

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Hudson County Schools of Technology**

**North Bergen, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**Prepared by**

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

**Hudson County Schools of Technology**

**Table of Contents**

<b>Introductory Section</b>		<b><u>Page #</u></b>
Letter of Transmittal		1-3
Organizational Chart		4
Roster of Officials		5
 <b>Financial Section</b>		
Independent Auditor's Report		6-7
Required Supplementary Information Part I Management's Discussion and Analysis		8-13
Basic Financial Statements		
A. District Wide Financial Statements:		
A-1 Statement of Net Assets		14
A-2 Statement of Activities		15
B. Fund Financial Statements:		
Governmental Funds:		
B-1 Balance Sheet		16
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance		17
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes Fund Balance of Governmental Funds to Statement of Activities		18
Proprietary Funds:		
B-4 Statement of Net Assets		19
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets		20
B-6 Statement of Cash Flows		21
Fiduciary Funds:		
B-7 Statement of Fiduciary Net Assets		22
B-8 Statement of Changes in Fiduciary Net Assets		23
<b>Notes to the Financial Statements</b>		24-52
 <b>Required Supplementary Information Part II</b>		
C. Budgetary Comparison Schedules		
C-1 Budgetary Comparison Schedule - General Fund		53-57
C-2 Budgetary Comparison Schedule - Special Revenue Fund		58
 <b>Note to the Required Supplementary Information</b>		
C-3 Budget to GAAP Reconciliation		59

# Hudson County Schools of Technology

## Table of Contents

### Other Supplementary Information

D.	School Level Schedules (If applicable):	N/A
E.	Special Revenue Fund	
E-1	Combining Schedule of Revenue, Expenditures Special Revenue Fund - Budgetary Basis	60-65
E-2	Schedule of Preschool Education Aid Expenditures- Preschool-All Programs - Budgetary Basis	N/A
F.	Capital Project Fund:	
F-1	Summary Schedule of Project Expenditures	66
F-2	Summary Schedule of Revenues, Expenditures, and Changes in Fund in Fund Balance- Budgetary Basis	67
G.	Proprietary Funds:	
	Enterprise Fund:	
G-1	Combining Statement of Net Assets	68
G-2	Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets	69
G-3	Combining Statement of Cash Flows	70
	Internal Service Fund:	
G-4	Combining Statement of Net Assets	71
G-5	Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets	72
G-6	Combining Statement of Cash Flows	73
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Assets	74
H-2	Combining Statement of Changes in Fiduciary Net Assets	75
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	76
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	77
I.	Long - Term Debt:	
I-1	Schedule of Serial Bonds	78
	<b>Statistical Section (Unaudited)</b>	
J.	Financial Trends:	
J-1	Net Assets by Component	79
J-2	Changes in Net Assets	80
J-3	Fund Balances - Governmental Funds	81
J-4	Changes in Fund Balances - Governmental Funds	82
J-5	General Fund - Other Local Revenue by Source	83

# Hudson County Schools of Technology

## Table of Contents

### Revenue Capacity:

J-6	Assessed Value and Estimated Actual Value of Taxable Property	84
J-7	Direct and Overlapping Property Tax Rates	85
J-8	Principal Property Taxpayers	86
J-9	Property Tax Levies and Collections	87

### Debt Capacity:

J-10	Ratios of Outstanding Debt by Type	88
J-11	Ratios of Net General Bonded Debt Outstanding	89
J-12	Direct and Overlapping Governmental Activities Debt	90
J-13	Legal Debt Margin Information	91

### Demographic and Economic Information:

J-14	Demographic and Economic Statistics	92
J-15	Principal Employers	93

### Operating Information:

J-16	Full-time Equivalent District Employees by Function/Program	94
J-17	Operating Statistics	95
J-18	School Building Information	96
J-19	Schedule of Allowable Maintenance Expenditures by School Facility	97
J-20	Insurance Schedule	98-99

## K.

### Single Audit Section

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	100-101
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	102-104
K-3	Schedule of Expenditures of Federal Awards	105-106
K-4	Schedule of Expenditures of State Financial Assistance,	107-108
K-5	Notes to the Schedule of Awards and Financial Assistance	109-111
K-6	Schedule of Findings and Questioned Costs	112-117
K-7	Summary Schedule of Prior Findings	118-120

# **INTRODUCTORY SECTION**



December 1, 2012

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, 2012, 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.

*Mission Statement:*

*We are an innovative, collaborative, and diverse community that empowers  
lifelong learners by facilitating opportunities for success through progressive education.*

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 2011-2012 fiscal year with an average daily enrollment of 3,180 students, which is 5.54% more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	3,180	5.54%
2010-2011	3,013	0.94%
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 by switching to the State of NJ Health Benefits Plan as well as slightly higher State Aid and other cost 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.

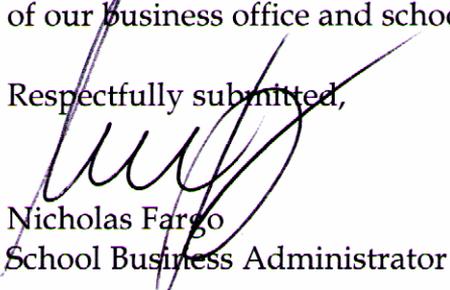
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

**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.

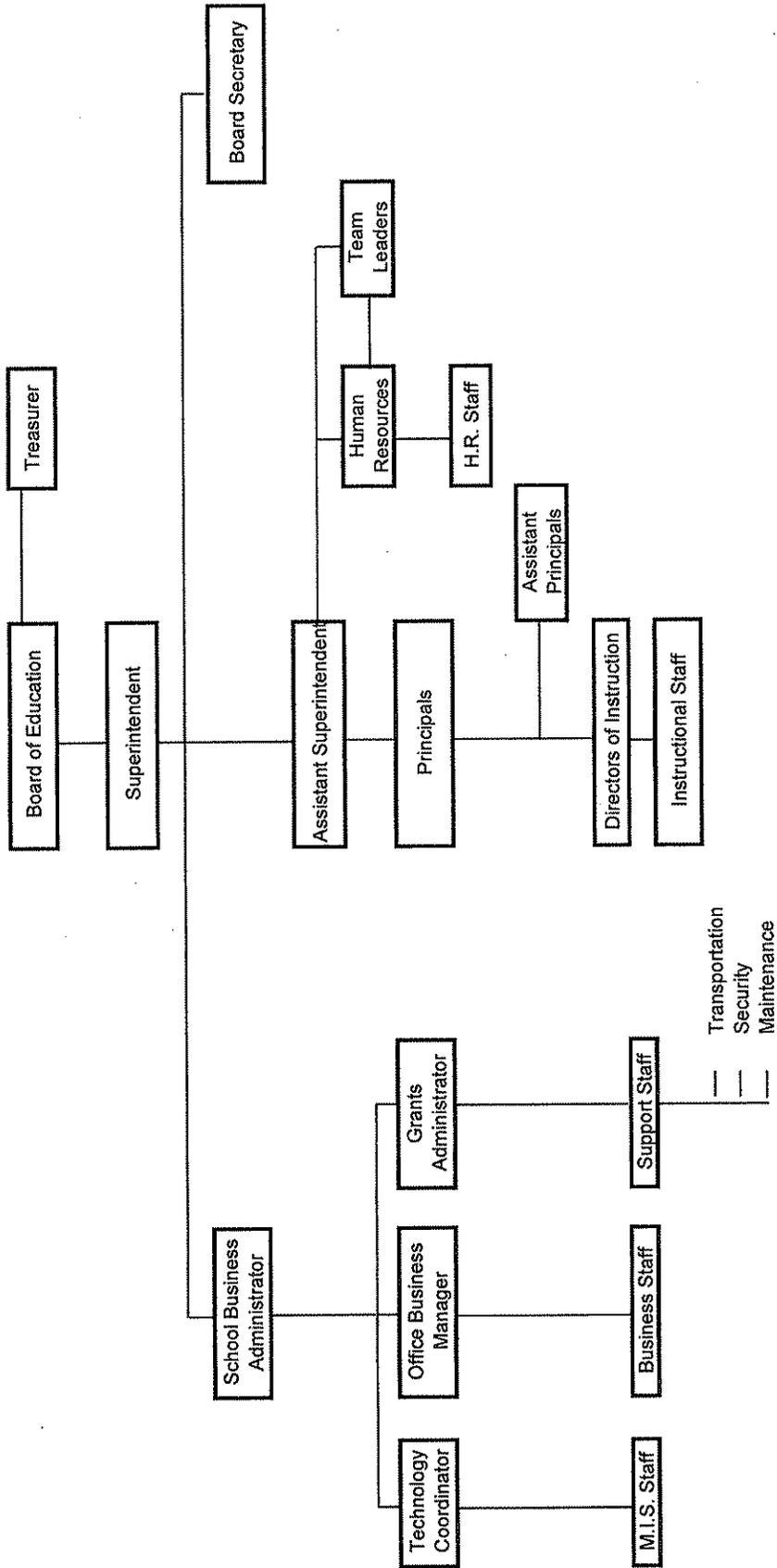
**7.) OTHER INFORMATION: Independent Audit-** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of DONOHUE, GIRONDA & DORIA *Certified Public Accountants* was selected by the District to perform the audit. In addition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

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

Respectfully submitted,

  
Nicholas Fargo  
School Business Administrator

# Hudson County Schools of Technology Organizational Chart



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2012**

**AUTHORITY MEMBERS      POSITION EXPIRATION OF TERM**

**Members of the Board of Education**

Craig Guy	Board President	10/31/15
Peter Fischback	Vice-President	10/31/15
Anthony Comprelli		10/31/16
Reverend Edward Allen		10/31/14
Jose G Falto		10/31/14
Anthony P. Vainieri Jr.		10/31/16
Neil Carroll		10/31/13
Sebastian J. D'Amico		10/31/15
Monica Fundora		10/31/13

**Other Officials**

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

## **FINANCIAL SECTION**

# DONOHUE, GIRONDA & DORIA

*Certified Public Accountants*

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Matthew A. Donohue, 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, 2012, 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, 2012, 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, 2012, 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.

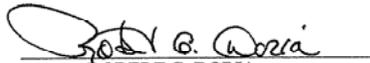
The Management Discussion and Analysis and Budgetary Comparison Information on pages 8 through 13 and pages 53 through 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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, GIRONDE & DORIA  
Certified Public Accountants

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

Bayonne, New Jersey  
December 1, 2012

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012. 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 2012 and 2011 are as follows, respectively:

- In total, Net assets of governmental activities are \$5,246,919 and \$4,993,422. Net assets of the business-type activity, which represents food service, are \$-0- and (\$71,066). This reflects an increase in net assets of governmental activities of \$253,497 and an increase in net assets of business-type activities of \$71,066.
- Total revenues were \$55,051,577 and \$53,984,307 for 2012 and 2011, respectively, which was a 2.0% increase. The county tax contribution to General Revenue increased slightly to \$24,500,000 from \$24,150,000. State and federal revenues also increased to \$29,521,669 from \$28,680,098.
- The Board continues to experience stability in student enrollment. Average daily enrollment for the year ending June 30, 2012 was 3,180. 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, 2012**

**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 2012?" 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, 2012**

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 2012 and 2011, respectively.

**Table 1**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Assets</b>						
Current and Other Assets	\$ 4,988,881	\$ 8,237,077	\$ 170,339	\$ 174,879	\$ 5,159,220	\$ 8,411,956
Capital Assets, Net	14,307,328	13,555,843	95,151	110,151	14,402,479	13,665,994
Total Assets	<u>\$ 19,296,209</u>	<u>\$ 21,792,920</u>	<u>\$ 265,490</u>	<u>\$ 285,030</u>	<u>\$ 19,561,699</u>	<u>\$ 22,077,950</u>
<b>Liabilities and Net Assets</b>						
Liabilities:						
Current and Other						
Liabilities	\$ 3,296,339	\$ 5,099,649	\$ 265,490	\$ 356,096	\$ 3,561,829	\$ 5,455,745
Long-Term Liabilities	10,752,951	11,699,849	-	-	10,752,951	11,699,849
Total Liabilities	<u>14,049,290</u>	<u>16,799,498</u>	<u>265,490</u>	<u>356,096</u>	<u>14,314,780</u>	<u>17,155,594</u>
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	14,307,328	13,555,843	95,151	110,151	14,402,479	13,665,994
Restricted	187,378	200,741	-	-	187,378	200,741
Unrestricted	<u>(9,247,787)</u>	<u>(8,763,162)</u>	<u>(95,151)</u>	<u>(181,217)</u>	<u>(9,342,938)</u>	<u>(8,944,379)</u>
Total Net Assets	<u>5,246,919</u>	<u>4,993,422</u>	<u>-</u>	<u>(71,066)</u>	<u>5,246,919</u>	<u>4,922,356</u>
Total Liabilities and Net Assets	<u>\$ 19,296,209</u>	<u>\$ 21,792,920</u>	<u>\$ 265,490</u>	<u>\$ 285,030</u>	<u>\$ 19,561,699</u>	<u>\$ 22,077,950</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Table 2 reflects the change in net assets for fiscal years 2012 and 2011, respectively.

	<u>Table 2</u>					
	June 30, 2012			June 30, 2011		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,472,603	\$ 311,532	\$ 4,784,135	\$ 4,164,310	\$ 264,359	\$ 4,428,669
Operating grants and contributions	9,146,698	432,335	9,579,033	9,435,227	403,855	9,839,082
General revenues						
Property taxes	24,500,000		24,500,000	24,150,000		24,150,000
Federal and state aid not restricted to:						
Specific purposes	20,374,971		20,374,971	19,244,871		19,244,871
Earnings on investments	4,475		4,475	5,417		5,417
Miscellaneous	1,025,433		1,025,433	1,148,792		1,148,792
<b>Total Revenue</b>	<b>59,524,180</b>	<b>743,867</b>	<b>60,268,047</b>	<b>58,148,617</b>	<b>668,214</b>	<b>58,816,831</b>
<b>Expenses</b>						
Instructional services	14,144,951		14,144,951	14,964,992		14,964,992
Support services	35,821,911		35,821,911	36,198,114		36,198,114
Charter Schools	-	-	-	-	-	-
Special Schools	6,490,405		6,490,405	6,117,631		6,117,631
Capital outlay not capitalized	1,050,124		1,050,124	1,993,515		1,993,515
Depreciation	1,359,034		1,359,034	1,256,166		1,256,166
Service Related Expenses	-	1,077,059	1,077,059	-	739,280	739,280
<b>Total Expenses</b>	<b>58,866,425</b>	<b>1,077,059</b>	<b>59,943,484</b>	<b>60,530,418</b>	<b>739,280</b>	<b>61,269,698</b>
Increase (decrease) in net assets						
before transfers	657,755	(333,192)	324,563	(2,381,801)	(71,066)	(2,452,867)
Transfers	(404,258)	404,258	-	(336,942)	336,942	-
Change in net assets	253,497	71,066	324,563	(2,718,743)	265,876	(2,452,867)
Net Assets – Beginning, as restated	4,993,422	265,876	5,259,298	7,712,165	-	7,712,165
<b>Net Assets – Ending</b>	<b>\$ 5,246,919</b>	<b>\$ 336,942</b>	<b>\$ 5,583,861</b>	<b>\$ 4,993,422</b>	<b>\$ 265,876</b>	<b>\$ 5,259,298</b>

The total increase and (decrease), respectively, in Net Assets for the fiscal years 2012 and 2011 for Governmental Activities are \$253,497 and (\$2,718,743). The total increase and decrease, respectively, in Net Assets for the Business-Type Activity is \$71,066 and (\$71,066).

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Governmental Activities**

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

**Table 3**

	<u>2011-2012</u>				<u>2010-2011</u>		
	Revenue	Total	Increase/ (Decrease) From 2011		Revenue	Total	Increase/ (Decrease) From 2011
Local sources	\$ 25,529,908	46%	\$ 225,699	Local sources	\$ 25,304,209	47%	\$ 1,021,405
State sources	24,647,393	45%	1,507,945	State sources	23,139,448	43%	105,780
Federal sources	4,874,276	9%	(666,374)	Federal sources	5,540,650	10%	(4,153,000)
Private	-	0.0%	-	Private	-	0.0%	(90,335)
<b>Total</b>	<b>\$ 55,051,577</b>	<b>100%</b>	<b>\$ 1,067,270</b>	<b>Total</b>	<b>\$ 53,984,307</b>	<b>100%</b>	<b>\$ (3,025,815)</b>

**General Fund Budgeting Highlights**

The difference between the original budget and the final amended budget had an increase of \$435,946 on the total revenues and \$82,840 on the total expenditures.

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 significantly 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 as well as slightly higher than expected state aid for the year ended June 30, 2012.

**Capital Assets and Depreciation**

***Capital Assets***

At June 30, 2012 the District has capital assets in excess of \$14,307,328 net of depreciation, which includes school facilities, land, buildings, equipment and vehicles.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	<b>June 30, 2012</b>		<b>June 30, 2011</b>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	\$ 1,533,490	\$ -	\$ 1,533,490	\$ -
Building and building improvements	10,676,977	-	10,341,424	-
Machinery, equipment and vehicles	<u>2,096,861</u>	<u>95,051</u>	<u>1,680,929</u>	<u>110,151</u>
<b>Total</b>	<u><u>\$ 14,307,328</u></u>	<u><u>\$ 95,051</u></u>	<u><u>\$ 13,555,843</u></u>	<u><u>\$ 110,151</u></u>

**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 \$11,294,852 and \$12,048,770 at June 30, 2012 and 2011, 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**  
**Statement of Net Assets**  
**June 30, 2012**

**Exhibit A-1**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 690,819	\$ -	\$ 690,819
Receivables, net	4,111,696	170,339	4,282,035
Cash and cash equivalents	186,366	-	186,366
Capital assets, net (Note 4):	14,307,328	95,151	14,402,479
<b>Total Assets</b>	19,296,209	265,490	19,561,699
<b>LIABILITIES:</b>			
Cash overdraft	74,457	-	74,457
Accounts payable	679,981	265,490	945,471
Deferred revenue	2,000,000		2,000,000
Noncurrent liabilities (Note 5):			
Due within one year	541,901	-	541,901
Due beyond one year	10,752,951	-	10,752,951
<b>Total Liabilities</b>	14,049,290	265,490	14,314,780
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	14,307,328	95,151	14,402,479
Restricted for:			
Capital projects	186,366	-	186,366
Other purposes	1,012	-	1,012
Unrestricted	(9,247,787)	(95,151)	(9,342,938)
<b>Total Net Assets</b>	\$ 5,246,919	\$ -	\$ 5,246,919

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

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Statement of Activities  
For the Year Ended June 30, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 8,699,108	\$ 968,110	\$ 1,249,976	\$ -	(6,481,022)	\$ -	(6,481,022)
Vocational education	5,209,591				(5,209,591)		(5,209,591)
Community service program	236,252				(236,252)		(236,252)
Support services:							
Student & instruction related services	6,466,809		2,194,354		(4,272,455)		(4,272,455)
School administrative services	4,615,864		1,834,117		(2,781,747)		(2,781,747)
General and business administrative services	1,565,874		322,871		(1,243,003)		(1,243,003)
Plant operations and maintenance	5,098,731		-		(5,098,731)		(5,098,731)
Pupil transportation	5,869,297	3,504,493	22,533		(2,342,271)		(2,342,271)
Unallocated Benefits	12,205,336		3,398,669		(8,806,667)		(8,806,667)
Special schools	6,490,405				(6,490,405)		(6,490,405)
Capital expenditures not capitalized	1,050,124		124,178		(925,946)		(925,946)
Unallocated depreciation	1,359,034				(1,359,034)		(1,359,034)
<b>Total Governmental Activities</b>	<b>58,866,425</b>	<b>4,472,603</b>	<b>9,146,698</b>	<b>-</b>	<b>(45,247,124)</b>	<b>-</b>	<b>(45,247,124)</b>
Business-type activities:							
Food Service	1,077,059	311,532	432,335		(333,192)		(333,192)
<b>Total Business-type Activities</b>	<b>1,077,059</b>	<b>311,532</b>	<b>432,335</b>	<b>-</b>	<b>(333,192)</b>	<b>-</b>	<b>(333,192)</b>
<b>Total Primary Government</b>	<b>\$ 59,943,484</b>	<b>\$ 4,784,135</b>	<b>\$ 9,579,033</b>	<b>\$ -</b>	<b>(45,247,124)</b>	<b>\$ (333,192)</b>	<b>(45,580,316)</b>

**General revenues:**

Taxes:							
Property taxes, levied for general purposes - Net				24,500,000		-	24,500,000
Federal and State aid not restricted				20,374,971		-	20,374,971
Tuition received				529,350		-	529,350
Investment earnings				4,475		-	4,475
Miscellaneous Income				496,083		-	496,083
Transfers to special revenue - adjustments				-		-	-
Special Revenue used in capital outlay				-		-	-
Transfers				(404,258)		404,258	-
<b>Total general revenues, special items, extraordinary items and transfers</b>				<b>45,500,621</b>		<b>404,258</b>	<b>45,904,879</b>
Change in Net Assets -				253,497		71,066	324,563

Net Assets - Beginning	4,993,422	(71,066)	4,922,356
Net Assets - Ending	\$ 5,246,919	\$ -	\$ 5,246,919

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, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 688,922	\$ 1,897	\$ -	\$ 690,819
Receivables, net		2,110,033	-	2,110,033
Due from other funds	1,023,386		175,892	1,199,278
Receivables from other governments	-	-	1,037,746	1,037,746
Restricted cash and cash equivalents	-		186,366	186,366
<b>Total Assets</b>	<u>1,712,308</u>	<u>2,111,930</u>	<u>1,400,004</u>	<u>5,224,242</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Cash overdraft		74,457	-	74,457
Accounts payable	42,628	637,353		679,981
Interfund payable	-	1,400,120	-	1,400,120
Deferred revenue	2,000,000		-	2,000,000
<b>Total Liabilities</b>	<u>2,042,628</u>	<u>2,111,930</u>	<u>-</u>	<u>4,154,558</u>
<b>Fund Balances:</b>				
Committed Fund Balance:				
Year-End Encumbrances	85,383	-	666,629	752,012
Unassigned Fund Balance:				
General fund	(415,703)	-	733,375	317,672
Capital projects fund	-	-		-
<b>Total Fund balances</b>	<u>(330,320)</u>	<u>-</u>	<u>1,400,004</u>	<u>\$ 1,069,684</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,712,308</u>	<u>\$ 2,111,930</u>	<u>\$ 1,400,004</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 \$37,863,355 and the accumulated depreciation is \$23,556,027.	14,307,328
Liabilities for compensated absences are not payable in the current period and are not reportable in governmental funds.	(11,294,852)
Internal Service Fund which is by its activities (transportation and education) is governmental in nature (excludes capital assets)	1,164,759
Net assets of governmental activities	<u>\$ 5,246,919</u>

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2012**

**Exhibit B-2**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
Local sources:				
Local tax levy	\$ 24,500,000	\$ -	\$ -	\$ 24,500,000
Tuition charges	529,350	-	-	529,350
Interest Earned	4,475	-	-	4,475
Miscellaneous	496,083	-	-	496,083
Total - Local Sources	25,529,908	-	-	25,529,908
State sources	22,967,101	1,680,292	-	24,647,393
Federal sources	-	4,874,276	-	4,874,276
<b>Total Revenues</b>	<b>48,497,009</b>	<b>6,554,568</b>	<b>-</b>	<b>55,051,577</b>
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	7,272,144	1,249,976	-	8,522,120
Vocational education	5,209,591	-	-	5,209,591
Community Service Program	236,252	-	-	236,252
Support services and undistributed costs:				
Student & instruction related services	4,272,455	2,194,354	-	6,466,809
School administrative services	2,781,747	1,834,117	-	4,615,864
Other administrative services	1,243,003	322,871	-	1,565,874
Plant operations and maintenance	5,098,731	-	-	5,098,731
Pupil transportation	2,343,554	22,533	-	2,366,087
Unallocated benefits	11,398,797	806,539	-	12,205,336
Special schools	6,490,405	-	-	6,490,405
Capital outlay	-	124,178	3,036,465	3,160,643
<b>Total Expenditures</b>	<b>46,346,679</b>	<b>6,554,568</b>	<b>3,036,465</b>	<b>55,937,712</b>
Excess (Deficiency) of revenues over expenditures	2,150,330	-	(3,036,465)	(886,135)
<b>OTHER FINANCING SOURCES (USES):</b>				
Food Service	(404,258)	-	-	(404,258)
<b>Total Other Financing Sources and Uses</b>	<b>(404,258)</b>	<b>-</b>	<b>-</b>	<b>(404,258)</b>
Net change in fund balances	1,746,072	-	(3,036,465)	(1,290,393)
Fund balance - July 1	(2,076,392)	-	4,436,469	2,360,077
<b>Fund balance - June 30</b>	<b>\$ (330,320)</b>	<b>\$ -</b>	<b>\$ 1,400,004</b>	<b>\$ 1,069,684</b>

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

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

Exhibit B-3

**For the Year Ended June 30, 2012**

**Total net change in fund balances - Governmental funds (from B-2)** \$(1,290,393)

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	\$ (1,359,034)	
Capital outlays	<u>2,110,519</u>	751,485

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 (+).

753,918

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

38,487

**Change in net assets of governmental activities**

\$ 253,497

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

**Exhibit B-4**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>			<b>Total Internal Service Funds</b>
	<b>Food Service</b>	<b>Trans- portation</b>	<b>Youth House</b>	<b>Vendor Contracts</b>	
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	170,339	-	153,000	-	153,000
Interfund receivable- General Fund	-	746,933	3,186	-	750,119
Other receivables	-	262,301	-	324,670	586,971
Inventories	-	-	-	-	-
<b>Total Current Assets</b>	<u>170,339</u>	<u>1,009,234</u>	<u>156,186</u>	<u>324,670</u>	<u>1,490,090</u>
<b>Noncurrent Assets:</b>					
Furniture, machinery & equipment	369,725	-	106,113	-	106,113
Less: Accumulated depreciation	(274,574)	-	(71,158)	-	(71,158)
<b>Total Noncurrentassets</b>	<u>95,151</u>	<u>-</u>	<u>34,955</u>	<u>-</u>	<u>34,955</u>
<b>Total Assets</b>	<u>265,490</u>	<u>1,009,234</u>	<u>191,141</u>	<u>324,670</u>	<u>1,525,045</u>
<b>LIABILITIES:</b>					
Accounts payable	30,567	10,977	-	-	10,977
Interfunds Payable	234,923	-	-	314,354	314,354
Compensated absences	-	-	-	-	-
<b>Total Current Liabilities</b>	<u>265,490</u>	<u>10,977</u>	<u>-</u>	<u>314,354</u>	<u>325,331</u>
<b>Total Liabilities</b>	<u>265,490</u>	<u>10,977</u>	<u>-</u>	<u>314,354</u>	<u>325,331</u>
<b>NET ASSETS -</b>					
Unrestricted	-	998,257	191,141	10,316	1,199,714
<b>Total Net Assets</b>	<u>\$ -</u>	<u>\$ 998,257</u>	<u>\$ 191,141</u>	<u>\$ 10,316</u>	<u>\$ 1,199,714</u>

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

**Exhibit B-5**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>			<b>Total Internal Service Funds</b>
	<b>Food Service</b>	<b>Trans- portation</b>	<b>Youth House</b>	<b>Vendor Contracts</b>	
<b>Operating Revenues:</b>					
Charges for services:					
Daily sales - non-reimbursable programs	\$ 311,532	\$ -	\$ -	\$ -	\$ -
Transportation fees from other LEA's within the state	-	3,504,493	-	-	3,504,493
<b>Total Operating Revenues</b>	<b>311,532</b>	<b>3,504,493</b>	<b>-</b>	<b>-</b>	<b>3,504,493</b>
<b>Operating Expenses:</b>					
Cost of sales	648,903	-	-	-	-
Salaries	264,538	1,634,095	467,211	463,695	2,565,001
Employee benefits	89,490	-	-	-	-
Other purchased services	-	1,869,115	-	-	1,869,115
Cleaning, repair and maintenance services	526	-	-	-	-
General supplies	47,124	-	-	-	-
Depreciation	15,000	-	-	-	-
Insurance	8,380	-	-	-	-
Travel	122	-	-	-	-
Laundry & Cleaning	146	-	-	-	-
Miscellaneous	2,830	-	-	-	-
<b>Total Operating Expenses</b>	<b>1,077,059</b>	<b>3,503,210</b>	<b>467,211</b>	<b>463,695</b>	<b>4,434,116</b>
Operating income (loss)	(765,527)	1,283	(467,211)	(463,695)	(929,623)
<b>Nonoperating Revenues (Expenses):</b>					
State sources:					
State school lunch program	19,395	-	-	-	-
County of Hudson:					
SFEA Match	-	-	326,000	-	326,000
Additional Funding	-	-	153,000	-	153,000
Other Contracted Services	-	-	-	489,110	489,110
Federal sources:					
National school lunch program	278,709	-	-	-	-
National school breakfast program	101,263	-	-	-	-
Food distribution program	32,968	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>432,335</b>	<b>-</b>	<b>479,000</b>	<b>489,110</b>	<b>968,110</b>
<b>Income (loss) before contributions &amp; transfers</b>	<b>(333,192)</b>	<b>1,283</b>	<b>11,789</b>	<b>25,415</b>	<b>38,487</b>
Transfers in (out)	404,258	-	-	-	-
Change in net assets	71,066	1,283	11,789	25,415	38,487
Total Net Assets - Beginning,	(71,066)	996,974	179,352	(15,099)	1,161,227
Total Net Assets - Ending	\$ -	\$ 998,257	\$ 191,141	\$ 10,316	\$ 1,199,714

**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, 2012**

**Exhibit B-6**

	<b>Business-type Activities - Enterprise Fund</b>		<b>Governmental Activities Internal Service Funds</b>		<b>Total Internal Service Funds</b>
	<b>Food Service</b>	<b>Transportation</b>	<b>Youth House</b>	<b>Vendor Contracts</b>	
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 311,532	\$ 3,803,120	\$ -	\$ 368,594	\$ 4,171,714
Payment for salaries and benefits	(354,028)	-	-	(463,695)	(463,695)
Payments to suppliers	(669,225)	(3,503,210)	(467,211)	-	(3,970,421)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(711,721)</u>	<u>299,910</u>	<u>(467,211)</u>	<u>(95,101)</u>	<u>(262,402)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
State Sources	19,047	-	326,000	-	326,000
Federal Sources	384,860	-	-	-	-
County Sources	-	-	416,000	-	416,000
Payment of interfunds/interfunds advanced	(96,444)	(299,910)	(274,789)	95,101	(479,598)
<b>Net Cash Provided by (Used for) Non-capital Financing Activities</b>	<u>711,721</u>	<u>(299,910)</u>	<u>467,211</u>	<u>95,101</u>	<u>262,402</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	-	-	-	-	-
<b>Balances - Beginning of Year</b>	-	-	-	-	-
<b>Balances - End of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	(765,527)	1,283	(467,211)	(18,673)	(484,601)
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	32,968	-	-	-	-
(Increase) decrease in accounts receivable, net	-	298,627	-	(76,428)	222,199
Increase (decrease) in accounts payable	5,838	-	-	-	-
Total adjustments	53,806	298,627	-	(76,428)	222,199
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (711,721)</u>	<u>\$ 299,910</u>	<u>\$ (467,211)</u>	<u>\$ (95,101)</u>	<u>\$ (262,402)</u>

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**Exhibit B-7**

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**June 30, 2012**

	<b>Unemployment Compensation Trust</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
<b>ASSETS -</b>		
Cash and cash equivalents	\$ 851	\$ 441,958
Due from other funds	-	-
<b>Total Assets</b>	<u>851</u>	<u>441,958</u>
<b>LIABILITIES:</b>		
Payable to student groups	-	386,735
Due to other funds	-	-
Payroll deductions and withholdings	-	55,223
<b>Total Liabilities</b>	<u>-</u>	<u>441,958</u>
<b>NET ASSETS -</b>		
Held in trust for unemployment claims and other purposes	<u>\$ 851</u>	

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2012**

**Exhibit B-8**

	<b>Unemployment Compensation Trust</b>
<b>ADDITIONS-</b>	
Contributions	\$ 82,417
<b>Total Additions</b>	82,417
<b>DEDUCTIONS -</b>	
Unemployment claims	236,136
<b>Total Deductions</b>	236,136
Change in net assets	(153,719)
<b>Net Assets - Beginning of the Year</b>	189,480
<b>Net Assets - End of the Year</b>	\$ 35,761

**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**

**MARCH 31, 2012 and 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.

**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, 2012 of 3,029 students.

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

**MARCH 31, 2012 and 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued):**

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

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

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

**B. Basic Financial Statements - District-Wide Statements:**

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

The Statement of Net 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.

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

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

**MARCH 31, 2012 and 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

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

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

**MARCH 31, 2012 and 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**2. PROPRIETARY FUND**

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net 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:

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

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

**MARCH 31, 2012 and 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**2. PROPRIETARY FUND (Continued)**

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

The Proprietary Fund is accounted for on a cost of services or “economic resource” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported net 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

**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.

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

**MARCH 31, 2012 and 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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.

**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.

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

**MARCH 31, 2012 and 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

- a. All governmental funds and expendable trust funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net 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**

**MARCH 31, 2012 and 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.

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**

**MARCH 31, 2012 and 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.

	<b>2011-2012</b>
Total Revenues (Budgetary Basis)	\$ 6,429,796
Adjustments:	
Add: Prior Year Encumbrances	1,050,513
Less: Current Year Encumbrances	(925,741)
Adjust for State Aid Payment Recognized for GAAP Statements in the Current Year, Previously Recognized for Budgetary Purposes	-
Adjust for State Aid Payment Not Recognized for GAAP Purpose until the Subsequent Year	-
Total Revenues (GAAP) Basis	\$ 6,554,568
Total Expenditures (Budgetary Basis)	\$ 6,429,796
Adjustments:	
Add: Prior Year Encumbrances	1,050,513
Less: Current Year Encumbrances	(925,741)
Total Expenditures (GAAP Basis)	\$ 6,554,568

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

**MARCH 31, 2012 and 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**

**MARCH 31, 2012 and 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 2011 - 2012 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, 2012, there was no tuition receivable.

*Tuition Payable* - For the year ending June 30, 2012, 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, 2012.

**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**

**MARCH 31, 2012 and 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**

**MARCH 31, 2012 and 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**

**MARCH 31, 2012 and 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**

**MARCH 31, 2012 and 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, 2012, none of the District's bank balances totaling \$2,840,292 was exposed to custodial credit risk.

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

**MARCH 31, 2012 and 2011**

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

As of June 30, 2012, the District's deposits are summarized as follows:

	Book Balance
Insured - FDIC	\$ 250,000
Insured - GUDPA	1,069,994
Overdraft in operating	(74,457)
	\$ 1,245,537

Reconciliation to Government-Wide Statement of  
Net Assets:

Unrestricted Cash	\$ 688,922
Restricted Cash	188,263
Trust and Agency Fund Cash (Not Included in Government-Wide Statement)	442,809
Cash overdraft included in accounts payable	(74,457)
	\$ 1,245,537

As of June 30, 2012, the Board did not hold any investments.

**NOTE 3. DEPOSIT AND INVESTMENT RISK**

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

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

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

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

At June 30, 2012 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**

**MARCH 31, 2012 and 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, 2012 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, 2012 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, 2012 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, 2012, was as follows:

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

**MARCH 31, 2012 and 2011**

**NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)**

	Balance			Balance
	June 30, 2011	Additions	Deductions	June 30, 2012
Governmental Activities:				
Capital assets not being Depreciated:				
Land	\$ 1,533,490	\$ -	\$ -	\$ 1,533,490
Capital Assets being depreciated:				
Buildings and Improvements	28,525,248	1,046,808		29,572,056
Furniture and Equipment	1,820,796	372,185		2,192,981
Machinery and Other Equipment	3,873,302	691,526		4,564,828
Total Capital Assets being depreciated	34,219,346	2,110,519	-	36,329,865
Total Assets	35,752,836	2,110,519	-	37,863,355
Less Accumulated Depreciation:				
Buildings and Improvements	18,183,824	711,255		18,895,079
Furniture and Equipment	1,436,597	182,554		1,619,151
Machinery and Other Equipment	2,576,572	465,225		3,041,797
Total Accumulative Depreciation	22,196,993	1,359,034	-	23,556,027
Governmental Capital Assets Net	13,555,843	751,485	-	14,307,328
Business Type Activities:				
Machinery and Equipment	369,725		-	369,725
Less Accumulative Depreciation	(259,574)	(15,000)	-	(274,574)
Business Type Capital Assets Net	\$ 110,151	\$ (15,000)	\$ -	\$ 95,151

In 2009 the District had an appraisal performed to value machinery and equipment and its accumulated depreciation as of June 30, 2009.

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

**MARCH 31, 2012 and 2011**

**NOTE 5. LONG-TERM DEBT**

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

Governmental Activities

As of June 30, 2012, the governmental long-term debt of the District consisted of the following:

	Balance			Balance	Amounts	Long-Term
	June 30, 2011	Additions	Deductions	June 30, 2012	Due Within	Portion
					One Year	
Governmental Activities:						
Compensated Absences	\$ 12,048,770	\$ -	\$ 753,918	\$ 11,294,852	\$ 541,901	\$ 10,752,951

Business-type Activity

As of June 30, 2012, there was no long-term debt payable from proprietary fund resources.

**County of Hudson Debt Authorized**

**Bonds Payable:** Bonds are authorized in accordance with State law by the County of Hudson on behalf of the Hudson County Schools of Technology. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County are general obligation bonds. As of June 30, 2012, the County of Hudson on behalf of School's projects had outstanding bonds in the amount of \$29,590,000. These bonds are paid by the County of Hudson.

**Bonds Authorized But Not Issued:** As of June 30, 2012, the County had no bonds authorized but not issued. All debt authorized was carried on the books and records of the County of Hudson.

**NOTE 6. OPERATING LEASES**

The District has commitments to lease copiers under operating leases that expire through the year 2017. Total operating lease payments made during the year ended June 30, 2012 were \$150,046. Future minimum lease payments are as follows:

<u>Year Ending</u>	
June 30, 2013	150,046
June 30, 2014	150,046
June 30, 2015	150,046
June 30, 2016	150,046
June 30, 2017	34,804

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

**MARCH 31, 2012 and 2011**

**NOTE 7. PENSION PLANS**

**A. Description of Plans:**

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

These reports may be 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.

**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.

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

**MARCH 31, 2012 and 2011**

**NOTE 7. PENSION PLANS (Continued)**

**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:**

Chapter 78, P.L. 2011, effective June 28, 2011, made various changes to the manner in which the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- Increases in active member contribution rates. TPAF and PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; For fiscal year 2012, the member contribution rates will increase in October 2011. The phase-in of the additional incremental member contribution rates for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

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

**MARCH 31, 2012 and 2011**

**NOTE 7. PENSION PLANS (Continued)**

**E. Significant Legislation (Continued):**

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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.

**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. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate will be increased from 5.5% of annual compensation to 6.5% plus and additional 1% phased-in over 7 years beginning in the first fiscal year. For fiscal year 2012, the member contribution rate will increase in October 2011. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year.

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 Board is a non-contributing employer of the TPAF.

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

**MARCH 31, 2012 and 2011**

**NOTE 7. PENSION PLANS (Continued)**

During the years ended June 30, 2012, 2011 and 2010 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**

Year Funding	PERS Contributed by the District		TPAF Paid on Behalf of the District	
	Pension	NCGI	Pension	NCGI
June 30, 2012	\$ 1,194,480	\$196,845	\$ 533,587	\$57,261
June 30, 2011	1,323,432	176,719	-	53,402
June 30, 2010	1,232,677	91,229	-	55,097

Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,347,111 during the year ended June 30, 2012, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the required supplementary information schedules as a revenue and expenditure in accordance with GASB 27.

**NOTE 8. POST-RETIREMENT BENEFITS**

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

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

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

**MARCH 31, 2012 and 2011**

**NOTE 8. POST-RETIREMENT BENEFITS (Continued)**

employees and retired educational employees. As of June 30, 2011, there were 93,323 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 \$935.5 million for the fiscal year 2011 and \$97.6 million for the fiscal year 2010.

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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' postretirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$4,484,392, \$4,455,151 and \$4,179,475, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**Funded Status and Funding Progress**

As of June 30, 2011, the most recent actuarial valuation date, the State had an \$11.1 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

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

**MARCH 31, 2012 and 2011**

**NOTE 8. POST-RETIREMENT BENEFITS (Continued)**

legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43>.

**NOTE 9. COMPENSATED ABSENCES**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, there is no liability existing for compensated absences in the Food Service Fund.

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

**MARCH 31, 2012 and 2011**

**NOTE 10. RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Board did not significantly reduce insurance coverage during fiscal year 2012.

**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

**F. Federal and State Awards (Continued)**

with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2012, 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**

**MARCH 31, 2012 and 2011**

**NOTE 11. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2012:

	Interfund Receivable	Interfund Payable
General	\$ 1,023,386	\$ -
Special Revenue	-	1,400,120
Capital Projects	175,892	-
Enterprise Fund	-	234,923
Internal Service Fund	750,119	314,354
Fiduciary Fund	-	-
Total	\$ 1,949,397	\$ 1,949,397

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 2012 as a contribution to school based budgeting and various reprogramming and cancellations of funds.

**NOTE 12. DEFERRED COMPENSATION**

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

- Fidelity
- AXA Equitable
- Metropolitan Life
- Lincoln Investment Planning, Inc.

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

**MARCH 31, 2012 and 2011**

**NOTE 13. INVENTORY**

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

**NOTE 14. FUND BALANCE APPROPRIATED**

**Fund Statements:**

General Fund - Of the (\$330,320) General Fund deficit at June 30, 2012, \$85,383 is committed for year-end encumbrances; and a deficit of (\$415,703) is unassigned.

Special Revenue Fund – The Special Revenue Fund has a zero fund balance at June 30, 2012.

Capital Projects Fund – The \$1,400,004 Capital Projects Fund balance at June 30, 2012 is partially reserved for \$666,629 of encumbrances and has an unassigned balance of \$733,375.

The total Governmental Funds fund balance is \$1,069,684.

**District-Wide Statements:**

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

	Governmental Activities
Fund Balance/Net Assets	\$ 1,069,684
Add: Capital Assets, Net of	
Accumulated Depreciation	14,307,328
Youth House Capital Assets, Net	(34,955)
Internal Service Funds	1,199,714
Less: Long-Term Liabilities	(11,294,852)
Total Net Assets	\$ 5,246,919

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

**MARCH 31, 2012 and 2011**

**NOTE 15. DEFICIT FUND BALANCES**

The District has an unassigned deficit fund balance of (\$415,703) in the General Fund as of June 30, 2012 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 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 (\$415,703) is less than than the last two state aid payments.

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (\$1701), 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. The Board does not have excess fund balance for the year ended June 30, 2012.

**NOTE 17. LITIGATION**

The only outstanding litigation are workers compensation cases, which are not material.

**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, 2012**

Exhibit C-1

	2012				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
<b>REVENUES:</b>					
<b>Local Sources:</b>					
County Tax Levy	\$ 24,500,000	\$ -	\$ 24,500,000	\$ 24,500,000	\$ -
Tuition				529,350	529,350
Interest Earned				4,475	4,475
Miscellaneous	603,393	-	603,393	496,083	(107,310)
<b>Total - Local Sources</b>	<b>25,103,393</b>	<b>-</b>	<b>25,103,393</b>	<b>25,529,908</b>	<b>426,515</b>
<b>State Sources:</b>					
Special Education Aid	1,385,044		1,385,044	1,385,044	-
Equalization Aid	18,093,097	457,553	18,550,650	18,550,650	-
TPAF NCGI Premium (On-Behalf - Non-Budgeted)		-		57,261	57,261
TPAF Pension (On-Behalf - Non-Budgeted)		-		533,587	533,587
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)		-		1,187,758	1,187,758
TPAF Social Security (Reimbursed - Non-Budgeted)		-		1,347,111	1,347,111
<b>Total State Sources</b>	<b>19,478,141</b>	<b>457,553</b>	<b>19,935,694</b>	<b>23,061,411</b>	<b>3,125,717</b>
<b>Federal Sources:</b>					
Medicaid Reimbursement	21,607	(21,607)	-	-	-
<b>Total Federal Sources</b>	<b>21,607</b>	<b>(21,607)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenues</b>	<b>44,603,141</b>	<b>435,946</b>	<b>45,039,087</b>	<b>48,591,319</b>	<b>3,552,232</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction</b>					
Grades 9-12 - Salaries of Teachers	6,413,000	578,824	6,991,824	6,991,524	300
<b>Regular Programs - Undistributed Instruction</b>					
General Supplies	150,000	(4,457)	145,543	142,422	3,121
Textbooks	40,000	(1,120)	38,880	38,577	303
Other Objects	40,000	69,811	109,811	99,621	10,190
<b>Total Regular Programs - Instruction</b>	<b>6,643,000</b>	<b>643,058</b>	<b>7,286,058</b>	<b>7,272,144</b>	<b>13,914</b>
<b>Vocational Programs - Instruction</b>					
<b>Regular Vocational Programs - Instructional</b>					
Salaries of Teachers	3,375,000	(103,500)	3,271,500	3,201,442	70,058
Other Salaries for Instruction	128,000	(5,000)	123,000	122,902	98
General Supplies	75,000	6,773	81,773	76,836	4,937
Textbooks	25,000	1,647	26,647	25,824	823
Other Objects	40,000	(4,176)	35,824	34,624	1,200
<b>Total Regular Vocational Programs - Instruction</b>	<b>3,643,000</b>	<b>(104,256)</b>	<b>3,538,744</b>	<b>3,461,628</b>	<b>77,116</b>
<b>Special Vocational Programs - Instruction</b>					
Salaries of Teachers	1,527,000	79,500	1,606,500	1,606,162	338
Other Salaries for Instruction	26,000	(500)	25,500	25,385	115
Purchased Professional- Educational Services	40,000	23,000	63,000	62,737	263
General Supplies	25,000	14,593	39,593	38,750	843
Textbooks	10,000	-	10,000	9,943	57
Other Objects	5,000	-	5,000	4,986	14
<b>Total Vocational Programs - Local - Instruction</b>	<b>1,633,000</b>	<b>116,593</b>	<b>1,749,593</b>	<b>1,747,963</b>	<b>1,630</b>
<b>Total Vocational Programs - Instructional</b>	<b>\$ 5,276,000</b>	<b>\$ 12,337</b>	<b>\$ 5,288,337</b>	<b>\$ 5,209,591</b>	<b>\$ 78,746</b>

Continued

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2012**

Exhibit C-1

	2012				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	\$ 350,000	\$ (72,000)	\$ 278,000	\$ 206,507	\$ 71,493
Supplies and Materials	-	-	-	-	-
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	350,000	(72,000)	278,000	206,507	71,493
<b>School-Spon. Cocurricular Athletics - Inst.</b>					
Salaries	90,000	(70,000)	20,000	19,536	464
Supplies and Materials	25,000	(20,000)	5,000	4,931	69
Other Objects	25,000	(19,000)	6,000	5,278	722
<b>Total School-Spon. Cocurricular Athletics - Inst.</b>	140,000	(109,000)	31,000	29,745	1,255
<b>Total Instruction Expenditures</b>	12,409,000	474,395	12,883,395	12,717,987	165,408
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	201,500	13,000	214,500	214,100	400
Supplies and Materials	2,000	(823)	1,177	-	1,177
Other Objects	3,000	-	3,000	3,000	-
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	206,500	12,177	218,677	217,100	1,577
<b>Undist. Expend. - Health Services</b>					
Salaries	199,000	4,000	203,000	202,937	63
Supplies and Materials	5,000	-	5,000	4,301	699
Other Objects	15,000	(2,677)	12,323	12,065	258
<b>Total Undistributed Expenditures - Health Services</b>	219,000	1,323	220,323	219,303	1,020
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	1,177,500	81,799	1,259,299	1,259,254	45
Salaries of Secretarial and Clerical Assistants	678,000	31,500	709,500	709,260	240
Supplies and Materials	10,000	(310)	9,690	9,690	-
Other Objects	10,000	42,877	52,877	52,877	-
<b>Total Undist. Expend. - Other Supp. Serv. Students-Reg.</b>	1,875,500	155,866	2,031,366	2,031,081	285
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of Other Professional Staff	997,000	(40,000)	957,000	956,953	47
Salaries of Secretarial and Clerical Assistants	44,000	1,100	45,100	45,043	57
Supplies and Materials	10,000	-	10,000	9,835	165
Other Objects	10,000	7,767	17,767	14,928	2,839
<b>Total Undist. Expend. - Other Supp. Serv. Students - Spl</b>	1,061,000	(31,133)	1,029,867	1,026,759	3,108
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisor of Instruction	57,000	495	57,495	57,285	210
Salaries of Secr and Clerical Assist.	51,000	2,500	53,500	53,365	135
Supplies and Materials	1,000	-	1,000	983	17
Other Objects	1,000	6,510	7,510	7,501	9
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	110,000	9,505	119,505	119,134	371
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	440,000	200,233	640,233	640,233	-
Supplies and Materials	3,000	-	3,000	2,912	88
Other Objects	3,000	-	3,000	3,000	-
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	\$ 446,000	\$ 200,233	\$ 646,233	\$ 646,145	\$ 88

Continued

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2012**

Exhibit C-1

	2012				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Other Purchased Professional & Technical Services	\$ -	\$ 12,983	\$ 12,983	\$ 12,933	\$ 50
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	-	12,983	12,983	12,933	50
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	1,050,000	35,634	1,085,634	1,085,634	-
Legal Services	75,000	17,466	92,466	92,333	133
Audit	75,000	10,000	85,000	85,000	-
Other Purchased Professional Services	40,000	48,975	88,975	82,717	6,258
Purchased Professional and Technical Services	20,000	(2,500)	17,500	17,500	-
Communications/Telephone	330,000	(19,329)	310,671	287,491	23,180
Other Purchased Services	10,000	24,642	34,642	34,642	-
Supplies and Materials	20,000	509	20,509	20,401	108
Judgments	5,000	(4,540)	460	351	109
Miscellaneous Expenditures	30,000	8,128	38,128	36,702	1,426
BOE Membership Dues and Fees	30,000	5,094	35,094	35,062	32
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	1,685,000	124,079	1,809,079	1,777,833	31,246
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Assistant Principals	520,000	45,000	565,000	564,726	274
Salaries of Secretarial and Clerical Assistants	390,000	17,917	407,917	407,917	-
Supplies and Materials	25,000	1,808	26,808	26,808	-
Other Objects	35,000	3,552	38,552	35,700	2,852
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	970,000	68,277	1,038,277	1,035,151	3,126
<b>Undist. Expend. - Support Serv. - Central Services</b>					
Salaries	805,000	158,000	963,000	962,886	114
Supplies and Materials	25,000	(1,627)	23,373	23,282	91
Miscellaneous Expenditures	10,000	7,932	17,932	17,746	186
<b>Total Undist. Expend. - Support Serv. - Central Services</b>	840,000	164,305	1,004,305	1,003,914	391
<b>Undist. Expend. - Support Serv. - Information Technology Admin.</b>					
Salaries	73,000	5,000	78,000	77,650	350
Supplies and Materials	45,000	-	45,000	42,881	2,119
Miscellaneous Expenditures	65,000	22,500	87,500	87,321	179
<b>Total Undist. Expend. - Support Serv. - Information Technology Admin.</b>	183,000	27,500	210,500	207,852	2,648
<b>Undist. Expend. - Allowable Maintenance for School Facilities</b>					
Salaries	213,000	9,000	222,000	221,620	380
Cleaning, Repair, and Maintenance Services	80,000	13,353	93,353	92,047	1,306
General Supplies	60,000	127,138	187,138	181,744	5,394
Other Objects	165,000	17,775	182,775	170,532	12,243
<b>Total Undist. Expend. - Allowable Maintenance for School Facilities</b>	518,000	167,266	685,266	665,943	19,323
<b>Undist. Expend. - Oth. Oper. &amp; Maint. of Plant</b>					
Salaries	2,050,000	209,000	2,259,000	2,258,660	340
Cleaning, Repair and Maintenance Services	175,000	(5,426)	169,574	162,603	6,971
Rental of Land, Building & Other than Lease Purchases	20,000	105,000	125,000	125,000	-
Other Purchased Property Services	20,000	(20,000)	-	-	-
Insurance	680,000	(8,500)	671,500	671,274	226
General Supplies	30,000	(11,000)	19,000	18,476	524
Energy (Energy and Electricity)	1,500,000	(336,676)	1,163,324	1,162,959	365
Other Objects	50,000	765	50,765	33,816	16,949
<b>Total Undist. Expend. - Other Oper. &amp; Maint. Of Plant</b>	4,525,000	(66,837)	4,458,163	4,432,788	25,375
<b>Total Undist. Expend. - Oper. &amp; Maint. Of Plant</b>	\$ 5,043,000	\$ 100,429	\$ 5,143,429	\$ 5,098,731	\$ 44,698

Continued

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2012**

Exhibit C-1

	2012				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
<b>Undist. Expend. - Student Transportation Serv.</b>					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	\$ 1,550,000	\$ (196,470)	\$ 1,353,530	\$ 1,349,296	\$ 4,234
Sal. For Pup.Trans. (Bet. Home and School) - Special	650,000	60,000	710,000	709,632	368
Sal. For Pup. Trans. (Other than Bet. Home and School)	140,000	(140,000)	-	-	-
Misc. Purchased Serv. - Transportation	100,000	(802)	99,198	97,903	1,295
Supplies and Materials	65,000	(3,359)	61,641	61,641	-
Other Objects	90,000	37,059	127,059	125,082	1,977
<b>Total Undist. Expend. - Student Transportation Serv.</b>	<b>2,595,000</b>	<b>(243,572)</b>	<b>2,351,428</b>	<b>2,343,554</b>	<b>7,874</b>
<b>Total Undistributed Expenditures</b>	<b>15,234,000</b>	<b>601,972</b>	<b>15,835,972</b>	<b>15,739,490</b>	<b>96,482</b>
<b>Total General Current Expense</b>	<b>27,643,000</b>	<b>1,076,367</b>	<b>28,719,367</b>	<b>28,457,477</b>	<b>261,890</b>
<b>SPECIAL SCHOOLS:</b>					
<b>Vocational Post Grad- Instruction</b>					
Salaries of Teachers	125,000	-	125,000	125,000	-
Other Salaries for Instruction	400,000	(89,500)	310,500	310,153	347
General Supplies	20,000	14,827	34,827	34,813	14
Textbooks	15,000	-	15,000	15,000	-
Other Objects	20,000	20,960	40,960	40,960	-
<b>Total Summer School</b>	<b>580,000</b>	<b>(53,713)</b>	<b>526,287</b>	<b>525,926</b>	<b>361</b>
<b>Accred. Even./Adult H.S./Post-Grad.-Inst.</b>					
Salaries of Teachers	3,130,000	644,300	3,774,300	3,773,897	403
Sheriff's Office	100,000	33,380	133,380	132,695	685
General Supplies	50,000	9,790	59,790	53,935	5,855
Textbooks	50,000	(15,936)	34,064	34,064	-
Other Objects	50,000	41,360	91,360	84,555	6,805
<b>Total Accred. Even./Adult H.S./Post-Grad.-Inst.</b>	<b>3,380,000</b>	<b>712,894</b>	<b>4,092,894</b>	<b>4,079,146</b>	<b>13,748</b>
<b>Accred. Even./Adult H.S./Post-Grad.-Supp. Service</b>					
Salaries	1,890,000	33,700	1,923,700	1,839,547	84,153
Supplies and Materials	20,000	4,311	24,311	24,061	250
Other Objects	20,000	1,725	21,725	21,725	-
<b>Total Accred. Even./Adult H.S./Post-Grad.-Supp. Service</b>	<b>1,930,000</b>	<b>39,736</b>	<b>1,969,736</b>	<b>1,885,333</b>	<b>84,403</b>
<b>Total Accred. Even./Adult H.S./Post-Grad.</b>	<b>5,310,000</b>	<b>752,630</b>	<b>6,062,630</b>	<b>5,964,479</b>	<b>98,151</b>
<b>Total Special Schools</b>	<b>5,890,000</b>	<b>698,917</b>	<b>6,588,917</b>	<b>6,490,405</b>	<b>98,512</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	1,150,000	(47,500)	1,102,500	1,102,310	190
TPAF Contribution ERIP	300,000	(66,000)	234,000	233,425	575
Other Retirement - Regular	1,210,000	190,000	1,400,000	1,391,325	8,675
Health Benefits	8,150,141	(1,748,944)	6,401,197	5,510,020	891,177
Unemployment Compensation	60,000	(20,000)	40,000	36,000	4,000
TPAF NCGI Premium (On-Behalf - Non-Budgeted)	-	-	-	57,261	(57,261)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	533,587	(533,587)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	1,187,758	(1,187,758)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,347,111	(1,347,111)
<b>Total Allocated Benefits</b>	<b>10,870,141</b>	<b>(1,692,444)</b>	<b>9,177,697</b>	<b>11,398,797</b>	<b>(2,221,100)</b>
<b>TOTAL EXPENDITURES</b>	<b>44,403,141</b>	<b>82,840</b>	<b>44,485,981</b>	<b>46,346,679</b>	<b>(1,860,698)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 200,000</b>	<b>\$ 353,106</b>	<b>\$ 553,106</b>	<b>\$ 2,244,640</b>	<b>\$ 1,691,534</b>

Continued

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2012**

Exhibit C-1

	2012				Variance
	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual Favorable (Unfavorable)
<b>Other Financing Sources:</b>					
<b>Operating Transfer Out:</b>					
Transfer to Special Revenue Fund Adjustment for Cumulative Effect of Grant Adjustments	\$	-			\$ -
Transfer to Food Service Fund	(200,000)	-	(200,000)	(404,258)	(204,258)
<b>Total Other Financing Sources:</b>	(200,000)	-	(200,000)	(404,258)	(204,258)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	353,106	353,106	1,840,382	1,487,276
<b>Fund Balance - July 1</b>	(177,132)	-	(177,132)	(177,132)	-
<b>Fund Balance - June 30</b>	(177,132)	353,106	175,974	1,663,250	1,487,276
<b>Recapitulation:</b>					
Reserve for Encumbrances				85,383	
Reserve for Excess Surplus					
Unrestricted Fund Balance				1,577,867	
				1,663,250	
<b>Reconciliation to Governmental Funds Statements (GAAP)</b>					
Less State Aid Payment not recognized on GAAP basis				(1,993,570)	
<b>Fund Balance per Governmental Funds (GAAP)</b>				\$ (330,320)	

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**for the Fiscal Year Ended June 30, 2012**

Exhibit C-2

	2010-2011				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Federal Sources	\$ 4,774,504	\$ -	\$ 4,774,504	\$ 4,774,504	\$ -
State Sources	1,655,292	-	1,655,292	1,655,292	-
<b>Total Revenues</b>	<b>6,429,796</b>	<b>-</b>	<b>6,429,796</b>	<b>6,429,796</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	620,112	-	620,112	620,112	-
Purchased Professional and Technical Services	15,000	-	15,000	15,000	-
Other Purchased Services (400-500 series)	17,052	-	17,052	17,052	-
General Supplies	576,157	-	576,157	576,157	-
Textbooks	16,655	-	16,655	16,655	-
Other Objects	5,000	-	5,000	5,000	-
<b>Total Instruction</b>	<b>1,249,976</b>	<b>-</b>	<b>1,249,976</b>	<b>1,249,976</b>	<b>-</b>
<b>Support Services</b>					
Salaries of Other Professional Staff	1,756,833	-	1,756,833	1,756,833	-
Salaries of Secretaries & Clerical Assistants	336,166	-	336,166	336,166	-
Personal Services - Employee Benefits	806,539	-	806,539	806,539	-
Purchased Professional - Educational Services	72,720	-	72,720	72,720	-
Other Purchased Professional Services	1,569,758	-	1,569,758	1,569,758	-
Rentals	158,264	-	158,264	158,264	-
Insurance	25,816	-	25,816	25,816	-
Comm/Phone	25,902	-	25,902	25,902	-
Travel	16,799	-	16,799	16,799	-
Other purchased Services (400-500 series)	14,528	-	14,528	14,528	-
Supplies & Materials	45,748	-	45,748	45,748	-
Energy	29,994	-	29,994	29,994	-
Other Objects	165,403	-	165,403	165,403	-
			-	-	
<b>Total Support Services</b>	<b>5,024,470</b>	<b>-</b>	<b>5,024,470</b>	<b>5,024,470</b>	<b>-</b>
<b>Expenditures Continued</b>					
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment	155,350	-	155,350	155,350	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>155,350</b>	<b>-</b>	<b>155,350</b>	<b>155,350</b>	<b>-</b>
Total Expenditures	6,429,796	-	6,429,796	6,429,796	-
<b>Other Financing Sources (Uses)</b>					
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	-
<b>Total Outflows</b>	<b>6,429,796</b>	<b>-</b>	<b>6,429,796</b>	<b>6,429,796</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2012**

**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>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 48,591,319	[C-2]	\$ 6,429,796
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		-		(925,741)
Prior		-		1,050,513
State aid payment recognized for budgetary purposes, not recognized for GAAP statements				
Current		(1,993,570)		-
Prior		1,899,260		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>\$ 48,497,009</u>	[B-2]	<u>\$ 6,554,568</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 46,750,937	[C-2]	\$ 6,429,796
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		-		(925,741)
Prior		-		1,050,513
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		<u>-</u>		<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 46,750,937</u>	[B-2]	<u>\$ 6,554,568</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**

## **SPECIAL REVENUE FUND**

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**Exhibit E-1**

**Special Revenue Fund**

**Combining Schedule of Revenues and Expenditures - Budgetary Basis**

**For the Fiscal Year Ended June 30, 2012**

	<b>Total Brought Forward (Ex.E-1a)</b>	<b>Title I Part A 2011-2012</b>	<b>Title I Part D 2011-2012</b>	<b>Title II Part A 2011-2012</b>	<b>Juvenile Justice Commission 2011-2012</b>	<b>Totals 2011-2012</b>
<b>REVENUES:</b>						
Federal Sources	\$ 4,207,721	\$ 479,226	\$ 45,613	\$ 41,944	\$ -	\$ 4,774,504
State Sources	1,502,292	-	-	-	153,000	1,655,292
<b>Total Revenues</b>	<b>5,710,013</b>	<b>479,226</b>	<b>45,613</b>	<b>41,944</b>	<b>153,000</b>	<b>6,429,796</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	207,599	375,000	37,513	-	-	620,112
Other Salaries for Instruction	-	-	-	-	-	-
Purchased Professional and Technical Services	-	15,000	-	-	-	15,000
Other Purchased Services (400-500 series)	17,052	-	-	-	-	17,052
General Supplies	566,431	9,226	500	-	-	576,157
Textbooks	16,655	-	-	-	-	16,655
Other Objects	-	5,000	-	-	-	5,000
<b>Total Instruction</b>	<b>807,737</b>	<b>404,226</b>	<b>38,013</b>	<b>-</b>	<b>-</b>	<b>1,249,976</b>
<b>Support services:</b>						
Salaries of Other Professional Staff	1,603,833	-	-	-	153,000	1,756,833
Salaries of Secretarial & Clerical Staff	336,166	-	-	-	-	336,166
Personal Services - Employee Benefits	723,939	75,000	7,600	-	-	806,539
Purchased Professional - Educational Services	30,776	-	-	41,944	-	72,720
Other Purchased Professional Services	1,569,758	-	-	-	-	1,569,758
Rentals	158,264	-	-	-	-	158,264
Insurance	25,816	-	-	-	-	25,816
Comm/Phone	25,902	-	-	-	-	25,902
Travel	16,799	-	-	-	-	16,799
Other Purchased Services (400-500 series)	14,528	-	-	-	-	14,528
Supplies & Materials	45,748	-	-	-	-	45,748
Energy	29,994	-	-	-	-	29,994
Other Objects	165,403	-	-	-	-	165,403
<b>Total support services</b>	<b>4,746,926</b>	<b>75,000</b>	<b>7,600</b>	<b>41,944</b>	<b>153,000</b>	<b>5,024,470</b>
<b>Facilities acquisition and const. serv.:</b>						
Instructional Equipment	155,350	-	-	-	-	155,350
<b>Total facilities acquisition construction services</b>	<b>155,350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155,350</b>
<b>Total Expenditures</b>	<b>5,710,013</b>	<b>479,226</b>	<b>45,613</b>	<b>41,944</b>	<b>153,000</b>	<b>6,429,796</b>
<b>Other Financing Sources (Uses)</b>						
Transfer in from General Fund	-	-	-	-	-	-
<b>Total Outflows</b>	<b>5,710,013</b>	<b>479,226</b>	<b>45,613</b>	<b>41,944</b>	<b>153,000</b>	<b>6,429,796</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Special Revenue Fund**

**Exhibit E-1a**

**Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012**

	<b>Total Brought Forward (Ex. E-1b)</b>	<b>I.D.E.A. Part B Flow - Thru 2011-2012</b>	<b>NJ Build 2011-2012</b>	<b>P.L. 101-392 Voc. Ed. Post- Secondary 2011-2012</b>	<b>P.L. 101-392 Perkins Voc. Ed. Secondary 2011-2012</b>	<b>Total Carried Forward</b>
<b>REVENUES:</b>						
Federal Sources	\$ 3,023,426	\$ 451,185	\$ -	\$ 192,117	\$ 540,993	\$ 4,207,721
State Sources	1,312,292		190,000	-	-	1,502,292
Private Sources	-		-	-	-	-
<b>Total Revenues</b>	<b>4,335,718</b>	<b>451,185</b>	<b>190,000</b>	<b>192,117</b>	<b>540,993</b>	<b>5,710,013</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	7,500	132,099	68,000	-		207,599
Other Salaries for Instruction	-	-	-	-		-
Purchased Professional and Technical Services	-	-	-	-		-
Other Purchased Services (400-500 series)	-	-	-	12,903	4,149	17,052
General Supplies	-	1,200	37,000	169,462	358,769	566,431
Textbooks	-		-	-		-
Other Objects	-		5,000	-	11,655	16,655
<b>Total Instruction</b>	<b>7,500</b>	<b>133,299</b>	<b>110,000</b>	<b>182,365</b>	<b>374,573</b>	<b>807,737</b>
<b>Support services:</b>						
Salaries of Other Professional Staff	1,373,656	225,177	5,000	-		1,603,833
Salaries of Secretarial & Clerical Staff	336,166	-	-	-		336,166
Personal Services - Employee Benefits	652,533	51,406	20,000	-		723,939
Purchased Professional - Educational Services	-	30,776	-	-		30,776
Other Purchased Professional Services	1,562,663	7,095	-	-		1,569,758
Rentals	158,264	-	-	-		158,264
Insurance	25,816	-	-	-		25,816
Comm/Phone	25,902	-	-	-		25,902
Travel	5,729	-	-	-	11,070	16,799
Other Purchased Services (400-500 series)	4,528	-	10,000	-		14,528
Supplies & Materials	32,564	3,432	-	9,752		45,748
Energy	29,994		-	-		29,994
Other Objects	120,403		45,000	-		165,403
<b>Total support services</b>	<b>4,328,218</b>	<b>317,886</b>	<b>80,000</b>	<b>9,752</b>	<b>11,070</b>	<b>4,746,926</b>
<b>Facilities acquisition and const. serv.:</b>						
Instructional Equipment	-	-	-	-	155,350	155,350
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>155,350</b>	<b>155,350</b>
<b>Total Expenditures</b>	<b>4,335,718</b>	<b>451,185</b>	<b>190,000</b>	<b>192,117</b>	<b>540,993</b>	<b>5,710,013</b>
<b>Other Financing Sources (Uses)</b>						
Transfer in from General Fund	-	-	-	-	-	-
<b>Total Outflows</b>	<b>4,335,718</b>	<b>451,185</b>	<b>190,000</b>	<b>192,117</b>	<b>540,993</b>	<b>5,710,013</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2012

	Total Brought Forward (Ex. E-1c)	Apprenticeship Coordinator 2011-2012	Smart Steps 2011-2012	Workforce Investment Act 2010-2011	Workforce Investment Act Title II 2010-2011	Total Carried Forward
<b>REVENUES:</b>						
Federal Sources	\$ 2,836,340			\$ 165,628	\$ 21,458	\$ 3,023,426
State Sources	1,293,423	12,449	6,420	-	-	1,312,292
Private Sources	-			-	-	-
<b>Total Revenues</b>	<b>4,129,763</b>	<b>12,449</b>	<b>6,420</b>	<b>165,628</b>	<b>21,458</b>	<b>4,335,718</b>
<b>EXPENDITURES:</b>						
<b>Instruction:</b>						
Salaries of Teachers	-	7,500				7,500
Other Salaries for Instruction	-					-
Purchased Professional - Educational Services	-					-
Purchased Professional and Technical Services	-					-
Other Purchased Services (400-500 series)	-					-
General Supplies	-					-
Equipment	-					-
Textbooks	-					-
Other Objects	-					-
<b>Total Instruction</b>	<b>-</b>	<b>7,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,500</b>
<b>Support services:</b>						
Salaries of Other Professional Staff	1,306,496		4,622	55,366	7,172	1,373,656
Salaries of Secretarial & Clerical Staff	318,997	1,900	-	13,518	1,751	336,166
Other Salaries	-					-
Personal Services - Employee Benefits	621,009	-	1,798	26,317	3,409	652,533
Purchased Professional - Educational Services	-					-
Other Purchased Professional Services	1,501,393	-		54,243	7,027	1,562,663
Rentals	151,033	-		6,401	830	158,264
Insurance	24,637	-		1,044	135	25,816
Comm/Phone	24,718	-		1,048	136	25,902
Travel	5,023	465		213	28	5,729
Other Purchased Services (400-500 series)	4,528	-		-	-	4,528
Supplies & Materials	30,775	338		1,284	167	32,564
Energy	28,395	-		1,415	184	29,994
Other Objects	112,759	2,246		4,779	619	120,403
<b>Total support services</b>	<b>4,129,763</b>	<b>4,949</b>	<b>6,420</b>	<b>165,628</b>	<b>21,458</b>	<b>4,328,218</b>
<b>Facilities acquisition and const. serv.:</b>						
Instructional Equipment	-	-	-	-	-	-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>4,129,763</b>	<b>12,449</b>	<b>6,420</b>	<b>165,628</b>	<b>21,458</b>	<b>4,335,718</b>
<b>Other Financing Sources (Uses)</b>						
Transfer in from General Fund	-					-
<b>Total Outflows</b>	<b>4,129,763</b>	<b>12,449</b>	<b>6,420</b>	<b>165,628</b>	<b>21,458</b>	<b>4,335,718</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**Exhibit E-1c**

**Special Revenue Fund**

**Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012**

	<b>Total Brought Forward (Ex. E-1d)</b>	<b>Workforce Investment Act 2011-2012</b>	<b>Workforce NJ Learning Link-Literacy 2010-2011</b>	<b>Workforce Investment Act-JCETP 2011-2012</b>	<b>Total Carried Forward</b>
<b>REVENUES:</b>					
Federal Sources	\$ -	\$ 2,744,941	\$ -	\$ 91,399	\$2,836,340
State Sources	1,279,320		14,103	-	1,293,423
Private Sources	-		-	-	-
<b>Total Revenues</b>	<b>1,279,320</b>	<b>2,744,941</b>	<b>14,103</b>	<b>91,399</b>	<b>4,129,763</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	-		-	-	-
Other Salaries for Instruction	-		-	-	-
Purchased Professional and Technical Services	-		-	-	-
Other Purchased Services (400-500 series)	-		-	-	-
General Supplies	-		-	-	-
Textbooks	-		-	-	-
Other Objects	-		-	-	-
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Support services:</b>					
Salaries of Other Professional Staff	384,196	917,587	4,713		1,306,496
Salaries of Secretarial & Clerical Staff	93,807	224,039	1,151		318,997
Personal Services - Employee Benefits	182,619	436,148	2,242		621,009
Purchased Professional - Educational Services	-		-		-
Other Purchased Professional Services	506,403	898,972	4,619	91,399	1,501,393
Rentals	44,414	106,074	545		151,033
Insurance	7,245	17,303	89		24,637
Comm/Phone	7,269	17,360	89		24,718
Travel	1,477	3,528	18		5,023
Other Purchased Services (400-500 series)	4,528	-	-		4,528
Supplies & Materials	9,374	21,292	109		30,775
Energy	4,829	23,445	121		28,395
Other Objects	33,159	79,193	407		112,759
<b>Total Support Services</b>	<b>1,279,320</b>	<b>2,744,941</b>	<b>14,103</b>	<b>91,399</b>	<b>4,129,763</b>
<b>Facilities acquisition and const. serv.:</b>					
Instructional Equipment	-	-	-	-	-
<b>Total Facilities Acquisition and Const. Se</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>1,279,320</b>	<b>2,744,941</b>	<b>14,103</b>	<b>91,399</b>	<b>4,129,763</b>
<b>Other Financing Sources (Uses)</b>					
Transfer in from General Fund	-	-	-	-	-
<b>Total Outflows</b>	<b>1,279,320</b>	<b>2,744,941</b>	<b>14,103</b>	<b>91,399</b>	<b>4,129,763</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2012**

	<b>Total Brought Forward (Ex. E-1d)</b>	<b>WorkFirst NJ Temporary Assistance for Needy Families 2011-2012</b>	<b>Workforce NJ Learning Link-Literacy 2011-2012</b>	<b>Business Development Initiative 2010-2011</b>	<b>Total Carried Forward</b>
<b>REVENUES:</b>					
Federal Sources	\$ -		\$ -	\$ -	\$ -
State Sources	400,055	583,842	255,466	39,957	1,279,320
Private Sources	-		-	-	-
<b>Total Revenues</b>	<b>400,055</b>	<b>583,842</b>	<b>255,466</b>	<b>39,957</b>	<b>1,279,320</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	-		-	-	-
Other Salaries for Instruction	-		-	-	-
Purchased Professional and Technical Services	-		-	-	-
Other Purchased Services (400-500 series)	-		-	-	-
General Supplies	-		-	-	-
Textbooks	-		-	-	-
Other Objects	-		-	-	-
<b>Total Instruction</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Support services:</b>					
Salaries of Other Professional Staff	90,272	195,167	85,397	13,360	384,196
Salaries of Secretarial & Clerical Staff	22,042	47,653	20,851	3,261	93,807
Personal Services - Employee Benefits	42,911	92,769	40,591	6,348	182,619
Purchased Professional - Educational Services	-		-		-
Other Purchased Professional Services	218,444	191,208	83,666	13,085	506,403
Rentals	10,436	22,562	9,872	1,544	44,414
Insurance	1,703	3,680	1,610	252	7,245
Comm/Phone	1,708	3,692	1,616	253	7,269
Travel	347	751	328	51	1,477
Other Purchased Services (400-500 series)	-	4,528			4,528
Supplies & Materials	2,095	4,987	1,982	310	9,374
Energy	2,306		2,182	341	4,829
Other Objects	7,791	16,845	7,371	1,152	33,159
<b>Total support services</b>	<b>400,055</b>	<b>583,842</b>	<b>255,466</b>	<b>39,957</b>	<b>1,279,320</b>
<b>Facilities acquisition and const. serv.:</b>					
Instructional Equipment	-		-	-	-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>400,055</b>	<b>583,842</b>	<b>255,466</b>	<b>39,957</b>	<b>1,279,320</b>
<b>Other Financing Sources (Uses)</b>					
Transfer in from General Fund	-		-	-	-
<b>Total Outflows</b>	<b>400,055</b>	<b>583,842</b>	<b>255,466</b>	<b>39,957</b>	<b>1,279,320</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit E-1e

Special Revenue Fund

Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

	Workforce NJ TANF HS Proficiency Assessment 2011-2012	Workforce NJ - General Assistance 2011-2012	Workforce NJ Development Program 2010-2011	Special Initiative and Transportation 2010-2011	Total Carried Forward
<b>REVENUES:</b>					
Federal Sources	\$ -	\$ -	\$ -	\$ -	\$ -
State Sources	130,000	225,000	17,055	28,000	400,055
Private Sources	-	-	-	-	-
<b>Total Revenues</b>	<b>130,000</b>	<b>225,000</b>	<b>17,055</b>	<b>28,000</b>	<b>400,055</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	-	-	-	-	-
Textbooks	-	-	-	-	-
Other Objects	-	-	-	-	-
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Support services:</b>					
Salaries of Other Professional Staff	-	75,211	5,703	9,358	90,272
Salaries of Secretarial & Clerical Staff	-	18,365	1,391	2,286	22,042
Personal Services - Employee Benefits	-	35,751	2,710	4,450	42,911
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Professional Services	130,000	73,688	5,585	9,171	218,444
Rentals	-	8,695	659	1,082	10,436
Insurance	-	1,418	108	177	1,703
Comm/Phone	-	1,423	108	177	1,708
Travel	-	289	22	36	347
Other Purchased Services (400-500 series)	-	-	-	-	-
Supplies & Materials	-	1,746	132	217	2,095
Energy	-	1,922	145	239	2,306
Other Objects	-	6,492	492	807	7,791
<b>Total support services</b>	<b>130,000</b>	<b>225,000</b>	<b>17,055</b>	<b>28,000</b>	<b>400,055</b>
<b>Facilities acquisition and const. serv.:</b>					
Buildings	-	-	-	-	-
Instructional Equipment	-	-	-	-	-
Noninstructional Equipment	-	-	-	-	-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to Charter School	-	-	-	-	-
<b>Total Expenditures</b>	<b>130,000</b>	<b>225,000</b>	<b>17,055</b>	<b>28,000</b>	<b>400,055</b>
<b>Other Financing Sources (Uses)</b>					
Transfer in from General Fund	-	-	-	-	-
<b>Total Outflows</b>	<b>130,000</b>	<b>225,000</b>	<b>17,055</b>	<b>28,000</b>	<b>400,055</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## **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, 2012**

**Exhibit F-1**

Ordinance Numbers	Ordinance Date	Project Title/Issue	Ordinance Amount	Expenditures to Date		Unexpended Balance June 30, 2012
				Prior Years	Current Year	
213-4-1993	4/23/1993	Various Buses and Equipment	1,625,000	1,618,710	-	6,290
738-12-1995	12/28/1995	Improvements/ Acquisition of Various Equipment/ Computers	1,300,000	1,300,000	-	-
354-7-1997 Amended as	4/27/1993	Improvements/Roof Replacement and Construction, HVAC Systems, Interior, Exterior Renovations and Refurbishing,				
512-10-1998	10/8/1998	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	18,991	1,721
412-9-2000	9/28/2000	Various Capital Improvements	4,300,000	3,878,648	-	421,352
305-7-2004 299-7-2005 Amended as	7/8/2004	Improvements/Renovation of Various Facilities, Network Upgrade, Various Buses and Equipment	6,475,000	6,468,706	-	6,294
535-11-2007	7/14/2005	Improvements/Acquisition of Various Equipment	5,000,000	2,455,445	2,112,696	431,859
269-6-2006	6/22/2006	Improvements/Acquisition of Various Equipment	11,800,000	10,487,907	904,778	407,315
			34,800,000	30,363,531	3,036,465	1,400,004

Capital Projects Fund

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year Ended June 30, 2012

<b>Revenues and Other Financing Sources</b>	\$ <u>          -</u>
<b>Expenditures and Other Financing Uses:</b>	
Equipment purchases	<u>          3,036,465</u>
Total Expenditures	<u>          3,036,465</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>          (3,036,465)</u>
Fund Balance - beginning	<u>          4,436,469</u>
Fund Balance - ending	<u><u>          \$ 1,400,004</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, 2012**

**Exhibit G-1**

	<b>Business-type            Activities -            Enterprise            Fund</b> <hr/> <b>Food            Service</b> <hr/>
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ -
State Receivables	2,721
Federal Receivables	167,618
<b>Total Current Assets</b>	<hr/> <b>170,339</b> <hr/>
<b>Noncurrent Assets:</b>	
Furniture, machinery & equipment	369,725
Less accumulated depreciation	(274,574)
<b>Total Noncurrent Assets</b>	<hr/> <b>95,151</b> <hr/>
<b>Total Assets</b>	<hr/> <b>265,490</b> <hr/>
<b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Interfund payable	234,923
Accounts payable	30,567
<b>Total Current Liabilities</b>	<hr/> <b>265,490</b> <hr/>
<b>Total Liabilities</b>	<hr/> <b>265,490</b> <hr/>
<b>NET ASSETS:</b>	
Unrestricted	-
<b>Total Net Assets</b>	<hr/> <b>\$ -</b> <hr/>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

**Exhibit G-2**

	<b>Business-type            Activities -            Enterprise            Fund</b> <hr/> <b>Food            Service</b> <hr/>
<b>Operating Revenues:</b>	
<b>Charges for Services:</b>	
Daily sales - non-reimbursable programs	\$ 311,532
<b>Total Operating Revenues</b>	<hr/> 311,532 <hr/>
<b>Operating Expenses:</b>	
Cost of sales	648,903
Salaries	264,538
Employee benefits	89,490
General supplies	526
Management Fees	47,124
Depreciation	15,000
Insurance	8,380
Travel	122
Laundry & Cleaning	146
Miscellaneous	2,830
<b>Total Operating Expenses</b>	<hr/> 1,077,059 <hr/>
<b>Operating Income (Loss)</b>	<hr/> (765,527) <hr/>
<b>Nonoperating Revenues (Expenses):</b>	
<b>State sources:</b>	
State school lunch program	19,395
<b>Federal sources:</b>	
National school lunch program	278,709
National school breakfast program	101,263
Food distribution program	32,968
<b>Total Nonoperating Revenues (Expenses)</b>	<hr/> 432,335 <hr/>
Income (loss) before contributions & transfers	(333,192)
Transfers in (out)	404,258
<b>Change in Net Assets</b>	<hr/> 71,066 <hr/>
<b>Total Net Assets - Beginning</b>	(71,066)
<b>Total Net Assets - Ending</b>	<hr/> \$ - <hr/>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

**Exhibit G-3**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Food Service</b>
<b>Cash Flows from Operating Activities:</b>	
Receipts from customers	\$ 311,532
Payments to suppliers and employees	(1,023,253)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(711,721)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
State Sources	19,047
Federal Sources	384,860
(Payment of interfund)/interfunds advanced	(96,444)
Operating subsidies and transfers to other funds	404,258
<b>Net Cash Provided by (Used for) Non-capital Financing Activities</b>	<b>711,721</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	-
<b>Balances - Beginning of Year</b>	-
<b>Balances - End of Year</b>	-
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	(765,527)
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	32,968
Increase (decrease) in accounts payable	5,838
<b>Total adjustments</b>	<b>53,806</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (711,721)</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**For the Year Ended June 30, 2012**

Exhibit G-4

	<b>Trans- portation Consortium</b>	<b>Youth House Services</b>	<b>Vendor Contracts</b>	<b>Total Internal Service</b>
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Account Receivable:				
County of Hudson	-	153,000	-	153,000
Interfund receivable - General Fund	746,933	3,186	-	750,119
Other LEA's	262,301	-	-	262,301
Other Receivable	-	-	324,670	324,670
<b>Total Current Assets</b>	<b>1,009,234</b>	<b>156,186</b>	<b>324,670</b>	<b>1,490,090</b>
<b>Fixed Assets:</b>				
Equipment	-	106,113	-	106,113
Less: Accumulated Depreciation	-	(71,158)	-	(71,158)
<b>Total Fixed Assets - Net</b>	<b>-</b>	<b>34,955</b>	<b>-</b>	<b>34,955</b>
<b>Total Assets</b>	<b>\$ 1,009,234</b>	<b>\$ 191,141</b>	<b>\$ 324,670</b>	<b>\$ 1,525,045</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 10,977	\$ -	\$ -	\$ 10,977
Interfund payable - General Fund	-	-	314,354	314,354
<b>Total Current Liabilities</b>	<b>10,977</b>	<b>-</b>	<b>314,354</b>	<b>325,331</b>
Net Asset - Unreserved	998,257	191,141	10,316	1,199,714
<b>Total Net Assets</b>	<b>998,257</b>	<b>191,141</b>	<b>10,316</b>	<b>1,199,714</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,009,234</b>	<b>\$ 191,141</b>	<b>\$ 324,670</b>	<b>\$ 1,525,045</b>

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, 2012

	Transportation Consortium	Youth House Services	Vendor Contracts	Total Internal Service
<b>Operating Revenue -</b>				
Local Sources - Transportation fees from other LEA's within the state	\$ 3,504,493	\$ -	\$ -	\$ 3,504,493
<b>Total Operating Revenue</b>	<b>3,504,493</b>	<b>-</b>	<b>-</b>	<b>3,504,493</b>
<b>Operating Expenses:</b>				
Salaries	1,634,095	467,211	-	2,101,306
Employee Benefits	-	-	-	-
Social Security Contribution	-	-	-	-
Professional Services	-	-	-	-
Other Purchased Services	1,869,115	-	463,695	2,332,810
Communication	-	-	-	-
Supplies and Materials	-	-	-	-
Textbooks	-	-	-	-
Equipment	-	-	-	-
Insurance	-	-	-	-
Depreciation	-	-	-	-
Other Objects	-	-	-	-
<b>Total Operating Expenses</b>	<b>3,503,210</b>	<b>467,211</b>	<b>463,695</b>	<b>4,434,116</b>
<b>Operating Income (Loss) before Non-Operating Revenues and Non-Operating Transfers</b>	<b>1,283</b>	<b>(467,211)</b>	<b>(463,695)</b>	<b>(929,623)</b>
<b>Non-Operating Revenues:</b>				
<b>County of Hudson:</b>				
SFEA Match	-	326,000	-	326,000
Additional Funding - County	-	153,000	-	153,000
Other-Contracted Services	-	-	489,110	489,110
<b>State Sources:</b>				
State Facilities Education Act (SFEA)	-	-	-	-
<b>Total Non-Operating Revenue</b>	<b>-</b>	<b>479,000</b>	<b>489,110</b>	<b>968,110</b>
<b>Net Income (Loss)</b>	<b>1,283</b>	<b>11,789</b>	<b>25,415</b>	<b>38,487</b>
<b>Net Assets - Beginning</b>	<b>996,974</b>	<b>179,352</b>	<b>(15,099)</b>	<b>1,161,227</b>
<b>Net Assets - Ending</b>	<b>\$ 998,257</b>	<b>\$ 191,141</b>	<b>\$ 10,316</b>	<b>\$ 1,199,714</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2012**

**Exhibit G-6**

	<b>Trans- portation Consortium</b>	<b>Youth House Services</b>	<b>Vendor Contracts</b>	<b>Total Internal Service</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 3,803,120	\$ -	\$ 368,594	\$ 4,171,714
Payment for salaries and benefits	-	-	(463,695)	(463,695)
Payments to suppliers	(3,503,210)	(467,211)		(3,970,421)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>299,910</b>	<b>(467,211)</b>	<b>(95,101)</b>	<b>(262,402)</b>
<b>Cash Flows from Non-capital Financing</b>				
<b>Cash Flows from Noncapital Financing Activities:</b>				
State Sources	-	326,000	-	326,000
County Sources	-	416,000	-	416,000
(Payment of interfund)/interfunds advanced	(299,910)	(274,789)	95,101	(479,598)
<b>Net Cash Provided by (Used for) Non-capital Financing Activities</b>	<b>(299,910)</b>	<b>467,211</b>	<b>95,101</b>	<b>262,402</b>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
<b>Balances - Beginning of Year</b>	-	-	-	-
<b>Balances - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities -</b>				
Operating income (loss)	1,283	(467,211)	(18,673)	(484,601)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>				
(Increase) Decrease in Accounts Receivable	298,627	-	(76,428)	222,199
Increase (Decrease) in Accounts Payable	-	-	-	-
<b>Net Adjustments</b>	<b>298,627</b>	<b>-</b>	<b>(76,428)</b>	<b>222,199</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 299,910</b>	<b>\$ (467,211)</b>	<b>\$ (95,101)</b>	<b>\$ (262,402)</b>

## **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, 2012**

**Exhibit H-1**

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
<b>ASSETS -</b>		
Cash and cash equivalents	\$ 851	\$ 441,958
Due from other funds	-	-
Total assets	851	441,958
<b>LIABILITIES -</b>		
Payable to student groups	-	386,735
Due to other funds	-	-
Payroll deductions and withholdings	-	55,223
Total liabilities	-	441,958
<b>NET ASSETS</b>		
Held in trust for unemployment claims and other purposes	\$ 851	

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2012**

**Exhibit H-2**

	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS:</b>	
Contributions	\$ 82,417
<b>Total Contributions</b>	<u>82,417</u>
<b>DEDUCTIONS:</b>	
Unemployment claims	236,136
Transfer to/from Other Funds	34,910
<b>Total Deductions</b>	<u>271,046</u>
<b>Change in Net Assets</b>	(188,629)
<b>Net Assets - Beginning of the Year</b>	<u>189,480</u>
<b>Net Assets - End of the Year</b>	<u>\$ 851</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**Exhibit H-3**

**Student Activity  
Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
All Locations	\$ 296,581	\$ 461,417	\$ 431,642	\$ 326,356
Scholarship funds	74,636	3,010	17,267	60,379
	<u>\$ 371,217</u>	<u>\$ 464,427</u>	<u>\$ 448,909</u>	<u>\$ 386,735</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit H-4

Payroll Agency

Schedule of Receipts and Disbursements

For the Fiscal Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b>PAYROLL AGENCY FUND:</b>				
Net Payroll	\$ 6,112	\$ 22,489,481	\$ 22,489,946	\$ 5,647
Payroll Agency	72,160	35,292,960	35,315,544	49,576
<b>Total Payroll Agency Fund:</b>	<u>\$ 78,272</u>	<u>\$ 57,782,441</u>	<u>\$ 57,805,490</u>	<u>\$ 55,223</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, 2012**

Exhibit I-1

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Refunded/Retired	Balance June 30, 2012
			Date	Maturities				
County Vocational School Bonds	September 12, 2006	\$ 27,925,000	9/1/11	\$ 270,000	4.00%	\$ 27,345,000	(270,000)	27,075,000
			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%			
Vocational School Refunding Bonds	April 26, 2011	\$ 2,740,000	5/1/13	\$ 235,000	3.00%	\$ 2,740,000	(225,000)	2,515,000
			5/1/14	240,000	3.00%			
			5/1/15	250,000	4.00%			
			5/1/16	265,000	2.55%			
			5/1/17	270,000	2.75%			
			5/1/18	290,000	5.00%			
			5/1/19	305,000	5.00%			
			5/1/20	320,000	5.00%			
			5/1/21	340,000	5.00%			
						\$ 30,085,000	\$ (495,000)	\$ 29,590,000

**NOTE: The following are obligations of the County of Hudson and are not pass-through obligations.**

**STATISTICAL SECTION**  
**(Unaudited)**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**Exhibit J-1**

**Net Assets by Component  
Last Nine Fiscal Years  
Unaudited**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Governmental activities:</b>									
Invested in capital assets, net of related debt	14,307,328	13,555,843	12,878,704	12,946,705	13,722,087	17,808,017	16,072,716	15,566,281	18,173,894
Restricted	187,378	200,741	228,867	223,809	639,820	395,986	450,759	107,779	109,036
Unrestricted	(9,247,787)	(8,763,162)	(5,395,401)	1,421,021	5,718,675	7,446,630	8,278,981	1,285,017	(5,719,945)
<b>Total Governmental Activities Net Assets</b>	<b>5,246,919</b>	<b>4,993,422</b>	<b>7,712,170</b>	<b>14,591,535</b>	<b>20,080,582</b>	<b>25,650,633</b>	<b>24,802,456</b>	<b>16,959,077</b>	<b>12,562,985</b>
<b>Business-type activities:</b>									
Invested in capital assets, net of related debt	95,151	110,151.00	125,151	144,926	35,259	35,259	35,259	35,259	-
Restricted	(95,151)	(181,217)	(125,151)	(144,926)	95,016	(35,259)	(35,259)	(35,259)	252,915
Unrestricted	-	(71,066)	-	-	130,275	-	-	-	-
<b>Total Business-type Activities Net Assets</b>	<b>-</b>	<b>(71,066)</b>	<b>(125,151)</b>	<b>(144,926)</b>	<b>130,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252,915</b>
<b>District-Wide:</b>									
Invested in capital assets, net of related debt	14,402,479	13,665,994	13,003,855	13,091,631	13,757,346	17,843,276	16,107,975	15,601,540	18,173,894
Restricted	187,378	200,741	228,867	223,809	639,820	395,986	450,759	107,779	361,951
Unrestricted	(9,342,938)	(8,944,379)	(5,520,552)	1,276,095	5,813,691	7,411,371	8,243,722	1,249,758	(5,719,945)
<b>Total District Net Assets</b>	<b>5,246,919</b>	<b>4,922,356</b>	<b>7,712,170</b>	<b>14,591,535</b>	<b>20,210,857</b>	<b>25,650,633</b>	<b>24,802,456</b>	<b>16,959,077</b>	<b>12,815,900</b>

**Source: School records**

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

**Exhibit J-2**

	<u>2012</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>
<b>Expenses</b>									
<b>Governmental Activities:</b>									
Instruction:									
Regular	8,699,108	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	5,209,591	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	236,252	254,089	738,806	786,307	880,915	708,264	644,406	577,478	492,788
Support Services:									
Student & instruction related services	6,466,809	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	4,615,864	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	1,565,874	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	5,098,731	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	5,869,297	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	6,490,405	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	1,359,034	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	1,050,124	1,993,515	2,681,128	1,566,994	1,269,809	2,760,152	1,329,854	-	-
Unallocated Benefits	12,205,336	13,132,405	13,963,055	13,090,473	12,434,208	12,063,795	10,059,738	-	-
<b>Total Governmental Activities Expenses</b>	<u>58,866,425</u>	<u>60,530,418</u>	<u>68,781,100</u>	<u>63,572,089</u>	<u>59,946,523</u>	<u>58,754,807</u>	<u>55,351,832</u>	<u>53,804,306</u>	<u>46,903,337</u>
<b>Business-type Activities:</b>									
Food service	1,077,059	739,280	776,102	865,249	749,408	759,937	591,733	692,362	635,824
<b>Total Business type activities expense</b>	<u>1,077,059</u>	<u>739,280</u>	<u>776,102</u>	<u>865,249</u>	<u>749,408</u>	<u>759,937</u>	<u>591,733</u>	<u>692,362</u>	<u>4,746,028</u>
<b>Total District Expenses</b>	<u>59,943,484</u>	<u>61,269,698</u>	<u>69,557,202</u>	<u>64,437,338</u>	<u>60,695,931</u>	<u>59,514,744</u>	<u>55,943,565</u>	<u>54,496,668</u>	<u>51,649,365</u>
<b>Program Revenue</b>									
<b>Governmental Activities:</b>									
Charges for services:									
Instruction (tuition)	968,110	953,254	1,288,934	1,689,564	812,000	486,000	695,000	1,191,950	-
Pupil transportation	3,504,493	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	9,146,698	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	-	-	-	-
<b>Total Governmental Activities Program Revenue</b>	<u>13,619,301</u>	<u>13,599,537</u>	<u>14,858,996</u>	<u>13,219,491</u>	<u>15,115,258</u>	<u>11,736,030</u>	<u>12,887,445</u>	<u>14,598,008</u>	<u>9,157,661</u>
<b>Business-type Activities</b>									
Charges for services:									
Food service	311,532	264,359	319,125	334,612	363,520	348,067	339,288	337,618	263,242
Operating grants and contributions	432,335	403,855	439,687	362,249	285,319	242,380	217,858	190,800	1,209,493
<b>Total Business-type Activities Program Revenues</b>	<u>743,867</u>	<u>668,214</u>	<u>758,812</u>	<u>696,861</u>	<u>648,839</u>	<u>590,447</u>	<u>557,146</u>	<u>528,418</u>	<u>4,565,704</u>
<b>Total District Program Revenues</b>	<u>14,363,168</u>	<u>14,267,751</u>	<u>15,617,808</u>	<u>13,916,352</u>	<u>15,764,097</u>	<u>12,326,477</u>	<u>13,444,591</u>	<u>15,126,426</u>	<u>13,723,365</u>
<b>Net (Expense)/ Revenue</b>									
Governmental activities	(45,247,124)	(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	(333,192)	(71,066)	(17,290)	(168,388)	(100,569)	(169,490)	(34,587)	(163,944)	(180,324)
<b>Total District-wide Net Expense</b>	<u>(45,580,316)</u>	<u>(47,001,947)</u>	<u>(53,939,394)</u>	<u>(50,520,986)</u>	<u>(44,931,834)</u>	<u>(47,188,267)</u>	<u>(42,498,974)</u>	<u>(39,370,242)</u>	<u>(37,926,000)</u>
<b>General Revenues and Other Changes in Net Assets</b>									
<b>Governmental activities:</b>									
Property taxes levied for general purposes - Net	24,500,000	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	20,374,971	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	529,350	729,528	397,509	302,363	429,600	754,253	232,468	212,088	197,633
Interest earnings	4,475	5,417	15,057	35,485	74,972	37,305	36,993	49,549	51,474
Miscellaneous income	496,083	419,264	356,238	234,841	891,318	287,386	1,077,677	399,392	546,094
Transfers	(404,258)	-	(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	-	-
<b>Total Governmental Activities</b>	<u>45,500,621</u>	<u>44,549,080</u>	<u>47,042,739</u>	<u>44,863,550</u>	<u>42,574,395</u>	<u>47,925,451</u>	<u>50,307,766</u>	<u>44,204,747</u>	<u>37,083,143</u>
<b>Business-type activities:</b>									
Transfers	404,258	-	17,290	38,113	100,569	169,490	34,587	163,945	193,088
<b>Total business-type activities</b>	<u>404,258</u>	<u>-</u>	<u>17,290</u>	<u>38,113</u>	<u>100,569</u>	<u>169,490</u>	<u>34,587</u>	<u>163,945</u>	<u>193,088</u>
<b>Total district wide</b>	<u>45,904,879</u>	<u>44,549,080</u>	<u>47,060,029</u>	<u>44,901,663</u>	<u>42,674,964</u>	<u>48,094,941</u>	<u>50,342,353</u>	<u>44,368,692</u>	<u>37,276,231</u>
<b>Change in Net Assets</b>									
Governmental activities	253,497	(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	(71,066)	-	(130,275)	-	-	-	1	12,764
<b>Total District</b>	<u>324,563</u>	<u>(2,452,867)</u>	<u>(6,879,365)</u>	<u>(5,619,323)</u>	<u>(2,256,870)</u>	<u>906,674</u>	<u>7,843,379</u>	<u>4,998,450</u>	<u>(649,769)</u>

Source: School records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Fund Balances - Governmental Funds

Last Nine  
Fiscal Years  
(Unaudited)

	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund:</b>									
Committed	\$ 85,383	\$ 62,729	\$ 205,130	\$ 85,452	\$ 606,991	\$ 765,593	\$ 482,672	\$ 87,293	\$ 716,570
Unassigned	(415,703)	(2,139,121)	(3,407,210)	(1,332,738)	1,720,426	1,624,965	919,234	1,722,888	1,069,938
<b>Total General Fund</b>	<u>(330,320)</u>	<u>(2,076,392)</u>	<u>(3,202,080)</u>	<u>(1,247,286)</u>	<u>2,327,417</u>	<u>2,390,558</u>	<u>1,401,906</u>	<u>1,810,181</u>	<u>1,786,508</u>
<b>All Other Governmental Funds:</b>									
Committed reported in:									
Capital projects fund	666,629	592,620	984,556	230,078	545,870	567,909	198,007	793,480	313,656
Unassigned, reported in:									
Special revenue fund					(15,593)				
Capital projects fund	733,375	3,843,849	7,555,046	11,874,158	12,868,740	13,788,983	14,946,666	6,453,047	1,570,773
Debt service fund									
Permanent fund									
<b>Total All Other Governmental Funds</b>	<u>\$ 1,400,004</u>	<u>\$ 4,436,469</u>	<u>\$ 8,539,602</u>	<u>\$ 12,104,236</u>	<u>\$ 13,399,017</u>	<u>\$ 14,356,892</u>	<u>\$ 15,144,673</u>	<u>\$ 7,246,527</u>	<u>\$ 1,884,429</u>

Source: School records

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

**Exhibit J-4**

	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>									
Tax levy	\$ 24,500,000	\$ 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	529,350	729,528	397,509	302,363	429,600	754,253	232,468	212,088	197,633
Interest earnings	4,475	5,417	15,057	35,485	74,972	37,304	36,993	49,549	51,474
Miscellaneous	496,083	419,264	356,238	234,841	891,318	287,386	1,077,677	1,356,489	6,731,648
State sources	24,647,393	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	4,874,276	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	-	-	-	-	-	-	-	5,679,741	-
Private Sources	-	-	90,335	33,956	131,274	-	-	15,212	-
<b>Total Revenue</b>	<b>55,051,577</b>	<b>53,984,307</b>	<b>57,100,457</b>	<b>52,024,736</b>	<b>52,849,685</b>	<b>50,868,956</b>	<b>48,447,019</b>	<b>47,722,379</b>	<b>46,136,008</b>
<b>Expenditures</b>									
<b>Instruction:</b>									
Regular Instruction	8,522,120	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	236,252	254,089	738,806	786,307	880,915	708,264	644,406	577,478	492,788
Vocational education	5,209,591	4,701,861	5,206,508	6,051,171	4,639,239	4,719,132	5,125,907	4,250,747	4,411,869
<b>Support Services:</b>									
Student & inst. related services	6,466,809	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	4,615,864	4,246,780	5,957,117	3,933,502	3,360,649	3,364,546	2,769,490	2,810,386	2,837,528
Plant operations and maintenance	5,098,731	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	2,366,087	2,490,820	2,945,622	2,778,995	2,485,252	2,770,876	3,402,923	3,647,188	2,619,382
Other Support Services	1,565,874	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	12,205,336	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	6,490,405	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	3,160,643	3,926,825	3,704,859	1,594,469	1,509,796	5,799,841	3,924,142	1,436,984	1,668,034
<b>Total Expenditures</b>	<b>55,937,712</b>	<b>56,624,810</b>	<b>62,666,628</b>	<b>57,068,360</b>	<b>53,831,526</b>	<b>55,457,150</b>	<b>51,344,364</b>	<b>48,647,636</b>	<b>45,519,893</b>
Excess (Deficiency) of revenues over (under) expenditures	(886,135)	(2,640,503)	(5,566,171)	(5,043,624)	(981,841)	(4,588,194)	(2,897,345)	(925,257)	616,115
<b>Other Financing Sources (Uses)</b>									
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	(404,258)	-	(17,290)	(38,113)	(100,569)	(169,490)	(1,412,783)	(163,945)	(365,294)
Write off (recovery) of receivables	-	-	64,033	212,253	61,394	(99,943)	(1,378,196)	-	(172,206)
Total other financing sources (uses)	(404,258)	-	46,743	174,140	(39,175)	4,730,567	10,387,217	6,311,055	(365,294)
Net change in fund balances	(1,290,393)	(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%	0.00%

**Source: School records**

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

Description	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund:</b>									
Interest on Investments	\$ 4,475	\$ 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	529,350	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	47,256	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	448,827	365,580	262,757	105,101	88,730	131,014	880,425	204,537	251,853
<b>Total Miscellaneous</b>	<b>1,029,908</b>	<b>1,154,209</b>	<b>768,804</b>	<b>572,689</b>	<b>1,395,890</b>	<b>1,078,943</b>	<b>1,347,138</b>	<b>661,031</b>	<b>795,202</b>
<b>Total General Fund</b>	<b>1,029,908</b>	<b>1,154,209</b>	<b>768,804</b>	<b>572,689</b>	<b>1,395,890</b>	<b>1,078,943</b>	<b>1,347,138</b>	<b>661,031</b>	<b>795,202</b>

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 Nine Fiscal Years**  
**Unaudited**

<b>Year Ended July 1,</b>	<b>School District Population</b>	<b>Total Per Capita Income (I)</b>	<b>Unemployment Rate</b>
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	5.10%
2008	592,111	43,925	6.40%
2009	597,924	43,388	10.90%
2010	634,266	Not Available	10.90%
2011	634,266	Not Available	10.90%
2012	Not Available	Not Available	11.40%

**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 Economagic.com**

**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 Nine Fiscal Years**  
**Unaudited**

<u>Function/Program</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Instruction									
Regular	138	148	150	152	140	138	145	149	138
Vocational	45	42	44	46	43	42	41	51	30
Support Services:									
Student & Instruction Related Services	35	39	41	42	41	39	40	37	40
General Administration	9	9	10	10	10	8	11	10	13
School Administrative Services	8	9	9	9	9	9	6	12	11
Other Administrative Services					-	-	-	17	17
Central Services	17	16	16	17	16	15	14	17	
Administrative Information Technology	1	1	2	2	2	2	1	13	
Plant Operations and Maintenance	39	39	41	43	42	40	41	39	43
Pupil Transportation	55	60	60	64	65	68	70	67	64
Other Support Services	25	19	19	19	19	18	15	38	43
Media Svcs Tech	5	5	5	5	5	5			
<b>Total</b>	<b>377</b>	<b>387</b>	<b>397</b>	<b>409</b>	<b>392</b>	<b>384</b>	<b>384</b>	<b>450</b>	<b>399</b>

**Source: School records**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Operating Statistics**  
**Last Nine Fiscal Years**  
**Unaudited**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Average Daily Enrollment</b>	<b>Average Daily Attendance</b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
2004	1,865	43,851,859	23,513	4.12%	152	12	1,715	1,614	35.95%	94.11%
2005	1,811	47,210,652	26,069	10.87%	185	10	1,738	1,646	1.34%	94.71%
2006	1,867	48,027,182	25,724	-1.32%	175	11	1,839	1,739	5.81%	94.56%
2007	1,925	49,657,309	25,796	0.28%	181	11	1,875	1,791	1.96%	95.52%
2008	2,636	52,321,730	19,849	-23.05%	186	14	2,556	2,429	36.32%	95.03%
2009	2,746	55,473,891	20,202	1.78%	198	14	2,646	2,533	3.52%	95.73%
2010	2,985	58,961,769	19,753	-2.22%	194	15	2,656	2,516	0.38%	94.73%
2011	3,041	52,697,985	17,329	-12.27%	190	16	2,722	2,566	2.48%	94.27%
2012	3,141	52,777,069	16,803	-3.04%	183	17	2,851	2,658	4.74%	93.23%

Source: School records

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**School Building Information**  
**June 30, 2012**

**Exhibit J-18**

**School Buildings**

**Hudson County Schools of Technology North Hudson Center (1974)**

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

**Hudson County Schools of Technology Jersey City Center**

Square feet	88,000
Capacity (students)	3,384
Enrollment	1,044

**Source: School Records**

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

<b>Location</b>	<b>Building Code</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
H.C.S.T. Jersey City Center	030	276,554	279,199	273,004	281,914	215,788	198,391	147,162	142,150	151,936
H.C.S.T. North Hudson Center	050	389,389	329,373	326,477	315,778	284,873	242,478	179,865	124,377	178,359
		<u>665,943</u>	<u>608,572</u>	<u>599,481</u>	<u>597,692</u>	<u>500,661</u>	<u>440,869</u>	<u>327,027</u>	<u>266,527</u>	<u>330,295</u>

**Source: School Records**

**Hudson County School of Technology  
Insurance Schedule  
June 30, 2012**

**Exhibit J-20**

**UNAUDITED**

Coverage	Limit	Insurer	Policy #	Effective date	Expiration date
<b>PROPERTY :</b>			P309AA-01	7/1/2011	7/1/2012
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			
		All Other Flood Zones			
		\$ 10,000,000 per occurrence/ \$ 10,000,000 NJSBAIG annual Aggregate			
		\$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			
<b>ELECTRONIC DATA PROCESSING</b>					
EDP Hardware /Software	\$5,000,000	NJSBAIG			
Deductible	\$1,000				
<b>EQUIPMENT BREAKDOWN</b>	\$100,000,000	NJSBAIG			
Deductible	\$5,000				
<b>CRIME</b>		NJSBAIG			
Public Employee Dishonesty	\$100,000				
with Faithful Performance					
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				
<b>BONDS</b>					
Board Administrator	\$150,000				
Deductible	\$1,000				
Board Secretary	\$150,000				
Deductible	\$1,000				
Board Treasurer	\$300,000				
Deductible	\$1,000				
<b>COMPREHENSIVE GENERAL LIABILITY</b>		NJSBAIG			
General Aggregate , Products /	16,000,000				
Completed Operation					
Bodily Injury/Property damage each claim	\$16,000,000				
Products Completed Operations	\$16,000,000				
Personal Injury & Advertising Injury	\$16,000,000				

**Hudson County School of Technology  
Insurance Schedule  
June 30, 2012**

**Exhibit J-20**

**UNAUDITED**

<b>Coverage</b>	<b>Limit</b>	<b>Insurer</b>	<b>Policy #</b>	<b>Effective date</b>	<b>Expiration date</b>
Employee Benefits Liability	\$16,000,000				
Premises Medical					
per person	\$1,000				
occurrence limit	\$10,000				
<b>AUTOMOBILE</b>		NJSBAIG			
Combined Single Limit	\$16,000,000				
Uninsured/Underinsured Motorist					
\$ 1,000,000 Combined Single Limit Private Passenger Auto					
\$ 15,000 Bodily Injury per Person/\$ 30,000 Bodily Injury Per Accident All Other vehicles					
Personal Injury Protection ( Including pedestri	\$250,000				
Medical Payments					
\$ 10,000 Private Passenger Vehicles/\$ 5,000 All others					
Terrorism					
\$ 1,000,000 per occurrence/annual NJSBAIG aggregate					
Physical Damage					
Comprehensive	\$ 1,000 deductible				
Collision	\$ 1,000 deductible				
<b>WORKERS COMPENSATION</b>		NJSBAIG	W309AA-01	7/1/2010	7/1/2011
PART I		STATUTORY LIMITS			
PART II					
Bodily Injury by Acciden	\$2,000,000	EACH ACCIDENT			
Bodily Injury by Disease	\$2,000,000	EACH EMPLOYEE			
Bodily Injury by Disease	\$2,000,000	AGGREGATE LIMIT			
<b>ERRORS &amp; OMISSIONS</b>		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			

**SINGLE AUDIT SECTION**

# DONOHUE, GIRONDA & DORIA

*Certified Public Accountants*

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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, 2012, which collectively comprise the Hudson County Schools of Technology basic financial statements and have issued our report thereon dated December 1, 2012. 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 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 a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item FS2012-01, that we consider to be a significant deficiency 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.

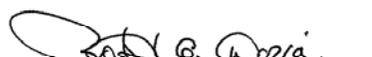
### **Compliance and Other Matters**

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 2012-01 through 2012-03.

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 FS2012-1, 2012-01, 2012-02 and 2012-03. 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  
Certified Public Accountants

  
ROBERT G. DORIA

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

Bayonne, New Jersey  
December 1, 2012

# DONOHUE, GIRONDA & DORIA

*Certified Public Accountants*

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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, 2012. 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 2012-01 and 2012-02 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, 2012.

### **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 significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness, and other deficiencies that we consider to be significant deficiencies.

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 item 2012-01 to be a material weakness.

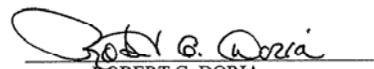
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet 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 2012-02 and 2012-03 to be significant deficiencies.

**Exhibit K-2**

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  
Certified Public Accountants

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

Bayonne, New Jersey  
December 1, 2012

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL CFDA NUMBER	GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2012 (ACCOUNTS RECEIVABLE)	CUMULATIVE EXPENDITURES
				FROM	TO						
<b>Enterprise Funds</b>											
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Non-Cash Assistance (Food Distribution):											
* 10.555	National School Lunch Program	N/A		07/01/11	06/30/12	\$ -	\$ 32,968	\$ (32,968)	\$ -	\$ -	-
Cash Assistance:											
* 10.553	School Breakfast Program	N/A	101,263	07/01/11	06/30/12		101,263	(101,263)	-	-	-
* 10.553	School Breakfast Program	N/A	101,554	07/01/11	06/30/11	(47,635)	6,338		-	(41,297)	101,554
* 10.555	National School Lunch Program	N/A	278,709	07/01/11	06/30/12		254,959	(278,709)	-	(23,750)	278,709
* 10.555	National School Lunch Program	N/A	265,108	07/01/10	06/30/11	(124,872)	22,301		-	(102,571)	265,108
	<b>Total Child Nutrition Cluster</b>					(172,507)	417,829	(412,940)	-	(167,618)	
	<b>Total Enterprise Funds</b>					(172,507)	417,829	(412,940)	-	(167,618)	
<b>Special Revenue Funds</b>											
US Department of Education											
Passed-through State Department of Education:											
Title I, Part A Cluster:											
* 84.010	Title I - Part A Grants to Local Educational Agencies	NCLB_12	482,469	09/01/11	08/31/12	-	479,226	(479,226)	-	-	482,469
* 84.010	Title I - Part A Grants to Local Educational Agencies	NCLB_11	562,758	09/01/10	08/31/11	(372)	372		-	-	562,758
	<b>Total Title I, Part A Cluster</b>					(372)	479,598	(479,226)	-	-	
* 84.013	Title I - Part D	NCLB_12	46,193	09/01/11	08/31/12	-	42,350	(45,613)	-	(3,263)	
* 84.367A	Title II - Part A Improving Teacher Quality	NCLB_12	42,249	09/01/11	08/31/12	-	41,700	(41,944)	-	(244)	42,249
* 84.367A	Title II - Part A Improving Teacher Quality	NCLB_11	64,983	09/01/10	08/31/11	(5,621)	6,221		(600)	(1)	64,983
	<b>Total Title II - Part A Improving Teacher Quality</b>					(5,621)	47,921	(41,944)	(600)	(244)	
<b>Educational Technology State Grants Cluster:</b>											
* 84.318X	Title II - Part D Enhancing Education Through Technology	NCLB_11	1,282	09/01/10	08/31/11	(1,282)	1,282		-	-	1,282
	<b>Total Educational Technology State Grants Cluster:</b>					(1,282)	1,282		-	-	
<b>Special Education Cluster (IDEA)</b>											
* 84.027	ID.E.A. Part B Basic Regular	FT_12	458,186	09/01/11	08/31/12	-	448,831	(451,185)	-	(2,354)	451,185
* 84.027	ID.E.A. Part B Basic Regular	FT_11	431,536	09/01/10	08/31/11	-	258		(258)	(1)	431,536
	<b>Total Special Education Cluster (IDEA)</b>					-	449,089	(451,185)	(258)	(2,354)	
* 84.048	Carl D. Perkins P.L. 109-270 Vocational Education Secondary	CP_12	540,993	07/01/11	06/30/12	-	540,560	(540,993)	-	(433)	
* 84.048	Carl D. Perkins P.L. 109-270 Vocational Education Secondary	CP_11	576,097	07/01/10	06/30/11	-	39,541		(39,541)	(6)	576,097
* 84.048	Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	CP_12	192,117	07/01/11	06/30/12	-	192,117	(192,117)	-	-	
* 84.048	Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	CP_11	83,454	07/01/10	06/30/11	(26,654)	26,654		-	-	83,454
	<b>Total Carl D. Perkins P.L. 109-270 Vocational Education Secondary</b>					(26,654)	798,872	(733,110)	(39,541)	(433)	
<b>Passed-through State of NJ and County of Hudson</b>											
* 84.002	WIA Title II Grant	N/A	155,500	07/01/10	06/30/11	(45,027)	118,034	(21,458)	(51,549)	(4)	
	<b>Total US Department of Education</b>					(78,956)	1,937,146	(1,772,536)	(91,948)	(6,294)	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2011	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2012 (ACCOUNTS RECEIVABLE)	CUMULATIVE EXPENDITURES
				FROM	TO						
<b>US Department of Labor</b>											
<b>Passed-through County of Hudson</b>											
<b>WIA Cluster</b>											
<b>Workforce Investment Act</b>											
* Adult	N/A		984,926	07/01/11	06/30/12	\$ -	\$ 637,876	\$ (972,932)	-	(335,076)	972,932
* Adult	N/A		924,580	07/01/10	06/30/11	(137,464)	122,984	(42,083)	56,563 (3)	-	924,580
* Adult	N/A		748,349	7/01/08	06/30/09	(44,105)	-	-	44,105 (1)	-	748,349
* Adult	N/A		843,784	07/01/07	06/30/08	(50,488)	-	-	50,488 (1)	-	843,784
* Adult (passed through jeep)	N/A		30,466	07/01/11	06/30/12	-	30,466	(30,466)	-	-	-
* Youth	N/A		899,364	07/01/11	06/30/12	-	610,153	(882,947)	-	(272,794)	882,947
* Youth	N/A		850,950	07/01/10	06/30/11	(65,445)	194,310	-	(128,865) (3)	-	850,950
* Youth	N/A		697,220	7/01/08	06/30/09	(32,328)	-	-	32,328 (1)	-	697,220
* Youth	N/A		797,067	07/01/07	06/30/08	(50,488)	-	-	50,488 (1)	-	797,067
* Youth (passed through jeep)	N/A		30,466	07/01/11	06/30/12	-	30,466	(30,466)	-	-	-
* Dislocated Worker	N/A		889,042	07/01/11	06/30/12	-	525,009	(889,042)	-	(364,033)	889,042
* Dislocated Worker	N/A		798,658	07/01/10	06/30/11	(176,639)	208,018	(162,640)	131,261 (3)	-	798,658
* Dislocated Worker	N/A		598,286	7/01/08	06/30/09	(119,539)	-	-	119,539 (1)	-	598,286
* Dislocated Worker	N/A		803,764	07/01/07	06/30/08	(50,488)	-	-	50,488 (1)	-	803,764
* Dislocated Worker (passed through jeep)	N/A		30,467	07/01/11	06/30/12	-	30,467	(30,467)	-	-	-
* Youth - Summer Camp	N/A		125,000	07/01/02	06/30/07	(181,357)	-	-	181,357 (1)	-	125,000
* Adult/Youth/Dislocated Workers	N/A		2,488,013	07/01/06	06/30/07	(75,070)	-	-	75,070 (1)	-	2,488,013
<b>Special Revenue Funds (Continued)</b>											
<b>Passed-through County of Hudson (Continued)</b>											
<b>WIA Cluster (Continued)</b>											
<b>Workforce Investment Act (Continued)</b>											
American Reinvestment and Recovery Act - Adult	N/A		363,515	02/17/09	06/30/11	(64,131)	-	-	64,131 (2)	-	363,515
American Reinvestment and Recovery Act - Youth	N/A		688,606	02/17/09	06/30/11	(14,766)	-	-	14,766 (2)	-	688,606
American Reinvestment and Recovery Act - OIT	N/A		8,993	02/17/09	06/30/11	-	3,771	-	(3,771) (2)	-	3,771
American Reinvestment and Recovery Act - Summer Youth Emergency	N/A		206,000	02/17/09	06/30/11	-	-	-	-	-	206,000
American Reinvestment and Recovery Act - Discretionary	N/A		12,800	02/17/09	06/30/11	(3,833)	12,800	-	(8,967) (2)	-	12,800
American Reinvestment and Recovery Act - Dislocated Workers	N/A		1,103,213	02/17/09	06/30/11	(166,374)	403,647	-	(237,273) (2)	-	1,103,213
<b>Total WIA Cluster</b>						<b>(1,232,515)</b>	<b>2,809,967</b>	<b>(3,041,063)</b>	<b>491,708</b>	<b>(971,903)</b>	
<b>Total Department of Labor</b>						<b>(1,232,515)</b>	<b>2,809,967</b>	<b>(3,041,063)</b>	<b>491,708</b>	<b>(971,903)</b>	
<b>Total Special Revenue Funds</b>											
						<b>(1,311,471)</b>	<b>4,747,113</b>	<b>(4,813,599)</b>	<b>399,760</b>	<b>(978,197)</b>	
<b>Total Federal Financial Assistance</b>											
						<b>\$ -</b>	<b>\$ 5,164,942</b>	<b>\$ (5,226,539)</b>	<b>\$ 399,760</b>	<b>\$ (1,145,815)</b>	

\* Denotes major program  
NA- Information Not Available

(1) Cancel receivables

(2) Reclassify Prior Years 2010 and 2011 cash receipts and expenditures, grant fully expended at 6-30-2011

(3) Overstatement of prior years receipts against all 3 WIA grants, decrease of 56,563 and 58,329 posted to adult and dislocated worker and overstatement of 167,960 for youth, proper receipts shown for fye 12.

Additionally, expenditures and grant award were overstated by \$39,095 for WIA Youth FYE 2011.

(4) In the prior year grant was booked together with State Grant (Workforce Learning Literacy) and cash receipts were too high, adjusted and fully collected during fye 12

(5) Grant was actually ARRA TANF Summer Emergency for \$206,000, all was received in fye 11. Should have been fully charged during fye 11.

(6) There should have been accounts receivable of \$ 39,541 at 6-30-2011

EXHIBIT K-4  
SCHEDULE B

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/PROGRAM TITLE	PROJECT NUMBER	GRANT OR STATE AWARD AMOUNT	GRANT PERIOD FROM TO	DUE TO GRANTOR	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT		MEMO
								6/30/2011 DEFERRED REVENUE/ (ACCOUNTS RECEIVABLE)	June 30, 2012 (ACCOUNTS RECEIVABLE)	
<b>General Funds</b>										
State Department of Education		\$ 18,553,403	07/01/11	06/30/12	\$ 16,698,507	\$ (18,553,403)	-	\$ -	\$(1,854,896)	\$ 18,553,403
* Equalization Aid	12-495-034-5120-078	17,632,791	07/01/10	06/30/11	1,766,312	-	-	-	-	17,632,791
* Special Education Aid	12-495-034-5120-089	1,382,291	07/01/11	06/30/12	1,243,617	(1,382,291)	-	-	(138,674)	1,382,291
Special Education Aid	11-495-034-5120-089	1,376,211	07/01/10	06/30/11	132,948	-	-	-	-	1,376,211
T.P.A.F. Social Security	12-100-034-5095-002	1,187,758	07/01/11	06/30/12	1,187,758	(1,187,758)	-	-	-	1,187,758
T.P.A.F. Social Security	11-100-034-5095-002	1,388,087	07/01/10	06/30/11	115,672	-	-	-	-	1,388,087
* On Behalf T.P.A.F. Pension Contributions	12-100-034-5095-006	1,778,606	07/01/11	06/30/12	1,778,606	(1,778,606)	-	-	-	1,778,606
<b>Total General Funds</b>		<b>22,923,420</b>			<b>(22,902,058)</b>			<b>(1,993,570)</b>		<b>43,299,147</b>
<b>Special Revenue Funds</b>										
State Department of Education		12,738	07/01/11	06/30/12	9,516	(12,449)	-	(2,933)	-	12,449
Apprenticeship Coordinator	12-100-034-5062-032	12,320	07/01/10	06/30/11	6,171	-	-	-	-	11,456
Department of Law and Public Safety										
Juvenile Justice Commission	12-Unknown	153,000	07/01/11	06/30/12	-	(153,000)	-	(153,000)	-	153,000
State Department of Labor and Workforce Development										
Pass-through County of Hudson										
* Workfirst New Jersey -TANF	12-062-4545-100-322	604,585	07/01/11	06/30/12	395,631	(583,842)	-	(188,211)	-	-
* Workfirst New Jersey -TANF	11-062-4545-100-322	335,394	07/01/10	06/30/11	77,719	-	55,525	(5)	-	-
* Workfirst New Jersey -TANF	10-062-4545-100-322	885,173	07/01/09	06/30/10	-	-	-	(27,702)	-	885,173
* Workfirst New Jersey -TANF	09-062-4545-100-322	881,357	07/01/08	06/30/09	-	-	52,077	(1)	-	881,357
Workfirst New Jersey - General Assistance	12-062-4545-100-322	243,132	07/01/11	06/30/12	132,391	(225,000)	-	(92,609)	-	-
Workfirst New Jersey - General Assistance	11-062-4545-100-322	42,000	07/01/10	06/30/11	5,883	-	85,591	(6)	-	125,354
High School Proficiency Assessment	329-7-2010DOLHCS	128,700	07/01/10	06/30/11	30,646	-	-	-	-	128,700
High School Proficiency Assessment	12-062-4545-100-322	130,000	07/01/11	06/30/12	108,135	(130,000)	-	(21,865)	-	130,000
Summer Employment Program	06-062-4545-100-322	250,000	07/01/06	06/30/07	-	-	220,676	(1)	-	250,000
Workfirst New Jersey - Summer Youth	11-062-4545-100-322	206,000	07/01/10	06/30/11	(69,421)	-	69,421	(4)	-	191,811
Workfirst New Jersey - Summer Youth	10-062-4545-100-322	100,000	07/01/09	06/30/10	(2,594)	-	2,594	(1)	-	100,000
Workfirst New Jersey - Summer Youth	09-062-4545-100-322	97,086	07/01/08	06/30/09	(10,195)	-	10,195	(1)	-	97,086
Workforce Learning Link - Literacy	12-062-4545-767-003	265,542	07/01/11	06/30/12	177,029	(255,466)	-	(78,437)	-	255,466
Workforce Learning Link - Literacy	11-062-4545-767-003	106,153	07/01/10	06/30/11	47,605	(14,103)	(2,764)	(3)	-	106,153
Workforce Learning Link - Literacy	07-062-4545-767-003	174,956	07/01/07	06/30/08	-	-	30,250	(1)	-	174,956
New Jersey Build	NJB 07-12-004	190,000	10/17/2011	05/10/12	84,376	(190,000)	-	(105,624)	-	190,000
Business Development Initiative		35,294	07/01/10	12/31/11	23,831	(39,957)	-	-	-	39,957
Smart Steps		6,420	07/01/11	06/30/12	6,420	(6,420)	-	-	-	6,420
Pass-through County of Hudson										
Workforce Development Partnership Program	WDF 05-09-003	17,055	10/01/11	09/30/12	17,055	(17,055)	-	-	-	40,029
Workforce Development Partnership Program	WDF 05-09-003	21,666	10/01/10	09/30/11	21,666	-	-	-	-	21,666
Youth Transitions to Work Partnership Program	WDP 05-09-006	180,000	10/01/09	09/30/10	-	-	77,020	(2)	-	180,000
State Department of Human Services										
Division of Family Development										

EXHIBIT K-4  
SCHEDULE B

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT 6/30/2011		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT June 30, 2012		MEMO
				DEFERRED REVENUE/ (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE EXPENDITURES	
Special Initiative and Transportation	N/A	31,640	07/01/11	06/30/12	-	20,666	(28,000)		(7,334)		
Temporary Assistance for Needy Families	N/A	103,944	07/01/09	06/30/10	(12,342)			12,342 (1)			
Temporary Assistance for Needy Families	N/A	118,808	07/01/08	06/30/09	(24,042)			24,042 (1)			
Division of Family Services	N/A	190,098	N/A	N/A	(43,773)			43,773 (1)			190,098
Health and Human Services	N/A	46,680	N/A	N/A	(116,997)			116,997 (1)			46,680
<b>Total Special Revenue Fund</b>					<u>(984,902)</u>	<u>1,164,740</u>	<u>(1,655,292)</u>	<u>797,739</u>	<u>(677,715)</u>		<u>4,040,906</u>
<b>Enterprise Fund:</b>											
National School Lunch Program (State Share)	12-100-010-3360-067	19,395	07/01/11	06/30/12		19,047	(19,395)		(348)		19,395
National School Lunch Program (State Share)	11-100-010-3360-067	5,871	07/01/10	06/30/11	(2,372)				(2,372)		5,871
<b>Total Enterprise Fund</b>					<u>(2,372)</u>				<u>(2,372)</u>		<u>5,871</u>
<b>Total State Financial Assistance</b>					<u>\$ (3,002,206)</u>	<u>\$ 24,088,160</u>	<u>\$ (24,557,350)</u>	<u>\$ 797,739</u>	<u>\$ (680,087)</u>	<u>\$ (1,993,570)</u>	<u>\$ 47,345,924</u>
<b>Less:</b>											
On Behalf T. P.A.F. Pension Contributions											
<b>Total State Financial Assistance Subject to Single Audit</b>							<u>1,778,606</u>				
							<u>\$ (22,778,744)</u>				

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

- (1) To cancel accounts receivable
- (2) Amount received in prior year
- (3) Prior year grant was all shown here under state grants, when part of grant was federal via title II, adjusted and fully collected during fy 12
- (4) Grant was actually \$206,000 ARRA Emergency TANF grant for summer employment, see adjustment 5 on SEFA
- (5) In prior year grant incorrectly included additional \$343,016 of TANF Admin-Work Activities which was actually awarded to County of Hudson Division of Family Services

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, 2012**

**NOTE 1 - GENERAL**

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

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of 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 Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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, 2012**

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(94,310) for the General Fund and \$124,772 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:

	Federal	State	Total
General Fund		\$ 22,967,101	\$ 22,967,101
Special Revenue Fund	4,874,276	1,680,292	6,554,568
Food Service Fund	412,940	19,395	432,335
<b>Total Awards and Financial Assistance</b>	<b>\$ 5,287,216</b>	<b>\$ 24,666,788</b>	<b>\$ 29,954,004</b>

**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 \$1,778,606 reported as TPAF Pension and Medical Contributions represent the amount paid by the State on behalf of the Board for the year ended June 30, 2012. TPAF Social Security Contributions in the amount of \$1,347,111 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, 2012.

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

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 7 – SCHOOL-WIDE PROGRAM FUNDS**

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	\$ 479,226
Title I - Part D	45,613
Title II - Part A Improving Teacher Quality	41,944
	<u>\$ 566,783</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Section I - 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(a)]?   ✓   Yes        No

G) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555/10.553</u>	<u>Child Nutrition Cluster</u>
<u>17.258</u>	<u>Workforce Investment Act - Adult</u>
<u>17.259</u>	<u>Workforce Investment Act - Youth</u>
<u>17.278</u>	<u>Workforce Investment Act - Dislocated Worker</u>
<u>84.010</u>	<u>Title I - Part A - Grants to Local Educational Agencies</u>
<u>84.027</u>	<u>IDEA Part B Basic Regular</u>
<u>84.048</u>	<u>Carl D. perkins P.L. 108-270 Vocational Education Secondary</u>

- H) Dollar threshold used to distinguish between Type A and Type B Programs. \$300,000
- I) Auditee qualified as low-risk auditee?

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Section I - Summary of Auditors' Results*

<u>State Awards Section</u>	_____ Yes	_____ <input checked="" type="checkbox"/> No
J) Dollar threshold used to distinguish between Type A and Type B Programs.		_____ \$683,364
K) Auditee qualified as low-risk auditee?	_____ Yes	_____ <input checked="" type="checkbox"/> No
L) Internal Control over major programs:		
1) Material weakness(es) identified?	_____ <input checked="" type="checkbox"/> Yes	_____ No
2) Significant deficiency(ies) identified?	_____ <input checked="" type="checkbox"/> 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?	_____ <input checked="" type="checkbox"/> Yes	_____ No
O) Identification of major programs:		

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Special Education Categorical Aid
12-495-034-5095-002	Reimbursed TPAF Social Security Contributions

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2012**

*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 FS2012-01**

**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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***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 2012-01**

**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. The Career Development Center appears to have allocations for draw-downs of grant funds, but those allocations do not get summarized and are not entered to the clients general ledger.

**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, 2012**

**Finding 2012-02**

**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, 2012**

**Finding 2012-03**

**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. Additionally, the school board administration shall maintain separate accounting for school district travel expenditures as necessary, to ensure compliance with the school district’s maximum travel expenditure amount.

**Condition/context:**

The School did update travel reimbursement policies as required under the terms of the grant agreement and included the policy requirements but has not adhered to the stated policy . In addition, the School did not adopt a resolution authorizing the maximum travel expenditure amount for the fiscal year ended June 30, 2012.

**Cause:**

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

**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, 2012**

(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 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.

**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, modified slightly (See current year comment **2012-1**)

**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.

**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, 2012**

**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 comment 2012-01)

**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

**Condition/context:**

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

**Current Year Status:** This finding has been partially resolved, (See current year comment 2012-03)

**Finding 2011-04**

**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

**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, 2012**

**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 Board'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 Board misclassified 4 pupils as low income.

**Current Year Status:**

This finding has been resolved.