions 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 the funding of post-retirement medical benefits through TPAF and PERS. It created a separate fund outside 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, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with Chapter 62, P.L. 1994.

Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as you-go basis beginning in fiscal year 1994.

The State made post-retirement (PRM) contributions of \$1.38 billion for fiscal year 2009 and \$3.22 million for fiscal year 2008.

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 services. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in fiscal year 2009.

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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. 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 made post-retirement (PRM) contributions of \$97.6 million for the fiscal year 2010 and \$1.38 billion for the fiscal year 2009.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9. POST-RETIREMENT BENEFITS (Continued)

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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amount to \$1,134,261, \$1,034,803 and \$965,186 for 2011, 2010 and 2009, respectively. These amounts have been included in the District wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. 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, 2010, there is no liability existing for compensated absences in the Food Service Fund.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 11. 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 2011.

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.

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, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2011:

	Interfund Receivable	Interfund Payable
General	\$ 1,615,834	
Special Revenue	-	1,366,128
Capital Projects	180,559	
Enterprise Fund		331,367
Internal Service Fund	436,046	534,944
Total	\$ 2,232,439	\$ 2,232,439

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 2011 as a contribution to school based budgeting and various reprogramming and cancellations of funds.

NOTE 13. 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 14. 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 15. FUND BALANCE APPROPRIATED

Fund Statements:

General Fund - Of the (\$2,076,392) General Fund deficit at June 30, 2011, \$62,729 is committed for year-end encumbrances; and a deficit of (2,139,121) is unassigned.

Special Revenue Fund – The Special Revenue Fund has a zero fund balance at June 30, 2011.

Capital Projects Fund – The \$4,436,469 Capital Projects Fund balance at June 30, 2011 is partially reserved for \$592,620 of encumbrances and has an unassigned balance of \$3,843,849

The total Governmental Funds fund balance is \$2,360,077.

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
Balance/Net Assets	\$ 2,360,077
Capital Assets, Net of Accumulated Depreciation	13,555,843
Internal Service Funds	1,126,272
Long-Term Liabilities	(12,048,770)
Net Assets	\$ 4,993,422

NOTE 16. DEFICIT FUND BALANCES

The District has an unassigned deficit fund balance of (\$2,139,121) in the General Fund as of June 30, 2011 as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 16. DEFICIT FUND BALANCES (Continued)

only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, the General Fund deficit balance does not alone indicate that the district is facing financial difficulties.

Pursuant to P.L. 2003, c. 97 any negative unreserved, unassigned fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's deficit in the GAAP funds statements of (\$2,139,121) is \$239,861 more than the last two state aid payments. The Board erased \$1,032,220, or 81%, of the June 30, 2010 negative unreserved, unassigned fund balance during the fiscal year ended June 30, 2011. The Board intends on having an unreserved, unassigned surplus of close to a million dollars on June 30, 2012 through various cost-cutting measures including, but not limited to a change in the Board's health care plan.

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 School Districts are required to reserve General Fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget.

NOTE 18. LITIGATION

The Board is not currently a defendant in any workmen's compensation legal proceedings. It is believed that the outcome.

NOTE 19. SUBSEQUENT EVENTS

On June 28, 2011 P.L. 2011 c.78 was approved to make various significant changes to pension and health care benefits for public employees.

The law provides for the following pension plan changes:

- New Pension Committees Formed

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 19. SUBSEQUENT EVENTS (Continued)

- New Employee Pension Contribution Rates
- Pension Plan Design Changes
- Funding Changes
- Retirement Systems Actuary Selection Committee
- COLA Suspension
- Contractual Rights to Employer Pension Contributions
- Target Funded Ratio Defined
- Investment Council
- Super Conciliator
- Retiring While Serving in Elected Office
- Pension Plan Compliance Provisions

The law also provides for the following health care benefit changes:

- Required Active and Retired Employee Contributions towards Health Benefit Coverage
- New SHBP and SEHBP Committees
- Coverage for Out-of-State Health Care Providers

The Board changed health insurance plans, effective August 1, 2011 from Oxford to the State of New Jersey Health Benefit Plan. This is projected to save the Board over one million dollars annually.

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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, 2011

Exhibit C-1

	2011				Variance Final to Actual Favorable (Unfavorable)
	Original Budget	Budget Transfers	Final Budget	Actual	
REVENUES:					
Local Sources:					
County Tax Levy	\$ 24,000,000	\$ 150,000	\$ 24,150,000	\$ 24,150,000	\$ -
Tuition	-	-	-	729,528	729,528
Interest Earned - Capital Reserve	-	-	-	-	-
Interest Earned	-	-	-	5,417	5,417
Miscellaneous	645,459	19,541	665,000	419,264	(245,736)
Total - Local Sources	<u>24,645,459</u>	<u>169,541</u>	<u>24,815,000</u>	<u>25,304,209</u>	<u>489,209</u>
State Sources:					
Transportation Aid	-	-	-	-	-
Special Education Aid	350,712	1,034,332	1,385,044	1,376,211	(8,833)
Equalization Aid	18,667,123	(1,034,332)	17,632,791	17,632,791	-
Security Aid	-	-	-	-	-
Consolidated Aid - Adult /PG	-	-	-	-	-
TPAF NCGI Premium (On-Behalf - Non-Budgeted)	-	-	-	53,402	53,402
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	1,134,261	1,134,261
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,388,087	1,388,087
Total State Sources	<u>19,017,835</u>	<u>-</u>	<u>19,017,835</u>	<u>21,584,752</u>	<u>2,566,917</u>
Federal Sources:					
American Recovery and Reinvestment Act:					
Education Stabilization Fund	-	-	-	-	-
Government Services Fund	-	-	-	-	-
Medicaid Reimbursement	19,541	(19,541)	-	-	-
Total Federal Sources	<u>19,541</u>	<u>(19,541)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>43,682,835</u>	<u>150,000</u>	<u>43,832,835</u>	<u>46,888,961</u>	<u>3,056,126</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	6,160,000	506,100	6,666,100	6,666,005	95
Regular Programs - Undistributed Instruction					
General Supplies	175,000	(39,745)	135,255	134,988	267
Textbooks	50,000	(1,279)	48,721	48,608	113
Other Objects	50,000	10,151	60,151	59,927	224
Total Regular Programs - Instruction	<u>6,435,000</u>	<u>475,227</u>	<u>6,910,227</u>	<u>6,909,528</u>	<u>699</u>
Vocational Programs - Instruction					
Regular Vocational Programs - Instructional					
Salaries of Teachers	3,334,000	(266,600)	3,067,400	3,067,369	31
Other Salaries for Instruction	120,000	(60,121)	59,879	59,791	88
General Supplies	90,000	(20,852)	69,148	68,927	221
Textbooks	30,000	(7,683)	22,317	22,069	248
Other Objects	45,000	74,141	119,141	118,899	242
Total Regular Vocational Programs - Instruction	<u>3,619,000</u>	<u>(281,115)</u>	<u>3,337,885</u>	<u>3,337,055</u>	<u>830</u>
Special Vocational Programs - Instruction					
Salaries of Teachers	1,455,000	(160,000)	1,295,000	1,294,663	337
Other Salaries for Instruction	25,000	-	25,000	24,948	52
Purchased Professional- Educational Services	40,000	(29,000)	11,000	10,539	461
General Supplies	25,000	(4,797)	20,203	19,851	352
Textbooks	10,000	123	10,123	10,123	-
Other Objects	5,000	-	5,000	4,682	318
Total Vocational Programs - Local - Instruction	<u>1,560,000</u>	<u>(193,674)</u>	<u>1,366,326</u>	<u>1,364,806</u>	<u>1,520</u>
Total Vocational Programs - Instructional	<u>\$ 5,179,000</u>	<u>\$ (474,789)</u>	<u>\$ 4,704,211</u>	<u>\$ 4,701,861</u>	<u>\$ 2,350</u>

Continued

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2011

Exhibit C-1

	2011				Variance Final to Actual Favorable (Unfavorable)
	Original Budget	Budget Transfers	Final Budget	Actual	
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	\$ 350,000	\$ (130,100)	\$ 219,900	\$ 218,739	\$ 1,161
Supplies and Materials					
Total School-Spon. Cocurricular Actvts. - Inst.	<u>350,000</u>	<u>(130,100)</u>	<u>219,900</u>	<u>218,739</u>	<u>1,161</u>
School-Spon. Cocurricular Athletics - Inst.					
Salaries	90,000	(67,800)	22,200	22,200	-
Supplies and Materials	30,000	(29,500)	500	450	50
Other Objects	30,000	(17,300)	12,700	12,700	-
Total School-Spon. Cocurricular Athletics - Inst.	<u>150,000</u>	<u>(114,600)</u>	<u>35,400</u>	<u>35,350</u>	<u>50</u>
Total Instruction Expenditures	<u>12,114,000</u>	<u>(244,262)</u>	<u>11,869,738</u>	<u>11,865,478</u>	<u>4,260</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	196,000	10,200	206,200	206,196	4
Supplies and Materials	2,000	50	2,050	2,006	44
Other Objects	3,000	(250)	2,750	2,674	76
Total Undistributed Expend. - Attend. & Social Work	<u>201,000</u>	<u>10,000</u>	<u>211,000</u>	<u>210,876</u>	<u>124</u>
Undist. Expend. - Health Services					
Salaries	195,000	7,000	202,000	201,984	16
Supplies and Materials	5,000	(4,100)	900	857	43
Other Objects	15,000	(600)	14,400	14,341	59
Total Undistributed Expenditures - Health Services	<u>215,000</u>	<u>2,300</u>	<u>217,300</u>	<u>217,182</u>	<u>118</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,325,000	(25,000)	1,300,000	1,299,616	384
Salaries of Secretarial and Clerical Assistants	656,000	19,800	675,800	675,735	65
Supplies and Materials	10,000	(9,100)	900	853	47
Other Objects	15,000	5,054	20,054	20,054	-
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>2,006,000</u>	<u>(9,246)</u>	<u>1,996,754</u>	<u>1,996,258</u>	<u>496</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	978,000	(65,200)	912,800	912,666	134
Salaries of Secretarial and Clerical Assistants	43,000	800	43,800	43,755	45
Supplies and Materials	10,000	(5,100)	4,900	4,900	-
Other Objects	15,000	(9,000)	6,000	5,997	3
Total Undist. Expend. - Other Supp. Serv. Students - Spl	<u>1,046,000</u>	<u>(78,500)</u>	<u>967,500</u>	<u>967,318</u>	<u>182</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	84,000	(10,600)	73,400	73,347	53
Salaries of Secr and Clerical Assist.	49,000	1,000	50,000	49,997	3
Supplies and Materials	1,000	-	1,000	969	31
Other Objects	5,000	-	5,000	4,977	23
Total Undist. Expend. - Improvement of Inst. Serv.	<u>139,000</u>	<u>(9,600)</u>	<u>129,400</u>	<u>129,290</u>	<u>110</u>
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	440,000	25,800	465,800	465,749	51
Supplies and Materials	3,000	1,462	4,462	4,426	36
Other Objects	3,000	(100)	2,900	2,859	41
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>\$ 446,000</u>	<u>\$ 27,162</u>	<u>\$ 473,162</u>	<u>\$ 473,034</u>	<u>\$ 128</u>

Continued

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2011

Exhibit C-1

	2011				Variance Final to Actual Favorable (Unfavorable)
	Original Budget	Budget Transfers	Final Budget	Actual	
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Professional & Technical Services	\$ -	\$ 43,281	\$ 43,281	\$ 6,650	\$ 36,631
Total Undist. Expend. - Instructional Staff Training Serv.					
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	970,000	(12,400)	957,600	957,561	39
Legal Services	60,000	137,583	197,583	172,837	24,746
Audit	80,000	5,044	85,044	85,026	18
Other Purchased Professional Services	40,000	57,373	97,373	97,245	128
Purchased Professional and Technical Services	20,000	(400)	19,600	19,560	40
Communications/Telephone	330,000	(47,199)	282,801	282,764	37
Other Purchased Services	10,000	30,794	40,794	40,784	10
Supplies and Materials	20,000	20,255	40,255	38,693	1,562
Judgments	5,000	(5,000)	-	-	-
Miscellaneous Expenditures	55,000	(1,621)	53,379	53,296	83
BOE Membership Dues and Fees	30,000	9,000	39,000	38,918	82
Total Undist. Expend. - Supp. Serv. - General Admin.	1,620,000	193,429	1,813,429	1,786,684	26,745
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	645,000	5,800	650,800	650,747	53
Salaries of Secretarial and Clerical Assistants	381,000	15,300	396,300	396,210	90
Supplies and Materials	30,000	(3,991)	26,009	25,830	179
Other Objects	40,000	59,401	99,401	99,292	109
Total Undist. Expend. - Support Serv. - School Admin.	1,096,000	76,510	1,172,510	1,172,079	431
Undist. Expend. - Support Serv. - Central Services					
Salaries	727,000	266,394	993,394	993,318	76
Supplies and Materials	25,000	(5,200)	19,800	19,717	83
Miscellaneous Expenditures	10,000	19,680	29,680	29,671	9
Total Undist. Expend. - Support Serv. - Central Services	762,000	280,874	1,042,874	1,042,706	168
Undist. Expend. - Support Serv. - Information Technology Admin.					
Salaries	72,000	(101)	71,899	71,898	1
Supplies and Materials	50,000	(2,709)	47,291	47,237	54
Miscellaneous Expenditures	70,000	(9,850)	60,150	60,085	65
Total Undist. Expend. - Support Serv. - Information Technology Admin.	192,000	(12,660)	179,340	179,220	120
Undist. Expend. - Allowable Maintenance for School Facilities					
Salaries	214,000	(15,324)	198,676	198,676	-
Cleaning, Repair, and Maintenance Services	90,000	41,730	131,730	131,629	101
General Supplies	70,000	24,601	94,601	94,515	86
Other Objects	175,000	10,733	185,733	185,483	250
Total Undist. Expend. - Allowable Maintenance for School Facilities	549,000	61,740	610,740	610,303	437
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	2,030,000	149,445	2,179,445	2,179,369	76
Cleaning, Repair and Maintenance Services	175,000	65,765	240,765	240,765	-
Rental of Land, Building & Other than Lease Purchases	-	150,000	150,000	150,000	-
Other Purchased Property Services	20,000	(20,000)	-	-	-
Insurance	625,000	13,726	638,726	638,528	198
General Supplies	40,000	(27,168)	12,832	12,823	9
Energy (Energy and Electricity)	1,500,000	(310,861)	1,189,139	1,189,040	99
Other Objects	65,000	(31,000)	34,000	34,000	-
Total Undist. Expend. - Other Oper. & Maint. Of Plant	4,455,000	(10,093)	4,444,907	4,444,525	382
Total Undist. Expend. - Oper. & Maint. Of Plant	\$ 5,004,000	\$ 51,647	\$ 5,055,647	\$ 5,054,828	\$ 819

Continued

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2011

Exhibit C-1

	2011				Variance Final to Actual Favorable (Unfavorable)
	Original Budget	Budget Transfers	Final Budget	Actual	
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup. Trans. (Bet. Home and School) - Regular	\$ 1,510,000	\$ 67,000	\$ 1,577,000	\$ 1,576,939	\$ 61
Sal. For Pup. Trans. (Bet. Home and School) - Special	720,000	(102,000)	618,000	617,922	78
Sal. For Pup. Trans. (Other than Bet. Home and School)	140,000	(139,100)	900	900	-
Misc. Purchased Serv. - Transportation	100,000	(21,812)	78,188	78,188	-
Supplies and Materials	75,000	13,012	88,012	87,962	50
Other Objects	100,000	5,426	105,426	104,511	915
Total Undist. Expend. - Student Transportation Serv.	2,645,000	(177,474)	2,467,526	2,466,422	1,104
Total Undistributed Expenditures	15,372,000	397,723	15,769,723	15,702,547	67,176
Total General Current Expense	27,486,000	153,461	27,639,461	27,568,025	71,436
SPECIAL SCHOOLS:					
Vocational Post Grad- Instruction					
Salaries of Teachers	125,000	(89,600)	35,400	35,363	37
Other Salaries for Instruction	400,000	(139,100)	260,900	260,870	30
General Supplies	20,000	6,938	26,938	26,938	-
Textbooks	15,000	(1,863)	13,137	13,137	-
Other Objects	20,000	11,171	31,171	31,171	-
Total Summer School	580,000	(212,454)	367,546	367,479	67
Accred. Even./Adult H.S./Post-Grad.-Inst.					
Salaries of Teachers	2,215,000	287,001	2,502,001	2,501,643	358
Other Salaries for Instruction	750,000	805,355	1,555,355	1,549,756	5,599
Purchased Professional and Technical Services	100,000	(37,986)	62,014	41,520	20,494
General Supplies	60,000	(1,964)	58,036	57,883	153
Textbooks	60,000	(9,055)	50,945	50,945	-
Other Objects	55,000	14,779	69,779	69,613	166
Total Accred. Even./Adult H.S./Post-Grad.-Inst.	3,240,000	1,058,130	4,298,130	4,271,360	26,770
Accred. Even./Adult H.S./Post-Grad.-Supp. Service					
Salaries	1,905,000	(484,860)	1,420,140	1,420,102	38
Supplies and Materials	20,000	2,163	22,163	22,093	70
Other Objects	20,000	16,612	36,612	36,597	15
Total Accred. Even./Adult H.S./Post-Grad.-Supp. Service	1,945,000	(466,085)	1,478,915	1,478,792	123
Total Accred. Even./Adult H.S./Post-Grad.	5,185,000	592,045	5,777,045	5,750,152	26,893
Total Special Schools	5,765,000	379,591	6,144,591	6,117,631	26,960
UNALLOCATED BENEFITS					
Social Security Contributions	1,100,000	(63,400)	1,036,600	852,438	184,162
TPAF Contribution ERIP	10,000	(8,694)	1,306	1,261	45
Other Retirement - Regular	1,220,000	280,151	1,500,151	1,500,151	-
Health Benefits	7,901,835	(516,995)	7,384,840	7,383,886	954
Unemployment Compensation	50,000	(50,000)	-	-	-
TPAF NCGI Premium (On-Behalf - Non-Budgeted)	-	-	-	53,402	(53,402)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	1,134,261	(1,134,261)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,388,087	(1,388,087)
Total Allocated Benefits	10,281,835	(358,938)	9,922,897	12,313,486	(2,390,589)
TOTAL EXPENDITURES	43,532,835	174,114	43,706,949	45,999,142	(2,292,193)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 150,000	\$ (24,114)	\$ 125,886	\$ 889,819	\$ 763,933

Continued

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
General Fund
for the Fiscal Year Ended June 30, 2011

Exhibit C-1

	2011				Variance Final to Actual Favorable (Unfavorable)
	Original Budget	Budget Transfers	Final Budget	Actual	
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)	24,114	(125,886)	-	125,886
Total Other Financing Sources:	(150,000)	24,114	(125,886)	-	125,886
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	889,819	889,819
Fund Balance - July 1	(1,066,951)	-	(1,066,951)	(1,066,951)	-
Fund Balance - June 30	(1,066,951)	-	(1,066,951)	(177,132)	889,819
Recapitulation:					
Reserve for Encumbrances				62,729	
Reserve for Excess Surplus					(239,861)
Unrestricted Fund Balance				(177,132)	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Payment not recognized on GAAP basis				(1,899,260)	
Fund Balance per Governmental Funds (GAAP)				\$ (2,076,392)	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year Ended June 30, 2011

Exhibit C-2

	2010-2011				Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget	Actual	
REVENUES:					
Federal Sources	\$ 2,035,000	\$ 3,891,624	\$ 5,926,624	\$ 5,926,624	-
State Sources	-	1,501,528	1,501,528	1,501,528	-
Total Revenues	2,035,000	5,393,152	7,428,152	7,428,152	-
EXPENDITURES:					
Instruction					
Salaries of Teachers	868,500	479,862	1,348,362	1,348,362	-
Other Salaries for Instruction	500	42,235	42,735	42,735	-
Purchased Professional and Technical Services	24,000	12,549	36,549	36,549	-
Other Purchased Services (400-500 series)	18,000	973	18,973	18,973	-
General Supplies	450,000	6,762	456,762	456,762	-
Textbooks	9,000	1,000	10,000	10,000	-
Other Objects	6,700	17,452	24,152	24,152	-
Total Instruction	1,376,700	560,833	1,937,533	1,937,533	-
Support Services					
Salaries of Other Professional Staff	364,547	1,711,688	2,076,235	2,076,235	-
Salaries of Secretaries & Clerical Assistants	-	1,900	1,900	1,900	-
Personal Services - Employee Benefits	141,053	677,866	818,919	818,919	-
Purchased Professional - Educational Services	60,000	31,823	91,823	91,823	-
Other Purchased Professional Services	-	1,710,636	1,710,636	1,710,636	-
Rentals	-	297,879	297,879	297,879	-
Insurance	-	24,398	24,398	24,398	-
Comm/Phone	-	26,074	26,074	26,074	-
Travel	-	8,145	8,145	8,145	-
Other purchased Services (400-500 series)	40,000	138,238	178,238	178,238	-
Supplies & Materials	36,200	4,951	41,151	41,151	-
Energy	-	34,379	34,379	34,379	-
Other Objects	-	34,006	34,006	34,006	-
Total Support Services	641,800	4,701,983	5,343,783	5,343,783	-
Expenditures Continued					
Facilities Acquisition and Construction Services:					
Instructional Equipment	16,500	130,336	146,836	146,836	-
Total Facilities Acquisition and Construction Services	16,500	130,336	146,836	146,836	-
Total Expenditures	2,035,000	5,393,152	7,428,152	7,428,152	-
Other Financing Sources (Uses)					
Total Other Financing Sources (Uses)	-	-	-	-	-
Total Outflows	2,035,000	5,393,152	7,428,152	7,428,152	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2011

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] \$	46,888,961	[C-2] \$	7,428,152
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		-		(1,050,513)
Prior		-		481,838
State aid payment recognized for budgetary purposes, not recognized for GAAP statements				
Current		(1,899,260)		-
Prior		2,135,129		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>47,124,830</u>	[B-2] \$	<u>6,859,477</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	45,999,142	[C-2] \$	7,428,152
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		-		(1,050,513)
Prior		-		481,838
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.				
Net transfers (outflows) to general fund		-		-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>45,999,142</u>	[B-2] \$	<u>6,859,477</u>

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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
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

Exhibit E-1

	Total Brought Forward (Ex.E-1a)	Title I Part A 2010-2011	Title I Part D 2010-2011	Title II Part A 2010-2011	Summer Youth Program 2010-2011	Totals 2010-2011
REVENUES:						
Federal Sources	\$ 5,127,017	\$ 562,758	\$ 164,282	\$ 64,983	\$ 7,584	\$ 5,926,624
State Sources	1,501,528	-	-	-	-	1,501,528
Private Sources	-	-	-	-	-	-
Total Revenues	6,628,545	562,758	164,282	64,983	7,584	7,428,152
EXPENDITURES:						
Instruction:						
Salaries of Teachers	797,862	440,000	110,500	-	-	1,348,362
Other Salaries for Instruction	42,735	-	-	-	-	42,735
Purchased Professional and Technical Services	9,177	22,372	5,000	-	-	36,549
Other Purchased Services (400-500 series)	16,673	-	2,300	-	-	18,973
General Supplies	436,676	10,086	10,000	-	-	456,762
Textbooks	-	2,300	7,700	-	-	10,000
Other Objects	17,470	-	6,682	-	-	24,152
Total Instruction	1,320,593	474,758	142,182	-	-	1,937,533
Support services:						
Salaries of Other Professional Staff	1,959,079	88,000	22,100	-	7,056	2,076,235
Salaries of Secretarial & Clerical Staff	1,900	-	-	-	-	1,900
Personal Services - Employee Benefits	818,500	-	-	-	419	818,919
Purchased Professional - Educational Services	33,495	-	-	58,328	-	91,823
Other Purchased Professional Services	1,710,636	-	-	-	-	1,710,636
Rentals	297,879	-	-	-	-	297,879
Insurance	24,398	-	-	-	-	24,398
Comm/Phone	26,074	-	-	-	-	26,074
Travel	8,122	-	-	-	23	8,145
Other Purchased Services (400-500 series)	178,238	-	-	-	-	178,238
Supplies & Materials	34,490	-	-	6,655	6	41,151
Energy	34,379	-	-	-	-	34,379
Other Objects	33,926	-	-	-	80	34,006
Total support services	5,161,116	88,000	22,100	64,983	7,584	5,343,783
Facilities acquisition and const. serv.:						
Instructional Equipment	146,836	-	-	-	-	146,836
Total facilities acquisition construction services	146,836	-	-	-	-	146,836
Total Expenditures	6,628,545	562,758	164,282	64,983	7,584	7,428,152
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Outflows	6,628,545	562,758	164,282	64,983	7,584	7,428,152
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, 2011

Exhibit E-1a

	Total Brought Forward (Ex. E-1b)	Title II Part D 2009-2010	I.D.E.A. Part B Flow - Thru 2010-2011	I.D.E.A. Part B ARRA 2009-2011	P.L. 101-392 Perkins Voc. Ed. Post- Secondary 2010-2011	Total Carried Forward
REVENUES:						
Federal Sources	\$ 4,393,558	\$ 1,282	\$ 393,743	\$ 254,980	\$ 83,454	\$ 5,127,017
State Sources	1,501,528	-	-	-	-	1,501,528
Private Sources	-	-	-	-	-	-
Total Revenues	5,895,086	1,282	393,743	254,980	83,454	6,628,545
EXPENDITURES:						
Instruction:						
Salaries of Teachers	706,451	-	29,621	61,790	-	797,862
Other Salaries for Instruction	42,235	-	500	-	-	42,735
Purchased Professional and Technical Services	-	-	9,177	-	-	9,177
Other Purchased Services (400-500 series)	16,673	-	-	-	-	16,673
General Supplies	350,722	-	-	2,500	83,454	436,676
Textbooks	-	-	-	-	-	-
Other Objects	15,795	-	1,675	-	-	17,470
Total Instruction	1,131,876	-	40,973	64,290	83,454	1,320,593
Support services:						
Salaries of Other Professional Staff	1,708,816	-	250,263	-	-	1,959,079
Salaries of Secretarial & Clerical Staff	1,900	-	-	-	-	1,900
Personal Services - Employee Benefits	743,159	-	35,000	40,341	-	818,500
Purchased Professional - Educational Services	-	641	32,854	-	-	33,495
Other Purchased Professional Services	1,710,636	-	-	-	-	1,710,636
Rentals	297,879	-	-	-	-	297,879
Insurance	24,398	-	-	-	-	24,398
Comm/Phone	26,074	-	-	-	-	26,074
Travel	8,122	-	-	-	-	8,122
Other Purchased Services (400-500 series)	7,953	-	23,270	147,015	-	178,238
Supplies & Materials	19,132	641	11,383	3,334	-	34,490
Energy	34,379	-	-	-	-	34,379
Other Objects	33,926	-	-	-	-	33,926
Total support services	4,616,374	1,282	352,770	190,690	-	5,161,116
Facilities acquisition and const. serv.:						
Instructional Equipment	146,836	-	-	-	-	146,836
Total facilities acquisition and const. serv.	146,836	-	-	-	-	146,836
Total Expenditures	5,895,086	1,282	393,743	254,980	83,454	6,628,545
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Outflows	5,895,086	1,282	393,743	254,980	83,454	6,628,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit E-1b

Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis

For the Fiscal Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1c)	P.L. 101-392		Weatherization Training Program 2010-2011	Center Based Childcare 2010-2011	Total Carried Forward
		Perkins Voc. Ed. Secondary 2010-2011	Apprentice Coordinator 2010-2011			
REVENUES:						
Federal Sources	\$ 3,857,496	\$ 536,062	\$ -	\$ -	\$ -	\$ 4,393,558
State Sources	1,336,782	-	11,456	34,735	118,555	1,501,528
Private Sources	-	-	-	-	-	-
Total Revenues	5,194,278	536,062	11,456	34,735	118,555	5,895,086
EXPENDITURES:						
Instruction:						
Salaries of Teachers	706,451	-	-	-	-	706,451
Other Salaries for Instruction	-	-	7,500	34,735	-	42,235
Purchased Professional and Technical Services	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	16,673	-	-	-	16,673
General Supplies	-	350,722	-	-	-	350,722
Textbooks	-	-	-	-	-	-
Other Objects	-	15,795	-	-	-	15,795
Total Instruction	706,451	383,190	7,500	34,735	-	1,131,876
Support services:						
Salaries of Other Professional Staff	1,708,816	-	-	-	-	1,708,816
Salaries of Secretarial & Clerical Staff	-	-	1,900	-	-	1,900
Personal Services - Employee Benefits	743,159	-	-	-	-	743,159
Purchased Professional - Educational Services	-	-	-	-	-	-
Other Purchased Professional Services	1,588,681	3,400	-	-	118,555	1,710,636
Rentals	297,879	-	-	-	-	297,879
Insurance	24,398	-	-	-	-	24,398
Comm/Phone	26,074	-	-	-	-	26,074
Travel	5,325	2,636	161	-	-	8,122
Other Purchased Services (400-500 series)	7,953	-	-	-	-	7,953
Supplies & Materials	17,344	-	1,788	-	-	19,132
Energy	34,379	-	-	-	-	34,379
Other Objects	33,819	-	107	-	-	33,926
Total support services	4,487,827	6,036	3,956	-	118,555	4,616,374
Facilities acquisition and const. serv.:						
Instructional Equipment	-	146,836	-	-	-	146,836
Total facilities acquisition and const. serv.	-	146,836	-	-	-	146,836
Total Expenditures	5,194,278	536,062	11,456	34,735	118,555	5,895,086
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Outflows	5,194,278	536,062	11,456	34,735	118,555	5,895,086
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, 2011

Exhibit E-1c

	Total Brought Forward (Ex. E-1d)	Workforce Investment Act- ARRA 2010-2011	Temporary Assistance for Needy Families 2010-2011	Summer Youth Employment 2010-2011	Worforce NJ Learning Links Literacy 2010-2011	Worforce NJ Summer Youth 2010-2011	Total Carried Forward
REVENUES:							
Federal Sources	\$3,221,485	\$ 550,698	\$ -	\$ 85,313	\$ -	\$ -	\$3,857,496
State Sources	792,726	-	125,354	-	226,892	191,810	1,336,782
Private Sources	-	-	-	-	-	-	-
Total Revenues	4,014,211	550,698	125,354	85,313	226,892	191,810	5,194,278
EXPENDITURES:							
Instruction:							
Salaries of Teachers	706,451	-	-	-	-	-	706,451
Other Salaries for Instruction	-	-	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total Instruction	706,451	-	-	-	-	-	706,451
Support services:							
Salaries of Other Professional Staff	1,230,266	99,431	69,984	76,973	57,837	174,325	1,708,816
Salaries of Secretarial & Clerical Staff	-	-	-	-	-	-	-
Personal Services - Employee Benefits	619,746	48,833	32,692	-	28,137	13,751	743,159
Purchased Professional - Educational Services	-	-	-	-	-	-	-
Other Purchased Professional Services	1,041,714	402,434	1,609	6,771	136,153	-	1,588,681
Rentals	283,772	-	14,107	-	-	-	297,879
Insurance	23,178	-	1,220	-	-	-	24,398
Comm/Phone	24,770	-	1,304	-	-	-	26,074
Travel	3,999	-	210	330	-	786	5,325
Other Purchased Services (400-500 series)	7,953	-	-	-	-	-	7,953
Supplies & Materials	13,906	-	732	85	2,420	201	17,344
Energy	30,432	-	1,602	-	2,345	-	34,379
Other Objects	28,024	-	1,894	1,154	-	2,747	33,819
Total Support Services	3,307,760	550,698	125,354	85,313	226,892	191,810	4,487,827
Facilities acquisition and const. serv.:							
Instructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Const. Se	-	-	-	-	-	-	-
Total Expenditures	4,014,211	550,698	125,354	85,313	226,892	191,810	5,194,278
Other Financing Sources (Uses)							
Transfer in from General Fund	-	-	-	-	-	-	-
Total Outflows	4,014,211	550,698	125,354	85,313	226,892	191,810	5,194,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit E-1d

Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Total Brought Forward (Ex. E-1d)	Workforce Investment Act- JCETP 2010-2011	Business Development Initiative 2010-2011	Workforce Development Program 2010-2011	Special Initiative and Transportation 2010-2011	Total Carried Forward
REVENUES:						
Federal Sources	\$3,115,011	\$ 82,756	\$ 1,948	\$ 21,770	\$ -	\$ 3,221,485
State Sources	766,086	-	-	-	26,640	792,726
Private Sources	-	-	-	-	-	-
Total Revenues	3,881,097	82,756	1,948	21,770	26,640	4,014,211
EXPENDITURES:						
Instruction:						
Salaries of Teachers	706,451	-	-	-	-	706,451
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total Instruction	706,451	-	-	-	-	706,451
Support services:						
Salaries of Other Professional Staff	1,159,373	46,102	-	12,194	12,597	1,230,266
Salaries of Secretarial & Clerical Staff	-	-	-	-	-	-
Personal Services - Employee Benefits	583,369	21,634	-	5,849	8,894	619,746
Purchased Professional - Educational Services	-	-	-	-	-	-
Other Purchased Professional Services	1,039,880	1,126	-	322	386	1,041,714
Rentals	268,254	9,875	-	2,257	3,386	283,772
Insurance	23,178	-	-	-	-	23,178
Comm/Phone	23,284	913	-	260	313	24,770
Travel	3,759	147	-	42	51	3,999
Other Purchased Services (400-500 series)	7,953	-	-	-	-	7,953
Supplies & Materials	13,072	512	-	146	176	13,906
Energy	28,606	1,121	-	321	384	30,432
Other Objects	23,918	1,326	1,948	379	453	28,024
Total support services	3,174,646	82,756	1,948	21,770	26,640	3,307,760
Facilities acquisition and const. serv.:						
Instructional Equipment	-	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-	-
Total Expenditures	3,881,097	82,756	1,948	21,770	26,640	4,014,211
Other Financing Sources (Uses)						
Transfer in from General Fund	-	-	-	-	-	-
Total Outflows	3,881,097	82,756	1,948	21,770	26,640	4,014,211
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, 2011

Exhibit E-1e

	High School Proficiency Assessment 2010-2011	Education Jobs Act 2010-2011	Workforce NJ - Temporary Assistance to Needy Families 2010-2011	Workforce Investment Act 2010-2011	Total Carried Forward
REVENUES:					
Federal Sources	\$ -	\$ 706,451	\$ -	\$ 2,408,560	\$3,115,011
State Sources	128,700	-	637,386	-	766,086
Private Sources	-	-	-	-	-
Total Revenues	128,700	706,451	637,386	2,408,560	3,881,097
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-	706,451	-	-	706,451
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
Total Instruction	-	706,451	-	-	706,451
Support services:					
Salaries of Other Professional Staff	-	-	363,917	795,456	1,159,373
Salaries of Secretarial & Clerical Staff	-	-	-	-	-
Personal Services - Employee Benefits	-	-	176,937	406,432	583,369
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Professional Services	128,700	-	8,044	903,136	1,039,880
Rentals	-	-	59,251	209,003	268,254
Insurance	-	-	5,124	18,054	23,178
Comm/Phone	-	-	5,475	17,809	23,284
Travel	-	-	884	2,875	3,759
Other Purchased Services (400-500 series)	-	-	7,953	-	7,953
Supplies & Materials	-	-	3,074	9,998	13,072
Energy	-	-	6,727	21,879	28,606
Other Objects	-	-	-	23,918	23,918
Total support services	128,700	-	637,386	2,408,560	3,174,646
Facilities acquisition and const. serv.:					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Transfer to Charter School	-	-	-	-	-
Total Expenditures	128,700	706,451	637,386	2,408,560	3,881,097
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	-	-
Total Outflows	128,700	706,451	637,386	2,408,560	3,881,097
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, 2011

Exhibit F-1

Ordinance Numbers	Ordinance Date	Project Title/Issue	Ordinance Amount	Expenditures to Date		Unexpended Balance June 30, 2010
				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	1,256,728	43,272	-
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	3,474,827	-	125,173
331-6-1998	6/25/1998	Improvements/Renovations of Various Facilities and Purchase of Various Equipment	700,000	679,288	-	20,712
412-9-2000	9/28/2000	Various Capital Improvements	4,300,000	3,878,648	-	421,352
305-7-2004	7/8/2004	Improvements/Renovation of Various Facilities, Network Upgrade, Various Buses and Equipment	6,475,000	6,441,955	26,751	6,294
299-7-2005	7/14/2005	Improvements/Acquisition of Various Equipment	5,000,000	1,889,863	565,582	2,544,555
269-6-2006	6/22/2006	Improvements/Acquisition of Various Equipment	11,800,000	7,357,321	3,130,586	1,312,093
			34,800,000	26,597,340	3,766,191	4,436,469

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit F-2

Capital Projects Fund

**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2011**

Revenues and Other Financing Sources	<u>\$ -</u>
Expenditures and Other Financing Uses:	
Equipment purchases	3,766,191
Write-off of receivables	336,942
Total Expenditures	<u>4,103,133</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(4,103,133)</u>
Fund Balance - beginning	8,539,602
Fund Balance - ending	<u><u>\$ 4,436,469</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 Assets
Proprietary Funds
June 30, 2011

Exhibit G-1

	Business-type Activities - Enterprise Fund <hr/> Food Service <hr/>
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ -
State Receivables	2,372
Federal Receivables	172,507
Total Current Assets	<u>174,879</u>
Noncurrent Assets:	
Furniture, machinery & equipment	369,725
Less accumulated depreciation	(259,574)
Total Noncurrent Assets	<u>110,151</u>
Total Assets	<u>285,030</u>
LIABILITIES:	
Current Liabilities:	
Interfund payable	331,367
Accounts payable	24,729
Total Current Liabilities	<u>356,096</u>
Total Liabilities	<u>356,096</u>
NET ASSETS:	
Unrestricted	(71,066)
Total Net Assets	<u>\$ (71,066)</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit G-2

	Business-type Activities - Enterprise Fund <hr/> Food Service <hr/>
Operating Revenues:	
Charges for Services:	
Daily sales - non-reimbursable programs	\$ 264,359
Total Operating Revenues	<hr/> 264,359 <hr/>
Operating Expenses:	
Cost of sales	283,888
Salaries	248,805
Employee benefits	80,285
Professional Fees	-
General supplies	2,650
Management Fees	87,500
Depreciation	15,000
Insurance	15,246
Travel	932
Laundry & Cleaning	528
Miscellaneous	4,446
Total Operating Expenses	<hr/> 739,280 <hr/>
Operating Income (Loss)	<hr/> (474,921) <hr/>
Nonoperating Revenues (Expenses):	
State sources:	
State school lunch program	5,489
Federal sources:	
National school lunch program	265,497
National school breakfast program	101,547
Food distribution program	31,322
Total Nonoperating Revenues (Expenses)	<hr/> 403,855 <hr/>
Income (loss) before contributions & transfers	(71,066)
Transfers in (out)	
Change in Net Assets	<hr/> (71,066) <hr/>
Total Net Assets - Beginning	-
Total Net Assets - Ending	<hr/> \$ (71,066) <hr/>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

Exhibit G-3

	<u>Business-type Activities - Enterprise Fund Food Service</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 264,359
Payments to suppliers	<u>(739,757)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(475,398)</u>
 Cash Flows from Noncapital Financing Activities:	
State Sources	6,949
Federal Sources	274,961
(Payment of interfund)/interfunds advanced	193,488
Operating subsidies and transfers to other funds	-
Net Cash Provided by (Used for) Non-capital Financing Activities	<u>475,398</u>
 Net increase (decrease) in cash and cash equivalents	
	-
Balances - Beginning of Year	<u>-</u>
Balances - End of Year	<u><u>-</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided	
(Used) by Operating Activities:	
Operating income (loss)	(474,921)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	15,000
Non-Cash expenditure recognized for national food program	31,322
Increase (decrease) in accounts payable	<u>(46,799)</u>
Total adjustments	<u>(477)</u>
 Net Cash Provided by (Used for) Operating Activities	 <u><u>\$ (475,398)</u></u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Internal Service Funds
Combining Statement of Net Assets
For the Year Ended June 30, 2011

Exhibit G-4

	Trans- portation Consortium	Youth House Services	Vendor Contracts	Total Internal Service
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Account Receivable:				
State of New Jersey	-	-	-	-
County of Hudson	-	416,000	-	416,000
Interfund receivable - General Fund	436,046	-	-	436,046
Other LEA's	560,928	-	-	560,928
Other Receivable	-	-	248,242	248,242
Total Current Assets	<u>996,974</u>	<u>416,000</u>	<u>248,242</u>	<u>1,661,216</u>
Fixed Assets:				
Equipment	-	106,113	-	106,113
Less: Accumulated Depreciation	-	(71,158)	-	(71,158)
Total Fixed Assets - Net	<u>-</u>	<u>34,955</u>	<u>-</u>	<u>34,955</u>
Total Assets	<u>\$ 996,974</u>	<u>\$ 450,955</u>	<u>\$ 248,242</u>	<u>\$ 1,696,171</u>
LIABILITIES AND NET ASSETS:				
Current Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Interfund payable - General Fund	-	271,603	263,341	534,944
Total Current Liabilities	<u>-</u>	<u>271,603</u>	<u>263,341</u>	<u>534,944</u>
Net Asset - Unreserved	<u>996,974</u>	<u>179,352</u>	<u>(15,099)</u>	<u>1,176,326</u>
Total Net Assets	<u>996,974</u>	<u>179,352</u>	<u>(15,099)</u>	<u>1,161,227</u>
Total Liabilities and Net Assets	<u>\$ 996,974</u>	<u>\$ 450,955</u>	<u>\$ 248,242</u>	<u>\$ 1,696,171</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit G-5

Internal Service Funds

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended June 30, 2011**

	<u>Transportation Consortium</u>	<u>Youth House Services</u>	<u>Vendor Contracts</u>	<u>Total Internal Service</u>
Operating Revenue -				
Local Sources - Transportation fees from other LEA's within the state	\$ 3,211,056	\$ -	\$ -	\$ 3,211,056
Total Operating Revenue	<u>3,211,056</u>	<u>-</u>	<u>-</u>	<u>3,211,056</u>
Operating Expenses:				
Salaries	1,382,959	570,445	-	1,953,404
Employee Benefits	-	180,000	-	180,000
Social Security Contribution	-	27,000	-	27,000
Professional Services	-	-	-	-
Other Purchased Services	2,069,198	-	312,927	2,382,125
Communication	-	-	-	-
Supplies and Materials	-	781	-	781
Textbooks	-	672	-	672
Equipment	-	-	-	-
Insurance	-	-	-	-
Depreciation	-	-	-	-
Other Objects	-	7,968	-	7,968
Total Operating Expenses	<u>3,452,157</u>	<u>786,866</u>	<u>312,927</u>	<u>4,551,950</u>
Operating Income (Loss) before Non-Operating Revenues and Non-Operating Transfers	<u>(241,101)</u>	<u>(786,866)</u>	<u>(312,927)</u>	<u>(1,340,894)</u>
Non-Operating Revenues:				
County of Hudson:				
SFEA Match	-	243,000	-	243,000
Additional Funding - County	-	173,000	-	173,000
Other-Contracted Services	-	-	294,254	294,254
State Sources:				
State Facilities Education Act (SFEA)	-	243,000	-	243,000
Total Non-Operating Revenue	<u>-</u>	<u>659,000</u>	<u>294,254</u>	<u>953,254</u>
Net Income (Loss)	<u>(241,101)</u>	<u>(127,866)</u>	<u>(18,673)</u>	<u>(387,640)</u>
Net Assets - Beginning	<u>1,238,075</u>	<u>307,218</u>	<u>3,574</u>	<u>1,548,867</u>
Net Assets - Ending	<u>\$ 996,974</u>	<u>\$ 179,352</u>	<u>\$ (15,099)</u>	<u>\$ 1,161,227</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011

Exhibit G-6

	Trans- portation Consortium	Youth House Services	Vendor Contracts	Total Internal Service
Cash Flows from Operating Activities:				
Receipts from customers	\$ 2,861,851	\$ -	\$ 224,250	\$ 3,086,101
Payment for salaries and benefits	-	-	(282,281)	(282,281)
Payments to suppliers	(3,462,441)	(789,609)		(4,252,050)
Net Cash Provided by (Used for) Operating Activities	(600,590)	(789,609)	(58,031)	(1,448,230)
Cash Flows from Noncapital Financing Activities:				
State Sources	-	243,000	-	243,000
County Sources	-	375,500	-	375,500
(Payment of interfund)/interfunds advanced	600,590	171,109	58,031	829,730
Net Cash Provided by (Used for) Non-capital Financing Activities	600,590	789,609	58,031	1,448,230
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 by (Used for) Operating Activities -				
Operating income (loss)	(241,101)	(786,866)	(18,673)	(1,046,640)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
(Increase) Decrease in Accounts Receivable	(349,203)	-	(39,358)	(388,561)
Increase (Decrease) in Accounts Payable	(10,286)	(2,743)	-	(13,029)
Net Adjustments	(359,489)	(2,743)	(39,358)	(401,590)
Net Cash Provided by (Used for) Operating Activities	\$ (600,590)	\$ (789,609)	\$ (58,031)	\$ (1,448,230)

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 Assets
Fiduciary Funds
June 30, 2011

Exhibit H-1

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
ASSETS -		
Cash and cash equivalents	\$ 154,069	\$ 442,786
Due from other funds	35,411	-
Total assets	<u>189,480</u>	<u>442,786</u>
LIABILITIES -		
Payable to student groups	-	364,574
Due to other funds	-	35,411
Payroll deductions and withholdings	-	42,801
Total liabilities	<u>-</u>	<u>442,786</u>
NET ASSETS		
Held in trust for unemployment claims and other purposes	<u>\$ 189,480</u>	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2011

Exhibit H-2

	Unemployment Compensation Trust
ADDITIONS:	
Contributions	\$ 52,915
Total Additions	52,915
DEDUCTIONS:	
Unemployment claims	387,371
Total Deductions	387,371
Change in Net Assets	(334,456)
Net Assets - Beginning of the Year	523,936
Net Assets - End of the Year	\$ 189,480

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Student Activity
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2011

Exhibit H-3

	<u>Balance</u> <u>June 30, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
All Locations	\$ 276,653	\$ 384,698	\$ 364,770	\$ 296,581
Scholarship funds	103,631	15,625	44,620	74,636
	<u>\$ 380,284</u>	<u>\$ 400,323</u>	<u>\$ 409,390</u>	<u>\$ 371,217</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit H-4

Payroll Agency

Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
PAYROLL AGENCY FUND:				
Net Payroll	\$ 44,338	\$ 22,904,490	\$ 22,942,716	\$ 6,112
Payroll Agency	24,583	34,592,109	34,544,532	72,160
Total Payroll Agency Fund:	<u>\$ 68,921</u>	<u>\$ 57,496,599</u>	<u>\$ 57,487,248</u>	<u>\$ 78,272</u>

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, 2011

Exhibit I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2010	Retired	Balance June 30, 2010
			Date	Maturities				
NOTE: The following are obligations of the County of Hudson and are not pass-through obligations.								
County Vocational School Bonds	November 1, 2001	\$ 3,650,000	11/1/11	205,000	4.50%	\$ 3,195,000	\$ (195,000)	\$ 3,000,000
			11/1/12	220,000	4.50%			
			11/1/13	230,000	4.50%			
			11/1/14	240,000	4.50%			
			11/1/15	255,000	4.50%			
			11/1/16	270,000	4.50%			
			11/1/17	280,000	4.50%			
			11/1/18	305,000	4.60%			
			11/1/19	315,000	4.70%			
			11/1/20	330,000	4.75%			
			11/1/21	350,000	4.80%			
County Vocational School Bonds	September 12, 2006	\$ 27,925,000	9/1/11	270,000	4.00%	27,615,000	(270,000)	27,345,000
			9/1/12	990,000	4.00%			
			9/1/13	1,020,000	4.00%			
			9/1/14	1,205,000	4.00%			
			9/1/15	1,260,000	4.25%			
			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%				
						\$ 30,810,000	\$ (465,000)	\$ 30,345,000

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STATISTICAL SECTION
(Unaudited)

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Net Assets by Component
Last Eight Fiscal Years
Unaudited

	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:								
Invested in capital assets, net of related debt	18,173,894	15,566,281	16,072,716	17,808,017	13,722,087	12,946,705	12,878,704	13,555,843
Restricted	109,036	107,779	450,759	395,986	639,820	223,809	228,867	200,741
Unrestricted	(5,719,945)	1,285,017	8,278,981	7,446,630	5,718,675	1,421,021	(5,395,401)	(8,763,162)
Total Governmental Activities Net Assets	12,562,985	16,959,077	24,802,456	25,650,633	20,080,582	14,591,535	7,712,170	4,993,422
Business-type activities:								
Invested in capital assets, net of related debt	-	35,259	35,259	35,259	35,259	144,926	125,151	110,151.00
Restricted	252,915	-	-	-	-	-	-	-
Unrestricted	-	(35,259)	(35,259)	(35,259)	95,016	(144,926)	(125,151)	(181,217)
Total Business-type Activities Net Assets	252,915	-	-	-	130,275	-	-	(71,066)
District-Wide:								
Invested in capital assets, net of related debt	18,173,894	15,601,540	16,107,975	17,843,276	13,757,346	13,091,631	13,003,855	13,665,994
Restricted	361,951	107,779	450,759	395,986	639,820	223,809	228,867	200,741
Unrestricted	(5,719,945)	1,249,758	8,243,722	7,411,371	5,813,691	1,276,095	(5,520,552)	(8,944,379)
Total District Net Assets	12,815,900	16,959,077	24,802,456	25,650,633	20,210,857	14,591,535	7,712,170	4,922,356

Source: School records

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

Exhibit J-2

	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental Activities:								
Instruction:								
Regular	10,009,042	11,705,331	9,310,802	10,147,693	9,581,821	8,449,537	9,031,619	7,953,992
Vocational	4,701,861	5,206,508	6,051,171	4,639,239	4,719,132	5,125,907	4,250,747	4,411,869
Community Service Program	254,089	738,806	786,307	880,915	708,264	644,406	577,478	492,788
Support Services:								
Student & instruction related services	6,122,044	7,031,470	6,244,167	6,510,238	6,483,340	6,542,992	5,815,852	6,887,219
School Administrative services	4,246,780	5,957,117	3,933,502	3,360,649	3,364,546	2,769,490	2,810,386	2,837,528
General Administration	1,699,080	1,798,313	1,664,102	1,409,504	1,364,010	1,431,307	2,636,035	1,909,329
Plant operations and maintenance	5,054,828	4,796,216	5,742,214	5,026,160	4,791,339	4,737,986	4,585,282	4,456,647
Pupil transportation	5,942,977	6,387,673	6,743,450	6,264,791	5,996,832	6,912,539	7,092,568	2,619,382
Special Schools	6,117,631	7,367,120	7,416,664	6,840,682	5,419,231	5,072,182	5,125,917	8,980,330
Unallocated depreciation	1,256,166	1,148,363	1,022,243	1,162,635	1,502,345	2,275,894	2,015,487	1,996,141
Capital expenditures not capitalized	1,993,515	2,681,128	1,566,994	1,269,809	2,760,152	1,329,854	-	-
Unallocated Benefits	13,132,405	13,963,055	13,090,473	12,434,208	12,063,795	10,059,738	-	-
Total Governmental Activities Expenses	60,530,418	68,781,100	63,572,089	59,946,523	58,754,807	55,351,832	53,804,306	46,903,337
Business-type Activities:								
Food service	739,280	776,102	865,249	749,408	759,937	591,733	692,362	635,824
Total Business type activities expense	739,280	776,102	865,249	749,408	759,937	591,733	692,362	4,746,028
Total District Expenses	61,269,698	69,557,202	64,437,338	60,695,931	59,514,744	55,943,565	54,496,668	51,649,365
Program Revenue								
Governmental Activities:								
Charges for services:								
Instruction (tuition)	953,254	1,288,934	1,689,564	812,000	486,000	695,000	1,191,950	-
Pupil transportation	3,211,056	3,465,601	4,194,601	4,067,143	3,517,460	3,665,975	3,577,371	-
Operating grants and contributions	9,435,227	10,104,461	7,335,326	9,859,707	7,732,570	8,526,470	9,828,687	9,157,661
Capital grants and contributions	-	-	-	376,408	-	-	-	-
Total Governmental Activities Program Revenues	13,599,537	14,858,996	13,219,491	15,115,258	11,736,030	12,887,445	14,598,008	9,157,661
Business-type Activities								
Charges for services:								
Food service	264,359	319,125	334,612	363,520	348,067	339,288	337,618	263,242
Operating grants and contributions	403,855	439,687	362,249	285,319	242,380	217,858	190,800	1,209,493
Total Business-type Activities Program Revenues	668,214	758,812	696,861	648,839	590,447	557,146	528,418	4,565,704
Total District Program Revenues	14,267,751	15,617,808	13,916,352	15,764,097	12,326,477	13,444,591	15,126,426	13,723,365
Net (Expense)/ Revenue								
Governmental activities	(46,930,881)	(53,922,104)	(50,352,598)	(44,831,265)	(47,018,777)	(42,464,387)	(39,206,298)	(37,745,676)
Business-type activities	(71,066)	(17,290)	(168,388)	(100,569)	(169,490)	(34,587)	(163,945)	(180,324)
Total District-wide Net Expense	(47,001,947)	(53,939,394)	(50,520,986)	(44,931,834)	(47,188,267)	(42,498,974)	(39,370,242)	(37,926,000)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes levied for general purposes - Net	24,150,000	23,514,000	23,514,000	24,314,000	24,314,000	21,814,000	20,914,000	20,514,000
Unrestricted grants and contributions	19,244,871	22,572,967	20,318,626	16,712,574	17,743,443	16,741,848	16,318,660	15,669,146
Tuition received	729,528	397,509	302,363	429,600	754,253	232,468	212,088	197,633
Interest earnings	5,417	15,057	35,485	74,972	37,305	36,993	49,549	51,474
Miscellaneous income	419,264	356,238	234,841	891,318	287,386	1,077,677	399,392	546,094
Transfers	-	(17,290)	(38,113)	(100,569)	(169,490)	(34,587)	(163,945)	(193,088)
County debt authorized	-	-	-	-	5,000,000	11,800,000	6,475,000	-
Extraordinary Item	-	64,033	212,253	61,394	(41,446)	(1,378,196)	-	297,884
Federal and State Aid used in capital assets	-	140,225	284,095	191,106	-	17,563	-	-
Total Governmental Activities	44,549,080	47,042,739	44,863,550	42,574,395	47,925,451	50,307,766	44,204,747	37,083,143
Business-type activities:								
Transfers	-	17,290	38,113	100,569	169,490	34,587	163,945	193,088
Total business-type activities	-	17,290	38,113	100,569	169,490	34,587	163,945	193,088
Total district wide	44,549,080	47,060,029	44,901,663	42,674,964	48,094,941	50,342,353	44,368,692	37,276,231
Change in Net Assets								
Governmental activities	(2,381,801)	(6,879,365)	(5,489,048)	(2,256,870)	906,674	7,843,379	4,998,449	(662,533)
Business-type activities	(71,066)	-	(130,275)	-	-	-	1	12,764
Total District	(2,452,867)	(6,879,365)	(5,619,323)	(2,256,870)	906,674	7,843,379	4,998,450	(649,769)

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Fund Balances - Governmental Funds

Last Eight
Fiscal Years
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:								
Committed	\$ 716,570	\$ 87,293	\$ 482,672	\$ 765,593	\$ 606,991	\$ 85,452	\$ 205,130	\$ 62,729
Unassigned	1,069,938	1,722,888	919,234	1,624,965	1,720,426	(1,332,738)	(3,407,210)	(2,139,121)
Total General Fund	<u>1,786,508</u>	<u>1,810,181</u>	<u>1,401,906</u>	<u>2,390,558</u>	<u>2,327,417</u>	<u>(1,247,286)</u>	<u>(3,202,080)</u>	<u>(2,076,392)</u>
All Other Governmental Funds:								
Committed reported in:								
Capital projects fund	313,656	793,480	198,007	567,909	545,870	230,078	984,556	592,620
Unassigned, reported in:								
Special revenue fund	-	-	-	-	(15,593)	-	-	-
Capital projects fund	1,570,773	6,453,047	14,946,666	13,788,983	12,868,740	11,874,158	7,555,046	3,843,849
Debt service fund	-	-	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 1,884,429</u>	<u>\$ 7,246,527</u>	<u>\$ 15,144,673</u>	<u>\$ 14,356,892</u>	<u>\$ 13,399,017</u>	<u>\$ 12,104,236</u>	<u>\$ 8,539,602</u>	<u>\$ 4,436,469</u>

Source: School records

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

Unaudited

	2011	2010	2009	2008	2007	2006	2005	2004
Revenues								
Tax levy	\$ 24,150,000	\$ 23,514,000	\$ 23,514,000	\$ 24,314,000	\$ 24,314,000	\$ 21,814,000	\$ 20,914,000	\$ 20,514,000
Tuition charges	729,528	397,509	302,363	429,600	754,253	232,468	212,088	197,633
Interest earnings	5,417	15,057	35,485	74,972	37,304	36,993	49,549	51,474
Miscellaneous	419,264	356,238	234,841	891,318	287,386	1,077,677	1,356,489	6,731,648
State sources	23,139,448	23,033,668	24,099,341	23,253,449	19,585,506	18,694,584	17,862,052	17,081,109
Federal sources	5,540,650	9,693,650	3,804,750	3,755,072	5,890,507	6,591,297	1,633,245	1,560,144
Other sources	-	-	-	-	-	6,591,297	5,679,741	-
Private Sources	-	90,335	33,956	131,274	-	-	15,212	-
Total Revenue	53,984,307	57,100,457	52,024,736	52,849,685	50,868,956	48,447,019	47,722,379	46,136,008
Expenditures								
Instruction:								
Regular Instruction	8,878,447	9,100,911	7,546,910	8,526,487	7,774,819	7,445,250	7,711,710	6,898,655
Community Service Program	254,089	738,806	786,307	880,915	708,264	644,406	577,478	492,788
Vocational education	4,701,861	5,206,508	6,051,171	4,639,239	4,719,132	5,125,907	4,250,747	4,411,869
Support Services:								
Student & inst. related services	6,122,044	7,031,470	6,244,167	6,510,238	6,483,340	6,542,992	5,815,852	6,887,219
School administrative services	4,246,780	5,997,117	3,933,502	3,360,649	3,364,546	2,769,490	2,810,386	2,837,528
Plant operations and maintenance	5,054,828	4,852,847	5,961,600	5,234,556	4,989,296	4,926,027	4,772,404	4,456,647
Pupil transportation	2,490,820	2,945,622	2,778,995	2,483,252	2,770,876	3,402,923	3,647,188	2,619,382
Other Support Services	1,699,080	1,798,313	1,664,102	1,409,504	1,364,010	1,431,307	2,636,035	1,909,329
Unallocated benefits	13,132,405	13,963,055	13,090,473	12,434,208	12,063,795	10,059,738	9,862,935	8,980,330
Undistributed expenditures	-	-	-	-	-	-	-	-
Special Schools	6,117,631	7,367,120	7,416,664	6,840,682	5,419,231	5,072,182	5,125,917	4,358,112
Charter Schools	-	-	-	-	-	-	-	-
Capital outlay	3,926,825	3,704,859	1,594,469	1,509,796	5,799,841	3,924,142	1,436,984	1,668,034
Total Expenditures	56,624,810	62,666,628	57,068,360	53,831,526	55,457,150	51,344,364	48,647,636	45,519,893
Excess (Deficiency) of revenues over (under) expenditures	(2,640,503)	(5,566,171)	(5,043,624)	(981,841)	(4,588,194)	(2,897,345)	(925,257)	616,115
Other Financing Sources (Uses)								
Proceeds from borrowing	-	-	-	-	5,000,000	11,800,000	6,475,000	-
Payments to escrow agent	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,378,196	-	172,206
Transfers out	-	(17,290)	(38,113)	(100,569)	(169,490)	(1,412,783)	(163,945)	(365,294)
Write off (recovery) of receivables	-	64,033	212,233	61,394	(99,943)	(1,378,196)	-	(172,206)
Total other financing sources (uses)	-	46,743	174,140	(39,175)	4,730,567	10,387,217	6,311,055	(365,294)
Net change in fund balances	\$ (2,640,503)	\$ (5,519,428)	\$ (4,869,484)	\$ (1,021,016)	\$ 142,373	\$ 7,489,872	\$ 5,385,798	\$ 250,821
Debt service as a percentage of noncapital expenditures	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 Eight Fiscal Years
 Unaudited

Description	2011	2010	2009	2008	2007	2006	2005	2004
General Fund:								
Interest on Investments	\$ 5,417	\$ 15,057	\$ 35,485	\$ 74,972	\$ 37,304	\$ 36,993	\$ 49,397	\$ 51,474
Book Sales / Rentals	-	-	41,821	6,975	-	-	57	1,524
Health Benefits	-	32,191	49,557	12,527	-	-	694	6,442
Tuition	729,528	397,509	302,363	429,600	754,253	232,468	212,088	197,633
Workmen's Compensation	-	-	-	25,890	40,026	56,494	35,632	32,892
Local Revenue for In and Out of School Programs	-	-	-	679,000	-	-	-	-
Insurance Reimbursements	-	-	9,927	-	-	-	-	-
E-Rate Vendors Refund	53,684	61,290	28,350	67,550	98,480	84,253	91,400	47,720
Refunds	-	-	85	10,646	17,866	56,505	67,226	205,664
Other	365,580	262,757	105,101	88,730	131,014	880,425	204,537	251,853
Total Miscellaneous	1,154,209	768,804	572,689	1,395,890	1,078,943	1,347,138	661,031	795,202
Total General Fund	1,154,209	768,804	572,689	1,395,890	1,078,943	1,347,138	661,031	795,202

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 Eight Fiscal Years
Unaudited

<u>Year Ended July 1,</u>	<u>School District Population</u>	<u>Total Per Capita Income (1)</u>	<u>Unemployment Rate</u>
2004	599,929	33,324	6.20%
2005	596,488	35,503	5.40%
2006	592,174	38,377	5.50%
2007	589,377	41,324	5.00%
2008	592,111	43,925	6.40%
2009	597,924	43,388	10.90%
2010	634,266	Not Available	10.70%
2011	Not Available	Not Available	10.80%

Sources: Population information provided by the NJ Department of Labor and Workforce Development
Personal income has been estimated based upon the municipal population and per capita personal income presented
Per capita personal income by county estimate based upon the 2000 Census published by the US Bureau of Economic Analysis
Unemployment data provided by the NJ Department of Labor and Workforce Development

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

Exhibit J-15

Information was not available

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

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction								
Regular	148	150	152	140	138	145	149	138
Vocational	42	44	46	43	42	41	51	30
Support Services:								
Student & Instruction Related Services	39	41	42	41	39	40	37	40
General Administration	9	10	10	10	8	11	10	13
School Administrative Services	9	9	9	9	9	6	12	11
Other Administrative Services				-	-	-	17	17
Central Services	16	16	17	16	15	14	17	
Administrative Information Technology	1	2	2	2	2	1	13	
Plant Operations and Maintenance	39	41	43	42	40	41	39	43
Pupil Transportation	60	60	64	65	68	70	67	64
Other Support Services	19	19	19	19	18	15	38	43
Media Svcs Tech	5	5	5	5	5			
Total	387	397	409	392	384	384	450	399

Source: School records

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

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	Student Attendance Percentage
2004	1,865	43,851,859	23,513	4.12%	152	12	1,715.0	1,614.0	35.95%	94.11%
2005	1,811	47,210,652	26,069	10.87%	185	10	1,738.0	1,646.0	1.34%	94.71%
2006	1,867	48,027,182	25,724	-1.32%	175	11	1,839.0	1,739.0	5.81%	94.56%
2007	1,925	49,657,309	25,796	0.28%	181	11	1,875.0	1,791.0	1.96%	95.52%
2008	2,636	52,321,730	19,849	-23.05%	186	14	2,556.0	2,429.0	36.32%	95.03%
2009	2,746	55,473,891	20,202	1.78%	198	14	2,646.0	2,533.0	3.52%	95.73%
2010	2,985	58,961,769	19,753	-2.22%	194	15	2,656.0	2,516.0	0.38%	94.73%
2011	3,041	58,961,769	19,389	-1.84%	194	16	2,722.0	2,566.0	2.48%	94.27%

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
School Building Information
June 30, 2011

Exhibit J-18

School Buildings

Hudson County Schools of Technology North Hudson Center (1974)

Square feet	91,500
Capacity (students)	3,519
Enrollment	2,360

Hudson County Schools of Technology Jersey City Center

Square feet	88,000
Capacity (students)	3,384
Enrollment	1,327

Source: School Records

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

Location	Building Code	2011	2010	2009	2008	2007	2006	2005	2004
H.C.S.T. Jersey City Center	030	279,199	273,004	281,914	215,788	198,391	147,162	142,150	151,936
H.C.S.T. North Hudson Center	050	329,373	326,477	315,778	284,873	242,478	179,865	124,377	178,359
		<u>608,572</u>	<u>599,481</u>	<u>597,692</u>	<u>500,661</u>	<u>440,869</u>	<u>327,027</u>	<u>266,527</u>	<u>330,295</u>

Source: School Records

**Hudson County School of Technology
Insurance Schedule
June 30, 2011**

Exhibit J-20

UNAUDITED

Coverage	Limit	Insurer	Policy #	Effective date	date
PROPERTY :			P309AA-01	7/1/2010	7/1/2011
Blanket Real & Personal Property	\$300,000,000				
Blanket Extra Expense	\$50,000,000				
Blanket valuable Papers	\$10,000,000				
Deductible	\$5,000				
Flood					
Flood Zones A & V	\$ 10,000,000 per occurrence/ \$ 10,000,000 NJSBAIG annual Aggregate				
All Other Flood Zones	\$ 50,000,000 per occurrence / \$ 50,000,000 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					
	\$100,000,000	NJSBAIG			
Deductible	\$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 Operator	16,000,000				
Bodily Injury/Property damage each claim	\$16,000,000				
Products Completed Operations	\$16,000,000				
Personal Injury & Advertising Injury	\$16,000,000				
Employee Benefits Liability	\$16,000,000				
Premises Medical		per person	\$1,000		
		occurrence limit	\$10,000		

**Hudson County School of Technology
Insurance Schedule
June 30, 2011**

Exhibit J-20

UNAUDITED

Coverage	Limit	Insurer	Policy #	Effective date	date
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 pedestr.	\$250,000				
Medical Payments	\$ 10,000	Private Passenger Vehicles/\$ 5,000 All others			
Terrorism	\$ 1,000,000	per occurrence/annual NJSBAIG aggregate			
Physical Damage					
Comprehensive	\$ 1,000	deductible			
Collision	\$ 1,000	deductible			
WORKERS COMPENSATION					
		NJSBAIG	W309AA-01	7/1/2010	7/1/2011
PART I		STATUTORY LIMITS			
PART II					
	Bodily Injury by Accider	\$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	7/1/2010	7/1/2011
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			

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SINGLE AUDIT SECTION

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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

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 financial statements of the Board of Education of the Hudson County Schools of Technology a component unit of the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Hudson County Schools of Technology basic financial statements and have issued our report thereon dated December 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 Division of Finance, Department of Education State of New Jersey.

Internal Control Over Financial Reporting

Management of the Hudson County Schools of Technology is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Hudson County Schools of Technology's internal control over financial reporting as a basis for designing our auditing procedures but not for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hudson County Schools of Technology's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

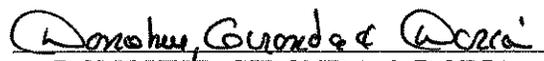
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02 that we consider to be significant deficiencies in internal control over financial reporting. 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.

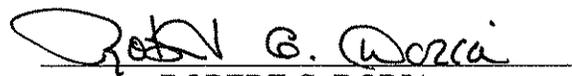
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hudson County Schools of Technology's financial statements are free of 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey which are described in the accompanying schedule of findings and questioned costs as items 2011-01 through 2011-02.

The Hudson County Schools of Technology's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02. We did not audit the Hudson County Schools of Technology's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the Hudson County Schools of Technology, the New Jersey State Department of Education and other State and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DONOHUE, GIRONDA & DORIA


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

Bayonne, New Jersey
December 1, 2011

DONOHUE, GIRONDA & DORIA

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Exhibit K-2

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

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

Compliance

We have audited the compliance of the Hudson County Schools of Technology, in the County of Hudson, State of New Jersey, 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 fiscal year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Hudson County Schools of Technology's management. Our responsibility is to express an opinion on the Hudson County Schools of Technology's compliance based on our audit.

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 Division of Finance and Regulatory Compliance, 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, 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, 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. Our audit does not provide a legal determination of the Hudson County Schools of Technology's compliance with those requirements.

As described in items 2011-01 through 2011-04 in the accompanying schedule of findings and questioned costs, the Hudson County Schools of Technology, did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Cost, Cash Management and Subrecipient monitoring that are applicable to its Workforce Investment Act programs. Compliance with such requirements is necessary, in our opinion, for the Hudson County Schools of Technology, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Hudson County Schools of Technology complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

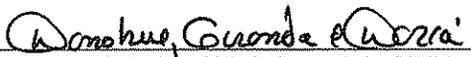
Management of the Hudson County Schools of Technology is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Hudson County Schools of Technology's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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, 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 City of Union City School District's internal control over compliance.

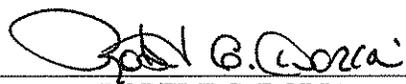
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We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

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 and state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-01 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-02 through 2011-04 to be significant deficiencies.

The Hudson County Schools of Technology's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Hudson County Schools of Technology's responses and, accordingly, we express no opinion on the responses. This report is intended solely for the information and use of the Board of Directors, management, the New Jersey State Department of Education and other Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


DONOHUE, GIRONDA & DORIA


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

Bayonne, New Jersey
December 1, 2011

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM-TO	BALANCE AT JUNE 30, 2010
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	31,322	7/1/10-6/30/11	-
Cash Assistance:					
School Breakfast Program	10.553	N/A	101,554	7/1/10-6/30/11	-
School Breakfast Program	10.553	N/A	90,971	7/1/09-6/30/10	(23,176)
National School Lunch Program	10.555	N/A	265,108	7/1/10-6/30/11	-
National School Lunch Program	10.555	N/A	281,279	7/1/09-6/30/10	(57,248)
Total Enterprise Funds					<u>(80,424)</u>
Special Revenue Funds					
Passed-through State Department of Education:					
No Child Left Behind:					
* Title I - Part A Grants to Local Educational Agencies	84.010	NCLB_11	562,758	9/1/10-8/31/11	-
Title I - Part A Grants to Local Educational Agencies	84.010	NCLB_10	434,326	9/1/09-8/31/10	(78,000)
Title I - Part D	84.013	NCLB_11	164,282	9/1/10-8/31/11	-
Title I - Part D	84.013	NCLB_10	147,262	9/1/09-8/31/10	(46,890)
Title II - Part A Improving Teacher Quality	84.367A	NCLB_11	64,983	9/1/10-8/31/11	-
Title II - Part A Improving Teacher Quality	84.367A	NCLB_10	64,219	9/1/09-8/31/10	(14,482)
Title II - Part D Enhancing Education Through Technology	84.318X	NCLB_11	1,282	9/1/10-8/31/11	-
Title II - Part D Enhancing Education Through Technology	84.318X	NCLB_10	4,325	9/1/09-8/31/10	(4,325)
Title IV - Safe and Drug Free Schools	84.186A	NCLB_10	8,188	9/1/09-8/31/10	(221)
* Education Jobs	84.410A	N/A	706,451	09/01/10-9/30/12	-
* I.D.E.A. Part B Basic Regular	84.027	FT__11	393,743	9/1/10-8/31/11	-
I.D.E.A. Part B Basic Regular	84.027	FT__10	412,961	9/1/09-8/31/10	(202,771)
I.D.E.A. Part B Basic ARRA	64.392	FT__11	254,980	9/1/10-8/31/11	-
* Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048	CP__11	83,454	7/1/10-6/30/11	-
* Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	CP__11	485,082	7/1/10-6/30/11	-
* Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	CP__10	564,337	7/1/09-6/30/10	(64,804)
* Carl D. Perkins P.L. 109-270 Vocational Education Secondary Reserve	84.048	CP__11	51,000	9/1/10-8/31/11	-
US Department of Labor					
Passed-through County of Hudson					
Workforce Investment Act					
* Adult/Youth/Dislocated Workers	17.258,17.259,17.260	N/A	2,488,013	7/1/06-6/30/07	(75,070)
* Adult	17.258	N/A	924,580	7/1/10-6/30/11	-
* Adult	17.258	N/A	772,215	7/1/09-6/30/10	(57,654)
* Adult	17.258	N/A	748,349	7/1/08-6/30/09	(44,105)
* Adult	17.258	N/A	843,784	7/1/07-6/30/08	(50,488)
* Youth	17.259	N/A	890,045	7/1/10-6/30/11	-
* Youth	17.259	N/A	695,281	7/1/09-6/30/10	(60,474)
* Youth	17.259	N/A	697,220	7/1/08-6/30/09	(44,104)
* Youth	17.259	N/A	797,087	7/1/07-6/30/08	(50,488)
* Dislocated Worker	17.258	N/A	798,658	7/1/10-6/30/11	-
* Dislocated Worker	17.258	N/A	778,701	7/1/09-6/30/10	(104,077)
* Dislocated Worker	17.258	N/A	598,286	7/1/08-6/30/09	(119,539)
* Dislocated Worker	17.258	N/A	803,764	7/1/07-6/30/08	(50,488)
* Youth - Summer Camp	17.259	N/A	125,000	7/1/02-6/30/07	(181,357)

EXHIBIT K-3

SCHEDULE A

CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011		
				(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR
31,322	(31,322)	-	-	-	-	-
53,919	(101,554)	-	-	(47,635)	-	-
23,176	-	-	-	-	-	-
140,625	(265,497)	-	-	(124,872)	-	-
57,248	-	-	-	-	-	-
<u>306,290</u>	<u>(398,373)</u>	<u>-</u>	<u>-</u>	<u>(172,507)</u>	<u>-</u>	<u>-</u>
562,386	(562,758)	-	-	(372)	-	-
78,000	-	-	-	-	-	-
164,282	(164,282)	-	-	-	-	-
46,890	-	-	-	-	-	-
59,362	(64,983)	-	-	(5,621)	-	-
14,482	-	-	-	-	-	-
-	(1,282)	-	-	(1,282)	-	-
4,325	-	-	-	-	-	-
221	-	-	-	-	-	-
706,451	(706,451)	-	-	-	-	-
393,743	(393,743)	-	-	-	-	-
202,771	-	-	-	-	-	-
254,980	(254,980)	-	-	-	-	-
56,800	(83,454)	-	-	(26,654)	-	-
485,062	(485,062)	-	-	-	-	-
64,804	-	-	-	-	-	-
51,000	(51,000)	-	-	-	-	-
-	-	-	-	(75,070)	-	-
745,033	(882,497)	-	-	(137,464)	-	-
57,654	-	-	-	-	-	-
-	-	-	-	(44,105)	-	-
-	-	-	-	(50,488)	-	-
824,600	(890,045)	-	-	(65,445)	-	-
60,474	-	-	-	-	-	-
11,776	-	-	-	(32,328)	-	-
-	-	-	-	(50,488)	-	-
459,379	(638,018)	-	-	(178,639)	-	-
104,077	-	-	-	-	-	-
-	-	-	-	(119,539)	-	-
-	-	-	-	(50,488)	-	-
-	-	-	-	(181,357)	-	-

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD FROM-TO	BALANCE AT JUNE 30, 2010
Special Revenue Funds (Continued)					
Passed through the State of New Jersey Department of Labor and Workforce Development					
Business Development Initiative	N/A	N/A	54,500	7/1/10-12/31/11	-
Workforce Development Partnership Program	N/A	062-4545-767-002	21,666	7/1/10-6/30/11	-
Workforce Development Partnership Program	N/A	062-4545-767-002	N/A	7/1/09-6/30/10	-
Summer Youth Program	N/A	062-4545-100-322	12,800	7/1/10-6/30/11	-
Summer Youth Employment	N/A	062-4545-100-322	*	7/1/09-6/30/10	-
Summer Youth Employment	N/A	062-4545-100-322	8,306	7/1/10-6/30/11	-
American Reinvestment and Recovery Act - Adult	17.258	N/A	363,515	2/17/09-6/30/11	(16,961)
American Reinvestment and Recovery Act - Youth	17.259	N/A	688,606	2/17/09-6/30/11	(364)
* American Reinvestment and Recovery Act - Dislocated Workers	17.260	N/A	1,103,213	2/17/09-6/30/11	(40,205)
Passed-through Jersey City Office of Employment and Training					
Workforce Investment Act					
Adult	17.258	N/A	27,585	7/1/10-6/30/11	
Adult	17.258	N/A	27,585	7/1/09-6/30/10	(27,585)
Youth	17.259	N/A	27,585	7/1/10-6/30/11	
Youth	17.259	N/A	27,585	7/1/09-6/30/10	(27,585)
Dislocated Worker	17.260	N/A	27,585	7/1/10-6/30/11	
Dislocated Worker	17.260	N/A	27,584	7/1/09-6/30/10	(27,584)
Total Special Revenue Funds					<u>(1,389,621)</u>
Total Federal Financial Assistance					<u>\$ (1,470,045)</u>

(1) To adjust for cash disbursement

NA- Information Not Available

* Denotes a major program

EXHIBIT K-3

SCHEDULE A

CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENT	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011		
				(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR
				-	-	-
18,074	(1,948)	-	-	-	16,126	-
-	(21,666)	-	-	(21,666)	-	-
-	(104)	104 (1)	-	-	-	-
3,751	(7,584)	-	-	(3,833)	-	-
77,006	(77,006)	-	-	-	-	-
8,306	(8,306)	-	-	-	-	-
36,135	(83,305)	-	-	(64,131)	-	-
-	(14,402)	-	-	(14,766)	-	-
326,823	(452,992)	-	-	(166,374)	-	-
				-	-	-
27,585	(27,585)	-	-	-	-	-
27,585	-	-	-	-	-	-
27,585	(27,585)	-	-	-	-	-
27,585	-	-	-	-	-	-
27,585	(27,585)	-	-	-	-	-
27,584	-	-	-	-	-	-
<u>6,044,157</u>	<u>(5,926,624)</u>	<u>104</u>	<u>-</u>	<u>(1,289,110)</u>	<u>16,126</u>	<u>-</u>
<u>\$ 6,350,447</u>	<u>\$ (6,324,997)</u>	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ (1,480,617)</u>	<u>\$ 16,126</u>	<u>\$ -</u>

The accompanying Notes to the Schedules 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, 2011

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM-TO	BALANCE AT JUNE 30, 2010	
				DEFERRED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
General Funds					
State Department of Education					
* Equalization Aid	11-495-034-5120-078	\$ 17,632,791	7/1/10-6/30/11	\$ -	\$ -
Equalization Aid	10-495-034-5120-078	15,376,183	7/1/09-6/30/10	(1,832,330)	-
Transportation Aid	11-495-034-5120-014	529,700	7/1/10-6/30/11	(62,725)	-
* Special Education Aid	11-495-034-5120-089	1,376,211	7/1/10-6/30/11	-	-
Special Education Aid	10-495-034-5120-089	262,623	7/1/09-6/30/10	(165,187)	-
Security Aid	10-495-034-5120-084	648,249	7/1/09-6/30/10	(74,887)	-
* T.P.A.F. Social Security	11-100-034-5095-002	1,388,087	7/1/10-6/30/11	-	-
T.P.A.F. Social Security	10-100-034-5095-002	1,368,950	7/1/09-6/30/10	-	93,753
* On Behalf T.P.A.F. Pension Contributions	11-100-034-5095-006	1,418,538	7/1/10-6/30/11	-	-
Total General Funds				<u>(2,135,129)</u>	<u>93,753</u>
Special Revenue Funds					
State Department of Education					
Apprenticeship Coordinator	03-100-034-5062-032	12,320	7/1/10-6/30/11	-	-
Apprenticeship Coordinator	03-100-034-5062-032	14,615	7/1/09-6/30/10	(7,116)	-
State Department of Labor					
Weatherization Training Program	N/A	34,735	7/1/10-6/30/11	-	-
State Department of Labor and Workforce Development					
Pass-through County of Hudson					
* Workfirst New Jersey -TANF	11-062-4545-100-322	670,104	7/1/10-6/30/11	-	-
* Workfirst New Jersey -TANF	10-062-4545-100-322	885,173	7/1/09-6/30/10	(236,596)	-
* Workfirst New Jersey -TANF	09-062-4545-100-322	881,357	7/1/08-6/30/09	(127,512)	-
Workfirst New Jersey - General Assistance	11-062-4545-100-322	153,434	7/1/10-6/30/11	-	-
High School Proficiency Assessment	329-7-2010DOLHCS	128,700	7/1/10-6/30/11	-	-
High School Proficiency Assessment	N/A	N/A	7/1/09-6/30/10	(24,042)	-
High School Proficiency Assessment	N/A	N/A	7/1/08-6/30/09	(12,342)	-
Summer Employment Program	06-062-4545-100-322	250,000	7/1/06-6/30/07	(220,676)	-
Workfirst New Jersey - Summer Youth	11-062-4545-100-322	206,000	7/1/10-6/30/11	-	-
Workfirst New Jersey - Summer Youth	10-062-4545-100-322	100,000	7/1/09-6/30/10	(8,299)	-
Workfirst New Jersey - Summer Youth	09-062-4545-100-322	97,086	7/1/08-6/30/09	(10,195)	-
Workforce Learning Link - Literacy	11-062-4545-767-003	273,846	7/1/10-6/30/11	-	-
Workforce Learning Link - Literacy	09-062-4545-767-003	150,573	7/1/09-6/30/10	(10,326)	-
Workforce Learning Link - Literacy	07-062-4545-767-003	174,956	7/1/07-6/30/08	(30,250)	-
Pass-through County of Hudson					
Pass-through Division of Vocational Rehabilitation Services					
Youth Transitions to Work Partnership Program	WDP 05-09-003	180,000	10/01/09-9/30/10	(97,020)	-
State Department of Human Services					
Division of Family Development					
Center Based Childcare	CC10214	118,555	1/1/10-12/31/10	-	-
Special Initiative and Transportation	N/A	31,640	7/1/10-6/30/11	-	-
Temporary Assistance for Needy Families	N/A	103,944	7/1/09-6/30/10	(12,342)	-
Temporary Assistance for Needy Families	N/A	118,808	7/1/08-6/30/09	(24,042)	-
Division of Family Services	N/A	190,098	N/A	(43,773)	-
Health and Human Services	N/A	46,680	N/A	<u>(116,997)</u>	-
Total Special Revenue Fund				<u>(981,528)</u>	-
Debt Service Fund:					
Debt Service Aid - Type I	11-495-034-5120-017	73,788	7/1/10-6/30/11	-	-

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM-TO	BALANCE AT JUNE 30, 2010	
				DEFERRED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
Enterprise Fund:					
National School Lunch Program (State Share)	11-100-010-3360-067	5,871	7/1/10-6/30/11	-	-
National School Lunch Program (State Share)	10-100-010-3360-067	5,310	7/1/09-6/30/10	(2,351)	-
National School Summer Program (State Share)	10-100-010-3360-067	5,851	7/1/09-6/30/10	-	4,115
State School Breakfast Program	10-100-010-3360-096	11,664	7/1/09-6/30/10	(1,481)	-
Total Enterprise Fund				<u>(3,832)</u>	<u>4,115</u>
Total State Financial Assistance				<u>\$ (3,120,489)</u>	<u>\$ 97,868</u>

Less:
 On Behalf T.P.A.F. Pension Contributions
 Total State Financial Assistance Subject to Single Audit

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

- (1) To cancel accounts receivable
- (2) To cancel grant

CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011			MEMO	
			(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
3,117	(5,489)	-	(2,372)	-	-	-	5,871
2,351	-	-	-	-	-	-	5,310
-	-	4,115	-	-	-	-	5,851
1,481	-	-	-	-	-	-	11,664
<u>6,949</u>	<u>(5,489)</u>	<u>4,115</u>	<u>(2,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,696</u>
<u>\$ 23,462,662</u>	<u>\$ (23,396,432)</u>	<u>\$ 4,374</u>	<u>\$ (1,136,262)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,899,260)</u>	<u>\$ 44,787,179</u>
	<u>1,418,538</u>						
	<u>\$ (21,977,894)</u>						

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the City of Union City School District (the "District"). The District 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 Awards and 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 District'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*. 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, that 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, 2011**

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$235,869 for the General Fund and (\$568,565) for the Special Revenue Fund. See Note 1 (the Notes to Required Supplementary Information) 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 21,820,621	\$ 21,820,621
Special Revenue Fund	5,454,496	1,397,397	6,851,893
Food Service Fund	397,984	5,871	403,855
Total Awards and Financial Assistance	<u>\$ 5,852,480</u>	<u>\$ 23,223,889</u>	<u>\$ 29,076,369</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 \$1,388,087 reported as TPAF Pension and Medical Contributions represent the amount paid by the State on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions in the amount of \$1,418,538 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, 2011. Type I debt service payments in the amount of \$73,888 represent amounts paid by the City of Union City on behalf of the District for the year ended June 30, 2011.

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

On-behalf expenditures for the District by the State or City of Union City 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.

NOTE 7 - SCHOOL-WIDE PROGRAM FUNDS

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

School-wide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide 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 schoolwide programs in the District:

<u>Program</u>	<u>Total</u>
Title I - Part A Grants to Local Educational Agencies	\$ 562,758
Title I - Part D	164,282
Title II - Part A Improving Teacher Quality	65,583
Title II - Part D Enhancing Education Through Technology	<u>1,282</u>
	<u><u>\$ 793,905</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Section 1 - Summary of Auditors' Results

Financial Statement Section

- A) Type of Auditors Report Issued: _____ Unqualified _____
- 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 _____ Qualified _____
- F) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 [section 510(e)]? _____ Yes _____ No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258	Workforce Investment Act - Adult
17.259	Workforce Investment Act - Youth
17.260	Workforce Investment Act - Dislocated Worker
17.260	ARRA - Workforce Investment Act - Dislocated Worker
17.258	Title I - Part A - Grants to Local Educational Agencies
84.410A	Education Jobs
84.027	IDEA Part B Basic Regular
84.048	Carl D. perkins P.L. 108-270 Vocational Education Secondary

- 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, 2011**

Section 1 - Summary of Auditors' Results

State Awards Section

- J) Dollar threshold used to distinguish between Type A and Type B Programs. \$658,945
- 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: _____ Qualified
- 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>
11-495-034-5120-078	Equalization Aid
11-495-034-5120-089	Special Education Categorical Aid
11-495-034-5095-002	Reimbursed TPAF Social Security Contributions
11-062-4545-100-322	Workfirst New Jersey - TANF

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

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 2011-01

Criteria or specific requirement:

Timely preparation of complete and accurate reconciliations of general ledger accounts for the WIA receivables to supporting documentation is a key to maintaining adequate control over financial reporting. Unreconciled differences and unidentified balances that appear immaterial can obscure significant but offsetting items (such as improperly recorded transactions) that would be a cause for investigation if the items were apparent. Although, the District has someone monitoring the outstanding vouchers, the district is not investigating vouchers returned for additional information.

Condition/context:

During our audit procedures, it was noted a reconciliation of expenditures to the amounts receivables by grant had 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 amounts due from the county.

Cause:

Unknown

Effect:

The School has significant outstanding balances in accounts receivable from the County that has not been fully investigated.

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. 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.

Managements Response:

Management is in agreement with this finding and will prepare a corrective action plan.

Finding 2011-02

Criteria or specific requirement:

According to the State Statute, expenditures, which exceed the bid or quote threshold, must be made in accordance with the requirements of the Public School Contracts Law (*N.J.S.A. 18A: 18A et seq.*).

Condition/context:

During our audit procedures, we noted 2 instances of contracts in excess of the bid threshold were not procured in accordance with Public School Contracts Law. In 1 instance, quotes were obtained which appeared to be in accordance with procurement requirements, however when the contract exceeded the bid threshold no bids were obtained.

Cause:

Unknown

Effect:

The district procured services in excess of the bid thresholds.

Questioned Costs:

None

Recommendation:

The District should review the process and procedures related to procurement to ensure compliance with the state statutes.

Managements Response:

Management is in agreement with this finding and will prepare a corrective action plan.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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.)

Finding 2011-01

Federal Program:

U.S. Department of Labor, pass-through the County of Hudson – WIA Adult, Youth Activities, Dislocated Workers Programs (WIA Programs) ,ARRA WIA Adult, Youth Activities, Dislocated Workers Programs (ARRA WIA Programs) , CFDA #'s 17.258, 17.259, 17.260.

State Program:

State of New Jersey, Department of Labor and Workforce Development, pass through the County of Hudson, Workfirst NJ.

Criteria or specific requirement:

According to the terms of the Federal awards, the Hudson County Schools of Technology (the “School) is required to maintain its records and accounts in such way as to facilitate the preparation of the Schedule of Federal and state awards and the financial statements in accordance with GAAP and Government Auditing Standards.

Condition/context:

During our audit procedures, we had significant difficulty in reconciling the expenditures charged to the central budget to the amounts submitted for reimbursements. In addition, the allocation provided by Career Development Center between expenditures for WIA Adult, Youth, Dislocated Workers and other associated grants did not agree to the total expenditures charged to the central budget for those grants.

Cause:

The School and the Career Development Center did not provide sufficient documentation to reconcile amounts expended in the General Ledger to the amounts reported for reimbursement in accordance with the requirements of the Federal and State awards.

Questioned Costs:

Unknown

Effect:

The School is not in compliance with the Activities Allowed or Unallowed, and Allowable Cost/Cost Principle requirements.

Recommendation:

All grants, contracts and programs should be reconciled to the general ledger and cash draw downs on a monthly basis. 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.

Managements Response:

Management is in agreement with this finding and will prepare a corrective action plan.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Finding 2011-02

Federal Program:

U.S. Department of Labor, pass-through the County of Hudson – WIA Adult, Youth Activities, Dislocated Workers Programs (WIA Programs), ARRA WIA Adult, Youth Activities, Dislocated Workers Programs (ARRA WIA Programs), CFDA #'s 17.258, 17.259, 17.260.

State Program:

State of New Jersey, Department of Labor and Workforce Development, pass through the County of Hudson, Workfirst NJ.

Criteria or specific requirement:

According to the terms of the Federal awards, the School is required to monitor sub-recipients and ensure compliance with the subrecipient reporting requirements. Grantees and Contractor's receiving in excess of \$100,000 are required to provide the pass through entity with a financial statement in accordance with Government Auditing Standards and for those receiving in excess of \$500,000 a single audit is required.

Condition/context:

During our audit procedures we noted that sub-recipient contractors and grantees receiving funding in excess of \$100,000 were not properly monitored in accordance with the terms of the grant agreement.

Cause:

The School and the Career Development Center did not monitor sub-recipients.

Questioned Costs:

Unknown

Effect:

Hudson County Schools of Technology is not in compliance with the Sub-recipient monitoring requirements.

Recommendation:

The Career Development Center should review the process for sub-recipient monitoring to ensure the appropriate monitoring is performed in accordance with the terms of the grant agreement.

Managements Response:

Management is in agreement with this finding and will prepare a corrective action plan.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Finding 2011-03**State Program:**

State of New Jersey Department of Education – State Aid – Public

Special Education Aid	495-034-5120-011
Equalization Aid	495-034-5120-078

Criteria or specific requirement:

Regulation 11-05-OMB and 11-09-OMB outlines specific allowable expenditures eligible for reimbursement. In addition the Board shall establish a resolution authorizing a maximum travel expenditure amount for each budget year, which the school district shall not exceed

Condition/context:

The School did not update travel reimbursement policies as required under the terms of the grant agreement. In addition, the School did not adopt a resolution authorizing the maximum travel expenditure amount for the fiscal year ended June 30, 2011.

Cause:

Management failed to update travel policies in a timely manner and adopt a resolution authorizing the maximum travel expenditures.

Effect:

Reimbursements for travel expenditures may be in excess of allowable amounts under State guidelines.

Questioned Costs:

Unknown

Recommendation:

The School should update its travel reimbursement policies in a timely manner and annually adopt a resolution authorizing the maximum travel expenditures to ensure proper reimbursement under the terms of the grant agreement.

Managements Response:

Management is in agreement with this finding and will prepare a corrective action plan.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Finding 2011-04**State Program:**

State of New Jersey Department of Education – State Aid – Public

Special Education Aid	495-034-5120-011
Equalization Aid	495-034-5120-078

Criteria or specific requirement:

The School must complete the Application for State School Aid (A.S.S.A) in accordance with the instructions provided by the Division of Finance. Enrollments reported on the School's application for State School Aid must reconcile to the pupil count per the district records.

Condition/context:

During our audit procedures, it was noted that the amounts reported on the pupil count per the district records exceeded the amounts reported in the School's application for State School Aid by 5 pupils for the Adult High School and 3 pupils for the County Vocational School. In addition, the Schools misclassified 4 pupils as low income.

Cause:

The School did not review enrollment records to ensure they reconcile to the Application for State School Aid. In addition, classifications of pupils were not reviewed for propriety.

Effect:

Inaccurate pupil counts may result in additional State Aid being received for which the School is not entitled.

Questioned Costs:

Unknown

Recommendation: The School should reconcile its Application for State Aid to the pupil count per the district records.

Managements Response:

Management is in agreement with this finding and will prepare a corrective action plan.

**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, 2011**

(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 2010-05

Federal Program:

U.S. Department of Labor, pass-through the County of Hudson – WIA Adult, Youth Activities, Dislocated Workers Programs (WIA Programs) ,ARRA WIA Adult, Youth Activities, Dislocated Workers Programs (ARRA WIA Programs) , CFDA #'s 17.258, 17.259, 17.260.

State Program:

State of New Jersey, Department of Labor and Workforce Development, pass through the County of Hudson, Workfirst NJ.

Condition/context:

During our audit procedures of the operations of the Workforce Investment Grants and other Career Development Center Programs, we had significant difficulty in reconciling the expenditures charged to the central budget to the amounts submitted for reimbursements. In addition, the allocation provided by Career Development Center between expenditures for WIA Adult, Youth, Dislocated Workers and other associated grants did not agree to the total expenditures charged to the central budget for those grants.

Current Year Status: This finding has not been resolved (See current year comments)

Finding 2010-06

Federal Program:

U.S. Department of Labor, pass-through the County of Hudson – WIA Adult, Youth Activities, Dislocated Workers Programs (WIA Programs),ARRA WIA Adult, Youth Activities, Dislocated Workers Programs (ARRA WIA Programs) , CFDA #'s 17.258, 17.259, 17.260.

State Program:

State of New Jersey, Department of Labor and Workforce Development, pass through the County of Hudson, Workfirst NJ.

**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, 2011**

Condition/context:

During our audit procedures we noted three out of six subrecipient contractors and grantees receiving funding in excess of \$100,000 that did not provide the Career Development Center (CDC) with the appropriate financial statements. In addition, the CDC did not review the documents received from the contractors and grantee to ensure the appropriate audits were performed.

Current Year Status: This finding has not been resolved (See current year comments)

Finding 2010-07**State Program:**

State of New Jersey Department of Education – State Aid – Public

Special Education Aid	495-034-5120-011
Consolidated Aid - Adult /PG	495-034-5120-057
Equalization Aid	495-034-5120-078

Condition/context:

During our audit procedures, CDSW reviewed the monthly Board minutes to determine the dates that the Board Secretary and Treasurer Reports were submitted and noted all monthly reports were not filed timely.

Current Year Status: This finding has been resolved.

Finding 2010-08**State Program:**

State of New Jersey Department of Education – State Aid – Public

Special Education Aid	495-034-5120-011
Consolidated Aid - Adult /PG	495-034-5120-057
Equalization Aid	495-034-5120-078

Condition/context:

During our audit procedures and review of the budget and the budget postings, we noted the budget amounts had authorized transfers from the fund balance at a time when the fund balance was a deficit. The District should have followed the requirements for projecting and posting of a deficit in accordance with *N.J.A.C. 6A:23A-16.10*. The District did not properly monitor its available fund balance during the fiscal period causing a deficit on a budgetary basis of \$1,066,951.

**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, 2011**

Current Year Status: This finding has been resolved.

Finding 2010-09

State Program:

State of New Jersey Department of Education – State Aid – Public

Special Education Aid	495-034-5120-011
Consolidated Aid - Adult /PG	495-034-5120-057
Equalization Aid	495-034-5120-078

Condition/context:

During our audit procedures, it was noted; data used to prepare the districts ASSA filings were not maintained to provide an audit trail. In addition the district did not prepare or distribute internal control procedures for the processing of the ASSA. The auditor was unable to accurately verify the count provided to the state.

Current Year Status: This finding has been resolved.

Finding 2010-10

State Program:

State of New Jersey Department of Education – State Aid – Public

Special Education Aid	495-034-5120-011
Consolidated Aid - Adult /PG	495-034-5120-057
Equalization Aid	495-034-5120-078

Condition/context:

During our audit procedures, it was noted that 8 out of 162 vendors tested were in excess of the bid threshold were not procured in accordance with Public School Contracts Law.

Current Year Status: This finding has not been resolved (See current year comments)

Finding 2010-11

State Program:

State of New Jersey Department of Education – Reimbursed TPAF Social Security Contribution, Program #495-034-5095-002

**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, 2011**

Condition/context:

During our audit procedures, we noted Reimbursed TPAF Social Security Contributions were being calculated on regular and extra compensation.

Current Year Status:

This finding has been resolved.