

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Hudson County Schools of Technology**

**North Bergen, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Hudson County Schools of Technology**

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# **INTRODUCTORY SECTION**



January 13, 2017

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, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board’s financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District’s organizational chart, a list of principal officials and consultants, auditors and advisors. We have included in the transmittal letter a financial ratio and statistical overview of the entity based on entity-wide financial reporting. The financial section includes the Report of Independent Auditor’s, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The Board is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

**1.) REPORTING ENTITY AND ITS SERVICES:** The Board is an independent reporting entity within the criteria adopted by the GASB #14. All funds and account groups of the Board are included in this report. The Board and its schools constitute the Board’s reporting entity. The Board provides a full range of educational services appropriate to grade levels 9 through 12. These include regular, early childhood, vocational as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with an average daily enrollment of 3,170 students, which is a 210 student increase from the previous year’s enrollment.

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

Average Daily Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	3170	7.09%
2014-2015	2960	-0.50%
2013-2014	2975	4.35%
2013-2012	2851	4.74%
2011-2010	2722	2.48%

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

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

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

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

**4.) INTERNAL ACCOUNTING CONTROLS:** Management of the Board is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Board are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles (GAAP)). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives 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, 2016.

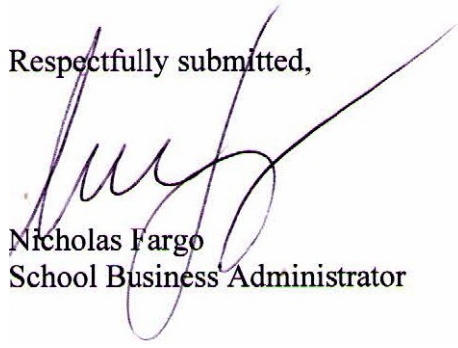
**6.) ACCOUNTING SYSTEM AND REPORTS:** The Board's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the Board is organized on the basis of funds and account groups. These funds and account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

**7.) OTHER INFORMATION: Independent Audit-** State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of DONOHUE, GIRONDA & DORIA *Certified Public Accountants* was selected by the District to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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.



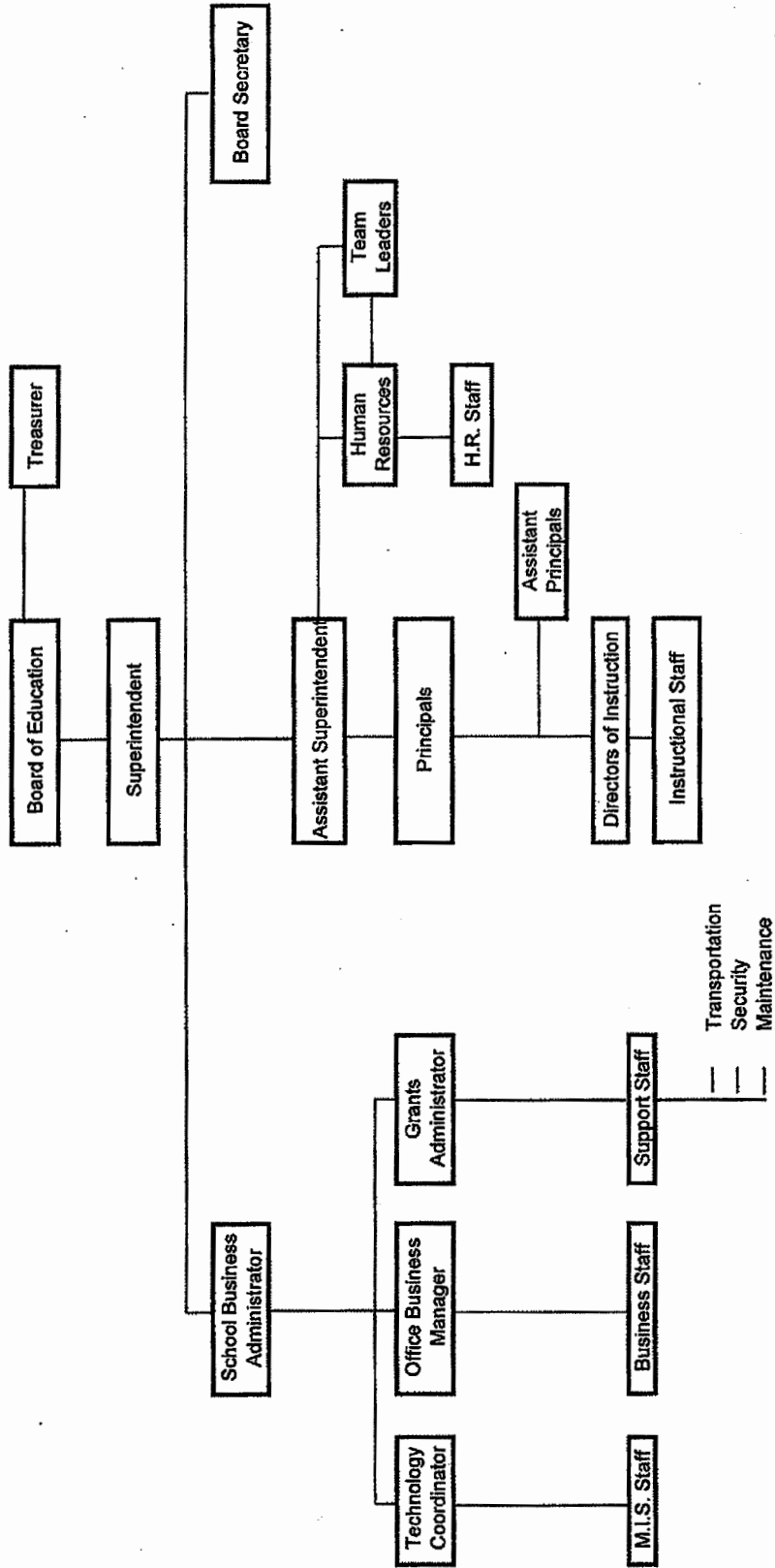
**8.) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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, 2016**

**AUTHORITY MEMBERS      POSITION      EXPIRATION OF TERM**

**Members of the Board of Education**

Craig Guy	Board President	10/31/2019
Hugo D. Cabrera	Vice-President	10/31/2020
Anthony R. Comprelli		10/31/2020
Neida Rivera		10/31/2018
Geraldine Perez		10/31/2018
John Minella		10/31/2017
Monica Fundora		10/31/2017
Amanda Trombetta		10/31/2019
Hector A. Zulueta		10/31/2019

**Other Officials**

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2016**

**AUDIT FIRM**

Donohue, Gironda, Doria & Tomkins, LLC  
310 Broadway  
Bayonne, NJ 07002

**ATTORNEY**

Netchert, Dineen & Hillman, Attorneys  
280 Baldwin Avenue  
Jersey City, NJ 07306

**SPECIAL COUNSEL**

Florio & Kenny, LLC  
Hoboken, New Jersey

**LABOR COUNSEL**

Scarinci, Hollenbeck, LLC  
Lyndhurst, New Jersey

**ARCHITECT**

John Capazzi  
RSC Architects  
596 Anderson Avenue, Suite 202  
Cliffside Park, NJ 07010

**OFFICIAL DEPOSITORY**

Wells Fargo  
TD Bank  
BCB Bank  
Investors Savings Bank

## **FINANCIAL SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS LLC

*Certified Public Accountants*

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Matthew A. Donohue, CPA  
Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
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Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Hudson County Schools of Technology, in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Hudson County Schools of Technology's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson County Schools of Technology as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 12 through 17, pages 65 through 71, and 72 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hudson County Schools of Technology's basic financial statements. The introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid, respectively, and are not a required part of the basic financial statements.

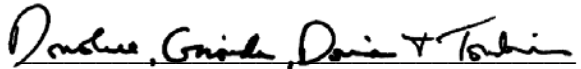
The combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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


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



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2017, on our consideration of the Hudson County Schools of Technology's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hudson County Schools of Technology's internal control over financial reporting and compliance.

  
DONOHUE, GIRONDA, DORIA  
& TOMKINS, LLC

  
FREDERICK J. TOMKINS  
Certified Public Accountant  
Public School Accountant  
License No. CS 00680

Bayonne, New Jersey  
January 13, 2017

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The discussion and analysis of the Hudson County School of Technology's (the "Board") financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2016. 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 2016 and 2015 are as follows, respectively:

- In total, net position of governmental activities are \$18,157,364 and \$15,333,289. Net assets of the business-type activity, which represents food service, are \$-0- and \$-0-. This reflects an increase in net position of governmental activities of \$2,824,075 and no change in net position of business-type activities. The increase in the governmental activities net position was due to an increase in fixed assets.
- Total revenues were \$64,352,844 and \$58,313,354, for 2016 and 2015, respectively, which was a 10.4% increase. The county tax contribution to General Revenue increased slightly to \$26,530,000 from \$26,010,000. State and federal revenues increased to \$32,866,013 from \$26,799,273.
- The Board continues to experience stability in student enrollment. Average daily enrollment for the year ending June 30, 2016 was 3,170. The Board enrollment has increased over the last 5 years and continues to increase year over year. Adult school enrollment continues to grow as well.

**Using the Basic Financial Statements**

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

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Reporting the Board as a Whole**

**Statement of Net Position and Statement of Activities**

While this report contains the large number of funds used by the Board to provide programs and activities, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The statement of net position and the statement of activities helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

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

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

**Governmental Activities** - Most of the 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. The 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 Board's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Enterprise Fund**

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

**The Board as a Whole**

The perspective of the statement of net position is of the Board as a whole. Table 1 provides a summary of the Board's net position for the fiscal years 2016 and 2015, respectively.

Table 1

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>						
Current and Other Assets	\$ 22,225,850	\$ 30,483,814	\$ 98,040	\$ 37,438	\$ 22,323,890	\$ 30,521,252
Capital Assets, Net	44,253,257	32,597,248	35,151	50,151	44,288,408	32,647,399
Total Assets	66,479,107	63,081,062	133,191	87,589	66,612,298	63,168,651
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
	6,481,317	2,269,840	-	-	6,481,317	2,269,840
<b>Liabilities and Net Assets</b>						
Liabilities:						
Current and Other						
Liabilities	\$ 6,652,000	\$ 6,468,097	\$ 133,191	\$ 87,589	\$ 6,785,191	\$ 6,555,686
Long-Term Liabilities	11,970,228	12,525,664	-	-	11,970,228	12,525,664
Net Pension Liability	35,414,223	29,050,938	-	-	35,414,223	29,050,938
Total Liabilities	54,036,451	48,044,699	133,191	87,589	54,169,642	48,132,288
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	766,609	1,972,914	-	-	766,609	1,972,914
Net Assets:						
Net Investment in						
Capital Assets	57,978,754	54,113,387	35,151	50,151	58,013,905	54,163,538
Restricted	1,414,328	2,514,575	-	-	1,414,328	2,514,575
Unrestricted	(41,235,718)	(41,294,673)	(35,151)	(50,151)	(41,270,869)	(41,344,824)
<b>Total Net Position</b>	<u>\$ 18,157,364</u>	<u>\$ 15,333,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,157,364</u>	<u>\$ 15,333,289</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The following table reflects the change in net position for fiscal years 2016 and 2015, respectively.

**Table 2**

	<b>June 30, 2016</b>			<b>June 30, 2015</b>		
	<b>Business</b>			<b>Business</b>		
	<b>Governmental</b>	<b>Type</b>		<b>Governmental</b>	<b>Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,495,694	\$ 341,406	\$ 4,837,100	\$ 4,170,725	\$ 270,468	\$ 4,441,193
Operating grants and contributions	10,975,914	539,250	11,515,164	542,000	438,848	980,848
General revenues						
Property taxes	26,530,000	-	26,530,000	26,010,000	-	26,010,000
State aid not restricted	21,816,411	-	21,816,411	26,799,213	-	26,799,213
Earnings on investments	5,590	-	5,590	6,785	-	6,785
Miscellaneous	455,547	-	455,547	784,831	-	784,831
<b>Total Revenue</b>	<b>64,279,156</b>	<b>880,656</b>	<b>65,159,812</b>	<b>58,313,554</b>	<b>709,316</b>	<b>59,022,870</b>
<b>Expenses</b>						
Instructional services	18,482,709	-	18,482,709	19,524,572	-	19,524,572
Support services	25,634,660	-	25,634,660	21,371,794	-	21,371,794
Unallocated benefits	15,353,461	-	15,353,461	9,021,524	-	9,021,524
Special Schools	6,588,467	-	6,588,467	6,835,411	-	6,835,411
Depreciation	3,627,858	-	3,627,858	1,454,799	-	1,454,799
Service Related Expenses	-	1,548,582	1,548,582	-	1,066,714	1,066,714
<b>Total Expenses</b>	<b>69,687,155</b>	<b>1,548,582</b>	<b>71,235,737</b>	<b>58,208,100</b>	<b>1,066,714</b>	<b>59,274,814</b>
Increase (decrease) in net assets						
before transfers	(5,407,999)	(667,926)	(6,075,925)	105,454	(357,398)	(251,944)
Contributed Capital Hudson County	8,900,000	-	8,900,000	9,000,000	-	9,000,000
Transfers	(667,926)	667,926	-	(357,398)	357,398	-
Change in net position	2,824,075	-	2,824,075	8,748,056	-	8,748,056
<b>Prior Year adjustment</b>						
Net pension liability	-	-	-	(29,940,963)	-	-
Change in net position and prior year adjustment	2,824,075	-	2,824,075	(21,192,907)	-	(21,192,907)
Net Position – July 1,	15,333,289	-	15,333,289	36,526,196	-	36,526,196
<b>Net Position – June 30,</b>	<b>\$ 18,157,364</b>	<b>\$ -</b>	<b>\$ 18,157,364</b>	<b>\$ 15,333,289</b>	<b>\$ -</b>	<b>\$ 15,333,289</b>

Net Position increased by \$2,824,075 for the fiscal year 2016 and decreased by \$21,192,907 for the fiscal year 2015 for Governmental Activities. Business-Type Activity Net Position did not change.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 governmental 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>2015-2016</u>				<u>2014-2015</u>		
	<u>Revenue</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) 2016</u>		<u>Revenue</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) 2015</u>
Local sources	\$ 27,762,912	45.8%	\$ 290,545	Local sources	\$ 27,472,367	47.0%	\$ 1,105,304
State sources	26,914,786	44.4%	1,180,951	State sources	25,733,835	44.0%	815,762
Federal sources	5,877,539	9.7%	635,314	Federal sources	5,242,225	9.0%	764,049
<b>Total</b>	<b>\$ 60,555,237</b>	<b>100.0%</b>	<b>\$ 2,106,810</b>	<b>Total</b>	<b>\$ 58,448,427</b>	<b>100.0%</b>	<b>\$ 2,685,115</b>

**General Fund Budgeting Highlights**

The difference between the original budget and the final amended was an of increase of \$234,466 for the appropriations and no change for the revenues.

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

The Hudson County Schools of Technology is making progress on improving the overall financial health. They have made significant progress through some cost-cutting measures while maintaining school programs. Increased savings related to joining the State of New Jersey Health Benefit Plan as well as slightly higher than expected state aid for the year ended June 30, 2016 and 2015 have allowed for the increase in the overall financial outlook.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Capital Assets and Depreciation**

***Capital Assets***

At June 30, 2016 the District has capital assets in excess of \$44,253,257 net of depreciation, which includes school facilities, land, buildings, equipment and vehicles.

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

	<b>June 30, 2016</b>		<b>June 30, 2015</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Land	\$ 1,533,490	\$ -	\$ 1,533,490	\$ -
Building and building improvements	41,156,113	-	28,928,864	-
Machinery, equipment and vehicles	<u>1,563,654</u>	<u>35,151</u>	<u>2,134,894</u>	<u>50,151</u>
Total	<u>\$ 44,253,257</u>	<u>\$ 35,151</u>	<u>\$ 32,597,248</u>	<u>\$ 50,151</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 \$11,970,228 and \$12,525,664 at June 30, 2016 and 2015, 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.



**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# **BASIC FINANCIAL STATEMENTS**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Net Position**  
**June 30, 2016**

**Exhibit A-1**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 2,455,285	\$ -	\$ 2,455,285
Receivables, net	3,994,725	98,040	4,092,765
Interfund receivable	133,191	-	133,191
Restricted assets:	-		
Cash and cash equivalents	113,705	-	113,705
Deposit	300	-	300
Due from Hudson County	15,528,644	-	15,528,644
Capital assets, net (Note 4):	44,253,257	35,151	44,288,408
<b>Total Assets</b>	<b>66,479,107</b>	<b>133,191</b>	<b>66,612,298</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Resources	6,481,317	-	6,481,317
 <b>LIABILITIES:</b>			
Cash overdraft	355,550	-	355,550
Accounts payable	2,771,504	-	2,771,504
Interfund payable	-	133,191	133,191
Due to grantors	8,956	-	8,956
Unearned revenue	3,515,990	-	3,515,990
Noncurrent liabilities:			
Due within one year	662,656	-	662,656
Due beyond one year	11,307,572	-	11,307,572
Net pension liability	35,414,223	-	35,414,223
<b>Total Liabilities</b>	<b>54,036,451</b>	<b>133,191</b>	<b>54,169,642</b>
 <b>DEFERRED INFLOW OF RESOURCES</b>			
Pension Resources	766,609	-	766,609
 <b>NET POSITION:</b>			
Net investment in capital assets	57,978,754	35,151	58,013,905
Restricted for:			
Capital projects	113,705	-	113,705
Reserved for:			
Subsequent years expenditures	1,150,498	-	1,150,498
Encumbrances	150,125	-	150,125
Unrestricted	(41,235,718)	(35,151)	(41,270,869)
<b>Total Net Position</b>	<b>\$ 18,157,364</b>	<b>\$ -</b>	<b>\$ 18,157,364</b>

**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, 2016

Exhibit A-2

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
Instruction:							
Regular	\$ 12,132,562	\$ -	\$ 1,149,508	\$ -	(10,983,054)	\$ -	\$ (10,983,054)
Vocational education	4,175,903	771,775	650,142	-	(2,753,986)	-	(2,753,986)
Vocational education - special	1,772,915	-	-	-	(1,772,915)	-	(1,772,915)
School sponsored cocurricular activities	401,329	-	-	-	(401,329)	-	(401,329)
Support services:							
Student & instruction related services	8,556,898	-	3,642,348	-	(4,914,550)	-	(4,914,550)
School administrative services	1,023,735	-	-	-	(1,023,735)	-	(1,023,735)
General and business administrative services	2,944,832	-	-	-	(2,944,832)	-	(2,944,832)
Plant operations and maintenance	6,208,735	-	-	-	(6,208,735)	-	(6,208,735)
Pupil transportation	6,900,460	3,723,919	-	-	(3,176,541)	-	(3,176,541)
Unallocated Benefits	15,353,461	-	5,533,916	-	(9,819,545)	-	(9,819,545)
Special schools	6,588,467	-	-	-	(6,588,467)	-	(6,588,467)
Unallocated depreciation	3,627,858	-	-	-	(3,627,858)	-	(3,627,858)
<b>Total Governmental Activities</b>	<b>69,687,155</b>	<b>4,495,694</b>	<b>10,975,914</b>	<b>-</b>	<b>(54,215,547)</b>	<b>-</b>	<b>(54,215,547)</b>
Business-type activities:							
Food Service	1,548,582	341,406	539,250	-	-	(667,926)	(667,926)
<b>Total Business-type Activities</b>	<b>1,548,582</b>	<b>341,406</b>	<b>539,250</b>	<b>-</b>	<b>-</b>	<b>(667,926)</b>	<b>(667,926)</b>
<b>Total Primary Government</b>	<b>\$ 71,235,737</b>	<b>\$ 4,837,100</b>	<b>\$ 11,515,164</b>	<b>\$ -</b>	<b>\$ (54,215,547)</b>	<b>\$ (667,926)</b>	<b>\$ (54,883,473)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes - Net					26,530,000	-	26,530,000
State aid not restricted					21,816,411	-	21,816,411
Investment earnings					5,590	-	5,590
Contributed Capital from County of Hudson					8,900,000	-	8,900,000
Miscellaneous Income					455,547	-	455,547
Transfers					(667,926)	667,926	-
<b>Total general revenues and transfers</b>					<b>57,039,622</b>	<b>667,926</b>	<b>57,707,548</b>
Change in Net Position -					2,824,075	-	2,824,075
Net Position - July 1					15,333,289	-	15,333,289
Net Position - June 30					<b>\$ 18,157,364</b>	<b>\$ -</b>	<b>\$ 18,157,364</b>

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

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

Exhibit B-1

**Balance Sheet  
Governmental Funds  
June 30, 2016**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,455,285	\$ -	\$ -	\$ 2,455,285
Deposit	300	-	-	300
Due from other funds	1,780,778	-	175,892	1,956,670
Receivables from other governments	66,063	2,918,873	-	2,984,936
Restricted cash and cash equivalents	-	-	113,705	113,705
Due from Hudson County	-	903,147	14,625,497	15,528,644
<b>Total Assets</b>	<b>4,302,426</b>	<b>3,822,020</b>	<b>14,915,094</b>	<b>23,039,540</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Cash overdraft	-	355,550	-	355,550
Accounts payable	694,489	656,321	-	1,350,810
Interfund payable	175,892	1,285,203	-	1,461,095
Due to grantors	-	8,956	-	8,956
Unearned revenue	2,000,000	1,515,990	-	3,515,990
<b>Total Liabilities</b>	<b>2,870,381</b>	<b>3,822,020</b>	<b>-</b>	<b>6,692,401</b>
<b>Fund Balances:</b>				
<b>Committed Fund Balance:</b>				
Year-End Encumbrances	150,125	-	-	150,125
<b>Restricted For:</b>				
Reserve for Excess Surplus	-	-	-	-
Reserve for subsequent years expenditures	1,150,498	-	-	1,150,498
<b>Unassigned Fund Balance:</b>				
General fund	131,422	-	-	131,422
Capital projects fund	-	-	14,915,094	14,915,094
<b>Total Fund balances</b>	<b>1,432,045</b>	<b>-</b>	<b>14,915,094</b>	<b>16,347,139</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,302,426</b>	<b>\$ 3,822,020</b>	<b>\$ 14,915,094</b>	

**Reconciliation of balance sheet to statement of net position**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$76,177,198 and the accumulated depreciation is \$31,923,941.	44,253,257
Deferred outflows of pension resources	6,481,317
Accounts payable pension liabilities	(1,420,694)
Liabilities for compensated absences and pension are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Compensated absences liability	(11,970,228)
Net pension liability	(35,414,223)
Deferred inflows of pension resources	(766,609)
Internal Service Fund which is by its activities (transportation and education) is governmental in nature (excludes capital assets)	647,405
Net position of governmental activities	<u>\$ 18,157,364</u>

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2016**

**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	\$ 26,530,000	\$ -	\$ -	\$ 26,530,000
Tuition charges	771,775	-	-	771,775
Interest Earned	5,590	-	-	5,590
Miscellaneous	455,547	-	-	455,547
Total - Local Sources	27,762,912	-	-	27,762,912
State sources	26,720,452	194,334	-	26,914,786
Federal sources	24,194	5,853,345	-	5,877,539
Total Revenues	54,507,558	6,047,679	-	60,555,237
<b>EXPENDITURES:</b>				
Current:				
Regular instruction	10,528,616	1,149,508	-	11,678,124
Vocational education	4,175,903	-	-	4,175,903
Vocational education - Special	1,772,915	-	-	1,772,915
School sponsored cocurricular	401,329	-	-	401,329
Support services and undistributed costs:				
Student & instruction related services	4,264,408	3,642,348	-	7,906,756
School administrative services	1,023,735	-	-	1,023,735
Other administrative services	2,944,832	-	-	2,944,832
Plant operations and maintenance	6,208,735	-	-	6,208,735
Pupil transportation	2,846,665	-	-	2,846,665
Unallocated benefits	14,747,780	605,681	-	15,353,461
Special schools	6,588,467	-	-	6,588,467
Capital outlay	-	650,142	15,283,867	15,934,009
Total Expenditures	55,503,385	6,047,679	15,283,867	76,834,931
Excess (Deficiency) of revenues over expenditures	(995,827)	-	(15,283,867)	(16,279,694)
<b>OTHER FINANCING SOURCES (USES):</b>				
Contributed Capital from County of Hudson	-	-	8,900,000	8,900,000
Food Service	(667,926)	-	-	(667,926)
Total Other Financing Sources and (Uses)	(667,926)	-	8,900,000	8,232,074
Net change in fund balances	(1,663,753)	-	(6,383,867)	(8,047,620)
Fund balance - July 1	3,095,798	-	21,298,961	24,394,759
Fund balance - June 30	\$ 1,432,045	\$ -	\$ 14,915,094	\$ 16,347,139

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



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**

**Exhibit B-3**

**Total net change in fund balances - Governmental funds (Exhibit B-2)** \$ (8,047,620)

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	\$ (3,627,858)		
	Capital outlays	<u>15,283,867</u>		11,656,009

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

Change in compensated absences	555,436
Additional PERS pension expense recognized	(1,009,874)

Revenues in the statement of activities which do not provide current financial resources are not reported as revenues in the funds - internal service fund	(329,876)
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<b>Change in net position and prior year adjustments of governmental activities (Exhibit A-2)</b>	<u><u>\$ 2,824,075</u></u>
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**The accompanying Notes to Financial Statements are an integral part of this statement.**

**PROPRIETARY FUND**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

**Exhibit B-4**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>		
	<b>Food Service</b>	<b>Trans- portation</b>	<b>Youth House</b>	<b>Total Internal Service Funds</b>
<b>ASSETS:</b>				
Current Assets:				
Accounts receivable	\$ 98,040	\$ -	\$ 366,500	\$ 366,500
Other receivables	-	643,289	-	643,289
Total Current Assets	<u>98,040</u>	<u>643,289</u>	<u>366,500</u>	<u>1,009,789</u>
Noncurrent Assets:				
Furniture, machinery & equipment	369,725	-	106,113	106,113
Less: Accumulated depreciation	<u>(334,574)</u>	<u>-</u>	<u>(106,113)</u>	<u>(106,113)</u>
Total Noncurrent assets	<u>35,151</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>133,191</u>	<u>643,289</u>	<u>366,500</u>	<u>1,009,789</u>
<b>LIABILITIES:</b>				
Interfunds Payable	133,191	350,359	12,025	362,384
Total Current Liabilities	<u>133,191</u>	<u>350,359</u>	<u>12,025</u>	<u>362,384</u>
Total Liabilities	<u>133,191</u>	<u>350,359</u>	<u>12,025</u>	<u>362,384</u>
<b>NET POSITION</b>				
Unrestricted	-	292,930	354,475	647,405
Total Net Position	<u>\$ -</u>	<u>\$ 292,930</u>	<u>\$ 354,475</u>	<u>\$ 647,405</u>

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

Exhibit B-5

	Business-type Activities - Enterprise Fund	Governmental Activities Internal Service Funds		
	Food Service	Trans- portation	Youth House	Total Internal Service Funds
<b>Operating Revenues:</b>				
Charges for services:				
Daily sales - non-reimbursable programs	\$ 332,306	\$ -	\$ -	\$ -
Accounts payable cancelled	9,100	11,806	-	11,806
Transportation fees from other LEA's within the state	-	3,712,113	-	3,712,113
<b>Total Operating Revenues</b>	<b>341,406</b>	<b>3,723,919</b>	<b>-</b>	<b>3,723,919</b>
<b>Operating Expenses:</b>				
Cost of sales	1,335,157	-	-	-
Salaries	175,250	2,754,290	-	2,754,290
Employee benefits	23,175	-	-	-
Other purchased services	-	1,299,505	-	1,299,505
Depreciation	15,000	-	-	-
<b>Total Operating Expenses</b>	<b>1,548,582</b>	<b>4,053,795</b>	<b>-</b>	<b>4,053,795</b>
<b>Operating income (loss)</b>	<b>(1,207,176)</b>	<b>(329,876)</b>	<b>-</b>	<b>(329,876)</b>
<b>Nonoperating Revenues (Expenses):</b>				
State sources:				
State school lunch program	7,361	-	-	-
Federal sources:				
National school lunch program	357,713	-	-	-
National school breakfast program	142,198	-	-	-
Food distribution program	31,978	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>539,250</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income (loss) before contributions &amp; transfers</b>	<b>(667,926)</b>	<b>(329,876)</b>	<b>-</b>	<b>(329,876)</b>
Transfers in (out) - General Fund	667,926	-	-	-
Change in net position	-	(329,876)	-	(329,876)
<b>Total Net Position - July 1</b>	<b>-</b>	<b>622,806</b>	<b>354,475</b>	<b>977,281</b>
<b>Total Net Position - June 30</b>	<b>\$ -</b>	<b>\$ 292,930</b>	<b>\$ 354,475</b>	<b>\$ 647,405</b>

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, 2016**

**Exhibit B-6**

	<b>Business-type Activities - Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>		
	<b>Food Service</b>	<b>Transportation</b>	<b>Youth House</b>	<b>Total Internal Service Funds</b>
<b>Cash Flows from Operating Activities:</b>				
Receipts from customers	\$ 332,306	\$ 4,705,220	\$ -	\$ 4,705,220
Payment for salaries and benefits	(198,425)	(2,754,290)	-	(2,754,290)
Payments to suppliers	(1,308,327)	(1,338,029)	-	(1,338,029)
Net Cash Provided by (Used for)				
Operating Activities	(1,174,446)	612,901	-	612,901
<b>Cash Flows from Noncapital Financing Activities</b>				
State Sources	6,734	-	387,000	387,000
Federal Sources	440,130	-	-	-
(Payment of interfunds)/interfunds advanced	59,656	(612,901)	(387,000)	(999,901)
Operating subsidies and transfers from other funds	667,926	-	-	-
Net Cash Provided by (Used for)				
Non-capital Financing Activities	1,174,446	(612,901)	-	(612,901)
Net cash provided by (used for) investing activities				-
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Balances - July 1	-	-	-	-
Balances - June 30	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (1,207,176)	\$ (329,876)	\$ -	\$ (329,876)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and net amortization	15,000	-	-	-
Food distribution program	31,978	-	-	-
(Increase) decrease in accounts receivable, net	-	993,106	-	993,106
Increase (decrease) in accounts payable	(14,248)	(50,329)	-	(50,329)
Total adjustments	32,730	942,777	-	942,777
Net Cash Provided by (Used for)				
Operating Activities	\$ (1,174,446)	\$ 612,901	\$ -	\$ 612,901

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

**FIDUCIARY FUNDS**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

**Exhibit B-7**

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11	\$ 242,056
Deficit in due to student groups	-	165,326
Total Assets	<u>11</u>	<u>407,382</u>
<b>LIABILITIES</b>		
Due to student groups	-	308,578
Payroll deductions and withholdings	-	98,804
Total Liabilities	<u>-</u>	<u>407,382</u>
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	<u>\$ 11</u>	

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2016**

**Exhibit B-8**

	<u><b>Unemployment Compensation Trust Fund</b></u>
<b>ADDITIONS</b>	
Contributions	<u>\$ 16,611</u>
Total Additions	<u>16,611</u>
<b>DEDUCTIONS</b>	
Unemployment claims	-
Transfers to other funds	<u>33,883</u>
Total Deductions	<u>33,883</u>
Change in net assets	(17,272)
Net Position- July 1	<u>17,283</u>
Net Position- June 30	<u><u>\$ 11</u></u>

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



**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**JUNE 30, 2016**

**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 Board’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, 2016 of 3,188 students, excluding its post-secondary enrollment.

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

**JUNE 30, 2016**

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

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

The primary criterion for including activities within the Board'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 HCST Foundation is a component unit of the Board and 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 District-wide and fund financial statements categorize primary activities as either governmental or business type. The Board's general operating services, special revenue, capital projects, debt service and nonexpendable trust funds are classified as governmental activities. The Board's food service operations are classified as business-type activities.

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

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

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

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

**JUNE 30, 2016**

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

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

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

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

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

The district-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net position 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 Board:

**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 Board:

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

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

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

**JUNE 30, 2016**

**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.

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

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

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

**2. PROPRIETARY FUND**

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

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

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

**JUNE 30, 2016**

**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 districts.

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

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

The estimated useful lives are as follows:

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

**3. FIDUCIARY FUNDS**

Fiduciary Funds are used to report assets held by the Board 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 Board programs. The reporting focus is on net-position and changes in net-position and are reported using accounting principles similar to proprietary funds.

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

**JUNE 30, 2016**

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

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

**Expendable Trust Funds** - An Expendable Trust Fund is accounted for in essentially the same manner as the Governmental Fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include Unemployment Compensation Insurance

**AGENCY FUNDS**

Agency Funds are used to account for the assets that the Board 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.

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 Board considers all governmental and business-type activities to be major.

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

**D. Basis of Measurement and Accounting Focus:**

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

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

**JUNE 30, 2016**

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

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



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

**JUNE 30, 2016**

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

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 Board 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 Board 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.

**E. Budgets/Budgetary Control:**

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

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

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

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

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

**JUNE 30, 2016**

**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>2015-2016</b>
Total Revenues (Budgetary Basis)	\$ 5,603,293
Adjustments:	
Add: Prior Year Encumbrances	(465,955)
Less: Current Year Encumbrances	910,341
Total Revenues (GAAP) Basis	\$ 6,047,679
Total Expenditures (Budgetary Basis)	\$ 5,603,293
Adjustments:	
Add: Prior Year Encumbrances	(465,955)
Less: Current Year Encumbrances	910,341
Total Expenditures (GAAP Basis)	\$ 6,047,679

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

**JUNE 30, 2016**

**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 Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**G. Cash, Cash Equivalents and Investments:**

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

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

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

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

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

**JUNE 30, 2016**

**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 Board 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. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

*Tuition Receivable* – The Board receives tuition from some students. Tuition charges for the fiscal years 2015 - 2016 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, 2016, there was no tuition receivable.

*Tuition Payable* - For the year ending June 30, 2016, 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 Board 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, 2016.

**K. Restricted Assets:**

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

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

**JUNE 30, 2016**

**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 Board 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.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

**Fund Financial Statements**

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

**M. Compensated Absences:**

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

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

**JUNE 30, 2016**

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

**M. Compensated Absences (Continued)**

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

**N. Deferred Revenue:**

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

**O. Long-Term Debt:**

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

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

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

**P. Pensions:**

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

**Q. Deferred Outflows of Resources:**

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

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

**JUNE 30, 2016**

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

**R. Deferred Inflows of Resources:**

Increases in net position that relate to future periods are reported as deferred inflows of resources in a separate section of the statement of net position. Related revenues are not recognized until a future event occurs. The only deferred inflow of resources reported is for pension resources. Deferred outflows of resources for net pension liability result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**S. Equity Classifications:**

Government-wide Statements

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

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

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

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

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

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

**JUNE 30, 2016**

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

**S. Equity Classifications (Continued)**

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

District-Wide Statements

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

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

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

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

Fund Statements

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

Restricted - Excess Surplus - Designated for Subsequent Year's Budget - This reserve was created to represent the June 30, 2015 audited excess surplus that will be appropriated in the 2016-2017 original budget certified for taxes.

Restricted - Excess Surplus - This reserve was created to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017-2018 original budget certified for taxes.

Restricted - Capital Reserve - This reserve was created by the Board 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.



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

**JUNE 30, 2016**

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

**S. Equity Classifications (Continued)**

*Assigned* – This designation is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the State Executive Superintendent or Business Administrator, to whom the State Executive Superintendent has delegated the authority to assign amounts to be used for specific purposes.

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

Restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted. Decreases in fund balance first reduce unassigned fund balance. In the event that unassigned fund balances becomes zero, then assigned and committed fund balances are used in that order.

**T. Operating and Non-operating Revenue:**

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

**U. Expenditures/Expenses:**

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

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

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

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

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

**JUNE 30, 2016**

**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 Board's name.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a deposit policy for custodial credit risk. As of June 30, 2016, none of the Board's bank balances totaling \$2,2683,483 was exposed to custodial credit risk.

As of June 30, 2016, the Board's deposits are summarized as follows:

	Book Balance
Insured - FDIC	\$ 525,269
Insured - GUDPA	2,285,788
Overdraft in special revenue	(355,550)
	\$ 2,455,507

Reconciliation to Government-Wide Statement of  
Net Assets:

Unrestricted Cash	\$ 2,455,285
Restricted Cash	113,705
Trust and Agency Fund Cash (Not Included in Government-Wide Statement)	242,067
Cash overdraft	(355,550)
	\$ 2,455,507

As of June 30, 2016, the Board did not hold any investments.

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

**JUNE 30, 2016**

**NOTE 3. DEPOSIT AND INVESTMENT RISK**

Interest Rate Risk - The Board 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 Board places no limit on the amount the Board may invest in any one issuer.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board 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 Board's name, and are held by either:

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

At June 30, 2016 the Board did not hold any investments and thus were not exposed to custodial credit risk or foreign currency risk.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2016 all the Board's deposits were insured by FDIC and GUDPA. The Board does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that the Board 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 Board is exempt from this requirement because all of its investments at June 30, 2016 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 Board 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, 2016 the Board 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 Board as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

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

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

**JUNE 30, 2016**

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

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Additions	Balance June 30, 2016
Governmental Activities:			
Capital assets not being Depreciated:			
Land	\$ 1,533,490	\$ -	\$ 1,533,490
Capital Assets being depreciated:			
Buildings and Improvements	50,800,577	15,283,867	66,084,444
Furniture and Equipment	3,166,438	-	3,166,438
Machinery and Other Equipment	5,392,826	-	5,392,826
Total Capital Assets being depreciated	59,359,841	15,283,867	74,643,708
Total Assets	60,893,331	15,283,867	76,177,198
Less: Accumulated Depreciation:			
Buildings and Improvements	21,871,713	3,056,618	24,928,331
Furniture and Equipment	1,999,494	189,240	2,188,734
Machinery and Other Equipment	4,389,921	382,000	4,771,921
Youth House write-off	34,955	-	34,955
Total Accumulated Depreciation	28,296,083	3,627,858	31,923,941
Governmental Capital Assets, Net	32,597,248	11,656,009	44,253,257
Business type Activities:			
Machinery and Equipment	369,725	-	369,725
Less: Accumulated Depreciation	(319,574)	(15,000)	(334,574)
Business type Capital Assets, Net	\$ 50,151	\$ (15,000)	\$ 35,151

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

**JUNE 30, 2016**

**NOTE 5. LONG-TERM DEBT**

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

Governmental Activities

As of June 30, 2016, the governmental long-term debt of the Board consisted of the following:

	Balance		Adjustments	Balance	Amounts	Long-Term
	June 30, 2015	Additions	Deductions	June 30, 2016	Due Within	Portion
					One Year	
Governmental Activities:						
Compensated Absences	\$12,525,664	\$389,153	\$ 944,589	\$11,970,228	\$ 662,656	\$ 11,307,572

The Board made adjustments for non-tenured employees who were incorrectly included in prior totals.

Business-type Activity

As of June 30, 2016, 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, 2016, the County of Hudson on behalf of School's projects had outstanding bonds in the amount of \$8,000,000. These bonds are paid by the County of Hudson.

**Bonds Authorized But Not Issued:** The County of Hudson in a resolution dated March 14, 2016 authorized \$8,000,000 in bonds for the purpose of purchasing vehicles, equipment and building improvements.

**NOTE 6. OPERATING LEASES**

The Board has commitments to lease copiers under operating leases that expire through the year 2020. Total operating lease payments made during the year ended June 30, 2016 were \$149,267. Future minimum lease payments are as follows:

Year Ending	Amount
June 30, 2017	\$149,063
June 30, 2018	148,466
June 30, 2019	147,216
June 30, 2020	128,022

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

**JUNE 30, 2016**

**NOTE 7. PENSION PLANS**

**A. Description of Plans:**

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

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

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

**C. Public Employees' Retirement System (PERS):**

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school Board, 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.

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

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

**JUNE 30, 2016**

**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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for PERS and TPAF:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each service credit available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for their respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier. Pursuant to the provision of Chapter 78, P.L. 2011, COLA increase were suspended for all current and future retirees of all retirement systems.

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

**JUNE 30, 2016**

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

**E. Contribution Requirements:**

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

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

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

During the year ended June 30, 2016 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal pension contributions, non-contributory group life insurance (NCGI) and early retirement incentive (ERI) in the following amounts.

**Three-Year Trend Information**

Year Funding	PERS Contributed by the District			TPAF Paid on Behalf of the District	
	Pension	NCGI	ERI	Pension	NCGI
June 30, 2016	\$ 1,287,395	\$ 68,928	\$ 151,032	\$ 1,552,970	\$ 73,688
June 30, 2015	1,198,008	81,141	150,671	1,030,257	69,147
June 30, 2014	1,160,667	19,739	149,364	815,721	66,161



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

**JUNE 30, 2016**

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

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

At June 30, 2016 the Boards net pension liability for PERS was \$35,414,223

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, Boards PERS proportion was 0.1578%, which was an increase of 0.0022% from its proportion measured as of June 30, 2014. For the year ended June 30, 2016, the Board recognized PERS pension expense of \$1,248,892

At June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 844,859	\$ -
Changes in proportion	412,559	197,216
Changes in assumptions	3,803,205	-
Net differences between projected and actual investment earnings on pension plan investments		569,393
Board contributions subsequent to measurement date	1,420,694	
Total	\$ 6,481,317	\$ 766,609

\$1,420,694 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

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

**JUNE 30, 2016**

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

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30, 2016	\$ 1,142,941
June 30, 2017	1,142,941
June 30, 2018	1,142,941
June 30, 2019	1,142,942
June 30, 2020	<u>1,142,943</u>
	<u><u>\$ 5,714,708</u></u>

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter based on age	3.15-5.34%
Investment rate of return	7.90%

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

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

**JUNE 30, 2016**

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

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

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds / Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

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

**JUNE 30, 2016**

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

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

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the average of the last five years of condition made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Board's proportionate share of the net pension liability of the as of June 30, 2015, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<b>1% Decrease (3.90%)</b>	<b>Current Discount Rate (4.90%)</b>	<b>1% Increase (6.39%)</b>
Board's proportionate share of PERS net pension liability	\$ 44,015,545	\$ 35,414,223	\$ 28,202,936

*Pension Plan fiduciary net position*

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

*Payable to the pension plan*

At June 30, 2016 the Board reported accounts payable to the PERS of \$1,420,694 for the required actuarially determined contribution to PERS for the year ended June 30, 2016.

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

**JUNE 30, 2016**

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

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

At June 30, 2016 the State's net pension liability for TPAF associated with the Board was \$120,444,383. For the year ended June 30, 2016, the Board recognized an on-behalf TPAF pension expense of \$1,552,970 offset by an on-behalf TPAF pension contribution for the same amount.

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2015, Boards TPAF proportion was 0.1905%, which was an increase of 0.0183% from its proportion measured as of June 30, 2014.

**Actuarial Assumptions**

The total TPAF pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total TPAF pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	Varies based
2012-2021	on experience
Thereafter	Varies based
	on experience
Investment rate of return	7.90%

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

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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

**JUNE 30, 2016**

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

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

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds – MultiStrategy	4.00%	4.59%
Hedge Funds – Equity Hedge	4.00%	5.68%
Hedge Funds – Distressed	4.00%	4.30%

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

**JUNE 30, 2016**

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

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

*Discount Rate*

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the average of the last five years of condition made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Pension Plan fiduciary net position*

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

**H. Reimbursed TPAF Social Security Contributions**

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the Board \$1,552,970 during the year ended June 30, 2016, 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 Board contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

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

**JUNE 30, 2016**

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

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

P.L. 1987, c. 384 and P.L. 1990, c. 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate funding of post-retirement medical benefits through TPAF and PERS.

It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.10 million toward Chapter 126 benefits for 19,056 eligible retired members in fiscal year 2015.

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 Board for the years ended June 30, 2016, 2015 and 2014 were 1,849,157, \$1,635,534 and \$1,337,477, 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 Board was not determined or made available by the State of New Jersey.

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



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

**JUNE 30, 2016**

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

For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required. Under Chapter 78 certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

**Funded Status and Funding Progress**

As of June 30, 2015, the most recent actuarial valuation date, the State had a \$16.8 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local and \$41.6 billion for local education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the June 30, 2015, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

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

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

**JUNE 30, 2016**

**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, 2016, there is no liability existing for compensated absences in the Food Service Fund.

**NOTE 10. RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Board did not significantly reduce insurance coverage during fiscal year 2016.

**A. Property and Liability Insurance:**

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

**B. New Jersey Unemployment Compensation Insurance:**

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

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

**JUNE 30, 2016**

**NOTE 10. RISK MANAGEMENT (Continued):**

**C. Contingent Liabilities**

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

**D. Federal and State Awards**

The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2016, the Board is in the progress of two audits, one by the State of New Jersey Department of Education of its Carl Perkins Vocational Education Grants, which are used to purchase equipment and supplies for vocational education. The second is the New Jersey Department of Labor who reviews the Career Development Center's Workforce Investment Act grants. Neither regulatory audit report has been issued as of the date of issuance of this report. There are significant issues with Career Development Center as noted in our single audit, See the K-Section of this audit report for further details.

**NOTE 11. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 1,780,778	\$ 175,892
Special Revenue	-	1,285,203
Capital Projects	175,892	-
Enterprise Fund	-	133,191
Internal Service Fund-Transportation	-	350,359
Internal Service Fund-Youth House	-	12,025
Total	<u>\$ 1,956,670</u>	<u>\$ 1,956,670</u>

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.

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

**JUNE 30, 2016**

**NOTE 12. DEFERRED COMPENSATION**

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

Fidelity  
AXA Equitable  
Metropolitan Life  
Lincoln Investment Planning, Inc.

**NOTE 13. INVENTORY**

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

**NOTE 14. FUND BALANCE APPROPRIATED**

**Fund Statements:**

General Fund – Of the \$1,432,045 General Fund balance at June 30, 2016, \$1,150,498 is reserved for subsequent years' expenditures, \$150,125 is reserved for encumbrances and \$131,422 is unrestricted.

Special Revenue Fund – The Special Revenue Fund has a zero fund balance at June 30, 2016.

Capital Projects Fund – The \$14,915,094 Capital Projects Fund balance at June 30, 2016 is fully reserved for ongoing capital projects.

The total Governmental Funds fund balance is \$16,347,139.

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

**JUNE 30, 2016**

**NOTE 14. FUND BALANCE APPROPRIATED (Continued)**

**District-Wide Statements:**

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

		Governmental Activities
Fund Balance/Net Assets	\$	16,347,139
Add: Capital Assets, Net of Accumulated Depreciation		44,253,257
Deferred Outflows of Pension Resources		5,060,623
Internal Service Funds		647,405
Less: Long-Term Liabilities		(47,384,451)
Deferred Outflows of Pension Resources		(766,609)
Total Position	\$	18,157,364

**NOTE 15. CAREER DEVELOPMENT CENTER**

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

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

**JUNE 30, 2016**

**NOTE 16. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey Vocational School Boards are required to reserve General Fund balance in excess of 6% of the modified general fund final appropriations for year ended of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The Board did not have excess fund balance for the year ended June 30, 2016, \$1,150,498 has been appropriated in the 2016-2017 budget.

**NOTE 17. SUBSEQUENT EVENTS**

In a lease agreement with the Hudson County Improvement Authority the County of Hudson approved the sale of \$160,000,000 County Secured Lease Revenue Bonds. The bond proceeds will be used to construct new school facilities for the Hudson County Schools of Technology. The Hudson County Schools of Technology will execute a lease with the County of Hudson for use of the new facility. As of June 30, 2016 the lease had not been executed with the County of Hudson.

**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, 2016**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUES:</b>					
Local Sources:					
County Tax Levy	\$ 26,530,000	\$ -	\$ 26,530,000	\$ 26,530,000	\$ -
Tuition	225,000	-	225,000	771,775	546,775
Interest Earned	-	-	-	5,590	5,590
Miscellaneous	200,000	-	200,000	455,547	255,547
<b>Total - Local Sources</b>	<b>26,955,000</b>	<b>-</b>	<b>26,955,000</b>	<b>27,762,912</b>	<b>807,912</b>
State Sources:					
Special Education Aid	1,482,331	-	1,482,331	1,482,331	-
Equalization Aid	19,299,976	-	19,299,976	19,299,976	-
Security Aid	152,918	-	152,918	152,918	-
Transportation Aid	131,518	-	131,518	131,518	-
PARCC Readiness	21,310	-	21,310	21,310	-
Per Pupil Growth Aid	21,310	-	21,310	21,310	-
Adult Education Aid	763,887	-	763,887	763,887	-
TPAF NCGI Premium (On-Behalf - Non-Budgeted)	-	-	-	73,688	73,688
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	1,479,282	1,479,282
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	1,849,157	1,849,157
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,526,108	1,526,108
<b>Total State Sources</b>	<b>21,873,250</b>	<b>-</b>	<b>21,873,250</b>	<b>26,801,485</b>	<b>4,928,235</b>
Federal Sources:					
Medicaid Reimbursement	-	-	-	24,194	24,194
<b>Total Federal Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,194</b>	<b>24,194</b>
<b>Total Revenues</b>	<b>48,828,250</b>	<b>-</b>	<b>48,828,250</b>	<b>54,588,591</b>	<b>5,760,341</b>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction					
Grades 9-12 - Salaries of Teachers	9,141,226	1,011,494	10,152,720	10,152,720	-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services	-	-	-	-	-
Other Purchased Services	10,000	(3,824)	6,176	6,176	-
General Supplies	140,000	35,780	175,780	174,314	1,466
Textbooks	40,000	104,825	144,825	129,885	14,940
Other Objects	60,000	32,773	92,773	65,521	27,252
<b>Total Regular Programs - Instruction</b>	<b>9,391,226</b>	<b>1,181,048</b>	<b>10,572,274</b>	<b>10,528,616</b>	<b>43,658</b>
Vocational Programs - Instruction					
Regular Vocational Programs - Instructional					
Salaries of Teachers	3,965,259	-	3,965,259	3,790,009	175,250
Other Salaries for Instruction	140,000	-	140,000	139,988	12
Tuition Reimbursement	-	103,242	103,242	102,909	333
General Supplies	75,000	6,000	81,000	80,663	337
Textbooks	25,000	6,543	31,543	31,456	87
Other Objects	40,000	(8,732)	31,268	30,878	390
<b>Total Regular Vocational Programs - Instruction</b>	<b>4,245,259</b>	<b>107,053</b>	<b>4,352,312</b>	<b>4,175,903</b>	<b>176,409</b>
Special Vocational Programs - Instruction					
Salaries of Teachers	1,690,000	-	1,690,000	1,690,000	-
Other Salaries for Instruction	28,000	-	28,000	28,000	-
Tuition Reimbursement	-	-	-	-	-
Purchased Professional- Educational Services	38,000	-	38,000	25,000	13,000
General Supplies	25,000	(10,000)	15,000	14,918	82
Textbooks	10,000	15	10,015	10,015	-
Other Objects	5,000	(15)	4,985	4,982	3
<b>Total Vocational Programs - Local - Instruction</b>	<b>1,796,000</b>	<b>(10,000)</b>	<b>1,786,000</b>	<b>1,772,915</b>	<b>13,085</b>
<b>Total Vocational Programs - Instructional</b>	<b>\$ 6,041,259</b>	<b>\$ 97,053</b>	<b>\$ 6,138,312</b>	<b>\$ 5,948,818</b>	<b>\$ 189,494</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2016**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	\$ 300,000	\$ -	\$ 300,000	\$ 300,000	\$ -
Supplies and Materials	-	-	-	-	-
Total School-Spon. Cocurricular Actvts. - Inst.	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
School-Spon. Cocurricular Athletics - Inst.					
Salaries	50,000	8,138	58,138	58,138	-
Supplies and Materials	20,000	9,201	29,201	28,200	1,001
Other Objects	20,000	(5,000)	15,000	14,990	10
Total School-Spon. Cocurricular Athletics - Inst.	<u>90,000</u>	<u>12,339</u>	<u>102,339</u>	<u>101,328</u>	<u>1,011</u>
Total Instruction Expenditures	<u>15,822,485</u>	<u>1,290,440</u>	<u>17,112,925</u>	<u>16,878,762</u>	<u>234,163</u>
Undistributed Expend. - Attend. & Social Work					
Salaries	229,000	-	229,000	229,000	-
Supplies and Materials	2,000	-	2,000	1,963	37
Other Objects	3,000	-	3,000	2,917	83
Total Undistributed Expend. - Attend. & Social Work	<u>234,000</u>	<u>-</u>	<u>234,000</u>	<u>233,880</u>	<u>120</u>
Undist. Expend. - Health Services					
Salaries	229,000	-	229,000	228,364	636
Supplies and Materials	5,000	6,900	11,900	11,872	28
Other Objects	12,000	(400)	11,600	11,600	-
Total Undistributed Expenditures - Health Services	<u>246,000</u>	<u>6,500</u>	<u>252,500</u>	<u>251,836</u>	<u>664</u>
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,185,000	-	1,185,000	1,185,000	-
Salaries of Secretarial and Clerical Assistants	650,000	-	650,000	650,000	-
Supplies and Materials	8,000	(4,500)	3,500	3,500	-
Other Objects	8,000	(8,000)	-	-	-
Total Undist. Expend. - Other Supp. Serv. Students-Reg.	<u>1,851,000</u>	<u>(12,500)</u>	<u>1,838,500</u>	<u>1,838,500</u>	<u>-</u>
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	970,000	(25,266)	944,734	944,734	-
Salaries of Secretarial and Clerical Assistants	49,000	-	49,000	49,000	-
Supplies and Materials	10,000	1,747	11,747	8,700	3,047
Other Objects	10,000	2,650	12,650	11,977	673
Total Undist. Expend. - Other Supp. Serv. Students - Spl	<u>1,039,000</u>	<u>(20,869)</u>	<u>1,018,131</u>	<u>1,014,411</u>	<u>3,720</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	73,000	-	73,000	73,000	-
Salaries of Other Professional Staff	61,000	-	61,000	61,000	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Supplies and Materials	1,000	-	1,000	1,000	-
Other Objects	1,000	-	1,000	1,000	-
Total Undist. Expend. - Improvement of Inst. Serv.	<u>136,000</u>	<u>-</u>	<u>136,000</u>	<u>136,000</u>	<u>-</u>
Undist. Expend. - Edu. Media Serv./S tech. Support					
Salaries	730,000	43,006	773,006	773,006	-
Supplies and Materials	3,000	1,000	4,000	4,000	-
Other Objects	3,000	-	3,000	3,000	-
Total Undist. Expend. - Edu. Media Serv./S tech. Support	<u>\$ 736,000</u>	<u>\$ 44,006</u>	<u>\$ 780,006</u>	<u>\$ 780,006</u>	<u>\$ -</u>
Undist. Expend. - Instructional Staff Training Serv.					
Other Purchased Professional & Technical Services	\$ -	5,000	\$ 5,000	4,995	\$ 5
Total Undist. Expend. - Instructional Staff Training Serv.	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>4,995</u>	<u>5</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2016**

<b>2016</b>					
	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	1,105,000	-	1,105,000	1,105,000	-
Legal Services	200,000	(86,324)	113,676	113,676	-
Audit	80,000	16,000	96,000	80,000	16,000
Other Purchased Professional Services	30,000	84,247	114,247	113,472	775
Purchased Professional and Technical Services	20,222	3,532	23,754	23,754	-
Communications/Telephone	350,000	(39,638)	310,362	309,404	958
Other Purchased Services	20,000	(4,697)	15,303	15,285	18
Supplies and Materials	20,000	28,360	48,360	48,360	-
Judgments	5,000	(5,000)	-	-	-
Miscellaneous Expenditures	25,000	1,362	26,362	22,208	4,154
BOE Membership Dues and Fees	30,000	(130)	29,870	29,870	-
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>1,885,222</u>	<u>(2,288)</u>	<u>1,882,934</u>	<u>1,861,029</u>	<u>21,905</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	400,000	-	400,000	400,000	-
Salaries of Other Professional Staff	400,000	(54,414)	345,586	345,586	-
Salaries of Secretarial and Clerical Assistants	-	-	-	-	-
Supplies and Materials	25,000	(887)	24,113	24,101	12
Other Objects	30,000	101,325	131,325	120,679	10,646
Total Undist. Expend. - Support Serv. - School Admin.	<u>855,000</u>	<u>46,024</u>	<u>901,024</u>	<u>890,366</u>	<u>10,658</u>
Undist. Expend. - Support Serv. - Central Services					
Salaries	950,000	98,149	1,048,149	1,048,149	-
Supplies and Materials	25,000	654	25,654	25,654	-
Miscellaneous Expenditures	10,000	-	10,000	10,000	-
Total Undist. Expend. - Support Serv. - Central Services	<u>985,000</u>	<u>98,803</u>	<u>1,083,803</u>	<u>1,083,803</u>	<u>-</u>
Undist. Expend. - Support Serv. - Information Technology Admin.					
Salaries	15,000	(15,000)	-	-	-
Supplies and Materials	45,000	-	45,000	44,956	44
Miscellaneous Expenditures	95,000	(1,807)	93,193	93,193	-
Information Technology Admin.	<u>155,000</u>	<u>(16,807)</u>	<u>138,193</u>	<u>138,149</u>	<u>44</u>
Undist. Expend. - Allowable Maintenance for School Facilities					
Salaries	195,000	60,428	255,428	255,428	-
Cleaning, Repair, and Maintenance Services	80,000	631,076	711,076	679,700	31,376
General Supplies	65,000	954	65,954	64,229	1,725
Other Objects	165,000	231,214	396,214	393,263	2,951
Total Undist. Expend. - Allowable Maintenance for School Facilities	<u>505,000</u>	<u>923,672</u>	<u>1,428,672</u>	<u>1,392,620</u>	<u>36,052</u>
Undist. Expend. - Oth. Oper. & Maint. of Plant					
Salaries	2,310,000	88,557	2,398,557	2,398,557	-
Cleaning, Repair and Maintenance Services	105,000	(93,595)	11,405	11,405	-
Rental of Land, Building & Other than Lease Purchases	50,000	12,927	62,927	62,927	-
Other Purchased Property Services	20,000	(2,657)	17,343	15,316	2,027
Insurance	850,000	108,071	958,071	958,071	-
General Supplies	30,000	824	30,824	30,824	-
Energy (Energy and Electricity, Natural Gas)	1,410,000	(110,796)	1,299,204	1,290,070	9,134
Other Objects	45,000	4,453	49,453	48,944	509
Total Undist. Expend. - Other Oper. & Maint. Of Plant	<u>4,820,000</u>	<u>7,784</u>	<u>4,827,784</u>	<u>4,816,114</u>	<u>11,670</u>
Total Undist. Expend. - Oper. & Maint. Of Plant	<u>\$ 5,325,000</u>	<u>\$ 931,456</u>	<u>\$ 6,256,456</u>	<u>\$ 6,208,734</u>	<u>\$ 47,722</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2016**

	<b>2016</b>				
	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Undist. Expend. - Student Transportation Serv.					
Sal. For Pup.Trans. (Bet. Home and School) - Regular	\$ 1,775,000	\$ -	\$ 1,775,000	\$ 1,775,000	\$ -
Sal. For Pup.Trans. (Bet. Home and School) - Special	750,000	(3,820)	746,180	746,180	-
Sal. For Pup. Trans. (Other than Bet. Home and School)	125,000	-	125,000	125,000	-
Misc. Purchased Serv. - Transportation	90,000	(1,868)	88,132	87,994	138
Supplies and Materials	45,000	(297)	44,703	44,703	-
Other Objects	70,000	(1,920)	68,080	67,788	292
Total Undist. Expend. - Student Transportation Serv.	<u>2,855,000</u>	<u>(7,905)</u>	<u>2,847,095</u>	<u>2,846,665</u>	<u>430</u>
Total Undistributed Expenditures	<u>16,302,222</u>	<u>1,071,420</u>	<u>17,373,642</u>	<u>17,288,374</u>	<u>85,268</u>
Total General Current Expense	<u>32,124,707</u>	<u>2,361,860</u>	<u>34,486,567</u>	<u>34,167,136</u>	<u>319,431</u>
<b>SPECIAL SCHOOLS:</b>					
Vocational Post Grad- Instruction					
Salaries of Teachers	80,000	-	80,000	80,000	-
Other Salaries for Instruction	290,000	-	290,000	290,000	-
General Supplies	30,000	-	30,000	29,997	3
Textbooks	45,000	-	45,000	45,000	-
Other Objects	25,000	(509)	24,491	24,487	4
Total Summer School	<u>470,000</u>	<u>(509)</u>	<u>469,491</u>	<u>469,484</u>	<u>7</u>
Accred. Even./Adult H.S./Post-Grad.-Inst.					
Salaries of Teachers	2,777,596	98,404	2,876,000	2,876,000	-
Sheriff's Office	805,667	148,821	954,488	954,488	-
Purchased Professional and Technical Services	177,490	-	177,490	177,490	-
General Supplies	45,000	1,038	46,038	44,527	1,511
Textbooks	45,000	23,180	68,180	67,106	1,074
Other Objects	40,000	4,010	44,010	33,374	10,636
Total Accred. Even./Adult H.S./Post-Grad.-Inst.	<u>3,890,753</u>	<u>275,453</u>	<u>4,166,206</u>	<u>4,152,985</u>	<u>13,221</u>
Accred. Even./Adult H.S./Post-Grad.-Supp. Service					
Salaries	1,930,000	-	1,930,000	1,930,000	-
Supplies and Materials	18,000	-	18,000	18,000	-
Other Objects	18,000	-	18,000	18,000	-
Total Accred. Even./Adult H.S./Post-Grad.-Supp. Service	<u>1,966,000</u>	<u>-</u>	<u>1,966,000</u>	<u>1,966,000</u>	<u>-</u>
Total Accred. Even./Adult H.S./Post-Grad.	<u>5,856,753</u>	<u>275,453</u>	<u>6,132,206</u>	<u>6,118,985</u>	<u>13,221</u>
Total Special Schools	<u>6,326,753</u>	<u>274,944</u>	<u>6,601,697</u>	<u>6,588,469</u>	<u>13,228</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	1,250,000	-	1,250,000	1,250,000	-
TPAF Contribution ERIP	360,000	-	360,000	345,777	14,223
Other Retirement - Regular	1,450,000	-	1,450,000	1,356,323	93,677
Other Contribution ERIP	60,000	-	60,000	45,186	14,814
Health Benefits	9,430,000	(2,402,338)	7,027,662	6,748,032	279,630
Unemployment Compensation	75,000	-	75,000	74,227	773
TPAF NCGI Premium (On-Behalf - Non-Budgeted)	-	-	-	73,688	(73,688)
TPAF Pension (On-Behalf - Non-Budgeted)	-	-	-	1,479,282	(1,479,282)
TPAF Post-Retirement Medical (On-Behalf - Non-Budgeted)	-	-	-	1,849,157	(1,849,157)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	1,526,108	(1,526,108)
Total Allocated Benefits	<u>12,625,000</u>	<u>(2,402,338)</u>	<u>10,222,662</u>	<u>14,747,780</u>	<u>(4,525,118)</u>
TOTAL EXPENDITURES	<u>51,076,460</u>	<u>234,466</u>	<u>51,310,926</u>	<u>55,503,385</u>	<u>(4,192,459)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (2,248,210)</u>	<u>\$ (234,466)</u>	<u>\$ (2,482,676)</u>	<u>\$ (914,794)</u>	<u>\$ 1,567,882</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year Ended June 30, 2016**

	2016				
	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Other Financing Sources:					
Operating Transfer Out:					
Transfer to Special Revenue Fund Adjustment for Cumulative Effect of Grant Adjustments		\$ -			\$ -
Transfer to Food Service Fund	150,000	-	150,000	667,926	(517,926)
Total Other Financing Sources:	150,000	-	150,000	667,926	(517,926)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(2,398,210)	(234,466)	(2,632,676)	(1,582,720)	1,049,956
Fund Balance - July 1	-	-	-	5,199,459	-
Fund Balance - June 30	(2,398,210)	(234,466)	(2,632,676)	3,616,739	1,049,956
<b>Recapitulation:</b>					
Reserve for Subsequent Years Expenditures				1,150,498	
Reserve for Encumbrances				150,125	
Unrestricted Fund Balance				2,316,116	
				3,616,739	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Payment not recognized on GAAP basis				(2,184,694)	
Fund Balance per Governmental Funds (GAAP)				\$ 1,432,045	

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**for the Fiscal Year Ended June 30, 2016**

**Exhibit C-2**

	2015-2016				Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget	Actual	
<b>REVENUES:</b>					
Federal Sources	\$ 5,140,965	\$ -	\$ 5,140,965	\$ 5,140,965	\$ -
State Sources	462,328	-	462,328	462,328	-
Total Revenues	<u>5,603,293</u>	<u>-</u>	<u>5,603,293</u>	<u>5,603,293</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of Teachers	1,009,794	-	1,009,794	1,009,794	-
General Supplies	62,009	-	62,009	62,009	-
Textbooks	3,100	-	3,100	3,100	-
Other Objects	76,393	-	76,393	76,393	-
Total Instruction	<u>1,151,296</u>	<u>-</u>	<u>1,151,296</u>	<u>1,151,296</u>	<u>-</u>
Support Services					
Salaries of Other Professional Staff	648,216	-	648,216	648,216	-
Personal Services - Employee Benefits	605,681	-	605,681	605,681	-
Purchased Professional - Educational Services	39,000	-	39,000	39,000	-
Rent, utilities, security and maintenance	188,111	-	188,111	188,111	-
Travel	5,954	-	5,954	5,954	-
Other Purchased Services (400-500 series)	238,885	-	238,885	238,885	-
Supplies & Materials	10,987	-	10,987	10,987	-
Other Objects	68,110	-	68,110	68,110	-
Total Support Services	<u>3,801,855</u>	<u>-</u>	<u>3,801,855</u>	<u>3,801,855</u>	<u>-</u>
Expenditures Continued					
Facilities Acquisition and Construction Services:					
Instructional Equipment	650,142	-	650,142	650,142	-
Total Facilities Acquisition and Construction Services	<u>650,142</u>	<u>-</u>	<u>650,142</u>	<u>650,142</u>	<u>-</u>
Total Expenditures	<u>5,603,293</u>	<u>-</u>	<u>5,603,293</u>	<u>5,603,293</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**PART II**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Required Supplementary Information Part II**  
**Budget to GAAP Reconciliation**  
**Note to RSI Part II**  
**For the Fiscal Year Ended June 30, 2016**

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] \$	54,588,591	[C-2] \$	5,603,293
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		-		(465,955)
Prior		-		910,341
State aid payment recognized for budgetary purposes, not recognized for GAAP statements				
Current		(2,184,694)		-
Prior		2,103,661		-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] \$	<u>54,507,558</u>	[B-2] \$	<u>6,047,679</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$	55,503,385	[C-2] \$	5,603,293
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		-		(465,955)
Prior		-		910,341
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] \$	<u>55,503,385</u>	[B-2] \$	<u>6,047,679</u>



**REQUIRED SUPPLEMENTARY INFORMATION**

**PART III**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Schedule of the Board's Share of of the Net Pension Liability**  
**Public Employees Retirement System (PERS)**  
**Last Three Fiscal Years**

**Exhibit L-1**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Board's proportion of the net pension liability	0.1577611755%	0.1551639228%	0.1566660650%
Board's proportionate share of the net pension liability	\$ 35,414,223	\$ 29,050,930	\$ 29,940,963
Board's covered-employee payroll	\$ 11,213,123	\$ 10,942,211	\$ 10,734,252
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	315.83%	265.49%	278.92%
Plan fiduciary net position as a percentage of the total pension liability	47.92%	52.08%	48.72%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Schedule of the Board's Contributions**  
**Public Employees Retirement System (PERS)**  
**Last Three Fiscal Years**

**Exhibit L-2**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 1,356,323	\$ 1,279,149	\$ 1,180,406
Contributions in relation to the contractually required contribution	<u>1,356,323</u>	<u>1,279,149</u>	<u>1,180,406</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 11,213,123	\$ 10,942,211	\$ 10,734,252
Contributions as a percentage of covered-employee payroll	12.10%	11.69%	11.00%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Schedule of the Board's Share of of the Net Pension Liability**  
**Teachers Pension and Annuity Fund (TPAF)**  
**Last Three Fiscal Years**

**Exhibit L-3**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
States proportion of the net pension liability attributable to the Board	0.1905636796%	0.1928234153%	0.1906916103%
Board's proportionate share of the net pension liability	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 21,136,488	\$ 20,203,608	\$19,438,138
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Notes to Required Supplementary Information Part III**  
**Last Three Fiscal Years**

**Exhibit L-4**

*Changes in benefits terms* : None

*Changes in Assumptions* : The discount rate changed from the rate as of June 30, 2014 to the rate as of June 30, 2015, in accordance with GASB Statement No. 67.

	PERS	TPAF
Discount rate as of June 30, 2015	4.90%	4.13%
Discount rate as of June 30, 2014	5.39%	4.68%

*Other changes in assumptions* : New assumptions related to future increases in Social Security wage Base and the 401(a)(17) limit have been added for PERS as follows.

401(a)(17) Pay Limit:	3.00% per annum
Social Security Wage Base:	4.00% per annum

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

	PERS	TPAF
Inflation	3.01%	2.50%
Projected salary increase	2012-2021	2.15 - 4.40% based on age
	Thereafter	3.15 - 5.40% based on age
Projected COLAs	N/A*	N/A*
Investment rate of return	7.90%	7.90%

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

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

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**



## **SPECIAL REVENUE FUND**

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit E-1

	Total		Workforce NJ TANF				Totals
	Brought Forward (Ex.E-1a)	Title I Part A 2015-2016	Title II Part A 2015-2016	HS Proficiency Assessment 2015-2016	Learning Link 2015-2016	Learning Assessment 2014-2015	
<b>REVENUES:</b>							
Federal Sources	\$ 4,113,663	\$ 943,009	\$ 84,293	\$ -	\$ -	\$ -	\$ 5,140,965
State Sources	122,510	-	-	71,824	133,827	134,167	\$ 462,328
<b>Total Revenues</b>	<b>4,236,173</b>	<b>943,009</b>	<b>84,293</b>	<b>71,824</b>	<b>133,827</b>	<b>134,167</b>	<b>5,603,293</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	212,970	725,000	-	71,824	-	-	1,009,794
General Supplies	22,500	29,509	10,000	-	-	-	62,009
Textbooks	3,100	-	-	-	-	-	3,100
Other Objects	2,100	-	74,293	-	-	-	76,393
<b>Total Instruction</b>	<b>240,670</b>	<b>754,509</b>	<b>84,293</b>	<b>71,824</b>	<b>-</b>	<b>-</b>	<b>1,151,296</b>
<b>Support services:</b>							
Salaries of Other Professional Staff	648,216	-	-	-	-	-	648,216
Personal Services - Employee Benefits	417,181	188,500	-	-	-	-	605,681
Purchased Professional - Educational Services	39,000	-	-	-	-	-	39,000
Other Purchased Professional Services	1,728,917	-	-	-	133,827	134,167	1,996,911
Rent, utilities, security and maintenance	188,111	-	-	-	-	-	188,111
Travel	5,954	-	-	-	-	-	5,954
Other Purchased Services (400-500 series)	238,885	-	-	-	-	-	238,885
Supplies & Materials	10,987	-	-	-	-	-	10,987
Other Objects	68,110	-	-	-	-	-	68,110
<b>Total support services</b>	<b>3,345,361</b>	<b>188,500</b>	<b>-</b>	<b>-</b>	<b>133,827</b>	<b>134,167</b>	<b>3,801,855</b>
<b>Facilities acquisition and const. serv.:</b>							
Instructional Equipment	650,142	-	-	-	-	-	650,142
<b>Total facilities acquisition construction services</b>	<b>650,142</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650,142</b>
<b>Total Expenditures</b>	<b>4,236,173</b>	<b>943,009</b>	<b>84,293</b>	<b>71,824</b>	<b>133,827</b>	<b>134,167</b>	<b>5,603,293</b>
<b>Other Financing Sources (Uses)</b>							
Transfer in from General Fund	-	-	-	-	-	-	-
<b>Total Outflows</b>	<b>4,236,173</b>	<b>943,009</b>	<b>84,293</b>	<b>71,824</b>	<b>133,827</b>	<b>134,167</b>	<b>5,603,293</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit E-1a

	Total Brought Forward (Ex. E-1b)	I.D.E.A. Part B. Flow - Thru 2015-2016	P.L. 101-392 Perkins Voc. Ed. Secondary 2015-2016	P.L. 101-392 Voc. Ed. Post- Secondary 2015-2016	P.L. 101-392 Perkins Voc. Ed. Secondary 2015-2016	High School Proficiency Assessment 2015-2016	Total Carried Forward
<b>REVENUES:</b>							
Federal Sources	\$ 2,927,904	\$ 535,617	\$ 462,324	\$ 119,490	\$ 68,328	\$ -	\$4,113,663
State Sources	25,055	-	-	-	-	97,455	122,510
<b>Total Revenues</b>	<u>2,952,959</u>	<u>535,617</u>	<u>462,324</u>	<u>119,490</u>	<u>68,328</u>	<u>97,455</u>	<u>4,236,173</u>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers	17,005	98,510	-	-	-	97,455	212,970
General Supplies	-	22,500	-	-	-	-	22,500
Textbooks	3,100	-	-	-	-	-	3,100
Other Objects	100	2,000	-	-	-	-	2,100
<b>Total Instruction</b>	<u>20,205</u>	<u>123,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,455</u>	<u>240,670</u>
<b>Support services:</b>							
Salaries of Other Professional Staff	384,788	263,428	-	-	-	-	648,216
Personal Services - Employee Benefits	333,389	83,792	-	-	-	-	417,181
Purchased Professional - Educational Services	-	39,000	-	-	-	-	39,000
Other Purchased Professional Services	1,716,517	12,400	-	-	-	-	1,728,917
Rent, utilities, security and maintenance	188,111	-	-	-	-	-	188,111
Travel	5,954	-	-	-	-	-	5,954
Other Purchased Services (400-500 series)	238,885	-	-	-	-	-	238,885
Supplies & Materials	-	10,987	-	-	-	-	10,987
Other Objects	65,110	3,000	-	-	-	-	68,110
<b>Total support services</b>	<u>2,932,754</u>	<u>412,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,345,361</u>
<b>Facilities acquisition and const. serv.:</b>							
Instructional Equipment	-	-	462,324	119,490	68,328	-	650,142
<b>Total facilities acquisition and const. serv.</b>	<u>-</u>	<u>-</u>	<u>462,324</u>	<u>119,490</u>	<u>68,328</u>	<u>-</u>	<u>650,142</u>
<b>Total Expenditures</b>	<u>2,952,959</u>	<u>535,617</u>	<u>462,324</u>	<u>119,490</u>	<u>68,328</u>	<u>97,455</u>	<u>4,236,173</u>
<b>Other Financing Sources (Uses)</b>							
Transfer in from General Fund	-	-	-	-	-	-	-
<b>Total Outflows</b>	<u>2,952,959</u>	<u>535,617</u>	<u>462,324</u>	<u>119,490</u>	<u>68,328</u>	<u>97,455</u>	<u>4,236,173</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Special Revenue Fund**  
**Combining Schedule of Revenues and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2016**

Exhibit E-1b

	Apprenticeship Coordinator 2015-2016	Workforce Investment Act 2015-2016 <i>Adult</i>	Workforce Investment Act 2015-2016 <i>Youth</i>	Workforce Investment Act 2015-2016 <i>Dislocated Worker</i>	Workforce Investment Act 2014-2015 <i>Adult</i>	Workforce Investment Act 2014-2015 <i>Youth</i>	Workforce Investment Act 2014-2015 <i>Dislocated Worker</i>	Total Carried Forward
<b>REVENUES:</b>								
Federal Sources	\$ -	\$ 506,078	\$ 685,763	\$ 675,198	\$ 519,862	\$ 254,930	\$ 286,073	\$ 2,927,904
State Sources	25,055	-	-	-	-	-	-	25,055
<b>Total Revenues</b>	<b>25,055</b>	<b>506,078</b>	<b>685,763</b>	<b>675,198</b>	<b>519,862</b>	<b>254,930</b>	<b>286,073</b>	<b>2,952,959</b>
<b>EXPENDITURES:</b>								
<b>Instruction:</b>								
Salaries of Teachers	17,005	-	-	-	-	-	-	17,005
General Supplies	3,100	-	-	-	-	-	-	3,100
Other Objects	100	-	-	-	-	-	-	100
<b>Total Instruction</b>	<b>20,205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,205</b>
<b>Support services:</b>								
Salaries of Other Professional Staff	-	77,615	149,266	157,907	-	-	-	384,788
Personal Services - Employee Benefits	2,900	117,265	86,451	126,773	-	-	-	333,389
Other Purchased Professional Services	-	-	359,653	295,999	519,862	254,930	286,073	1,716,517
Rent, utilities, security and maintenance	-	47,387	70,362	70,362	-	-	-	188,111
Travel	1,950	1,930	96	1,978	-	-	-	5,954
Other Purchased Services (400-500 series)	-	238,885	-	-	-	-	-	238,885
Other Objects	-	22,996	19,935	22,179	-	-	-	65,110
<b>Total support services</b>	<b>4,850</b>	<b>506,078</b>	<b>685,763</b>	<b>675,198</b>	<b>519,862</b>	<b>254,930</b>	<b>286,073</b>	<b>2,932,754</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>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>25,055</b>	<b>506,078</b>	<b>685,763</b>	<b>675,198</b>	<b>519,862</b>	<b>254,930</b>	<b>286,073</b>	<b>2,952,959</b>
<b>Other Financing Sources (Uses)</b>								
Transfer in from General Fund	-	-	-	-	-	-	-	-
<b>Total Outflows</b>	<b>25,055</b>	<b>506,078</b>	<b>685,763</b>	<b>675,198</b>	<b>519,862</b>	<b>254,930</b>	<b>286,073</b>	<b>2,952,959</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</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, 2016**

Ordinance Numbers	Ordinance Date	Project Title/Issue	Ordinance Amount	Expenditures to Date		7/1/2015-6/30/2016 New projects	Unexpended Balance June 30, 2016
				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,					
512-10-1998	10/8/1998	HVAC Systems, Interior, Exterior Renovations and Refurbishing, Underground Storage Tank Removal, etc	3,600,000	3,545,409	-	-	54,591
331-6-1998	6/25/1998	Improvements/Renovations of Various Facilities and Purchase of Various Equipment	700,000	699,733	-	-	267
412-9-2000	9/28/2000	Various Capital Improvements	4,300,000	4,203,790	-	-	96,210
305-7-2004	7/8/2004	Improvements/Renovation of Various Facilities, Network Upgrade, Various Buses and Equipment	6,475,000	6,475,000	-	-	-
299-7-2005 Amended as							
535-11-2007	7/14/2005	Improvements/Acquisition of Various Equipment	5,000,000	4,988,553	10,101	-	1,346
269-6-2006	6/22/2006	Improvements/Acquisition of Various Equipment	11,800,000	11,747,200	41,777	-	11,023
406-7-2012	7/12/2012	Improvements/Acquisition of Various Equipment	8,600,000	8,434,474	52,394	-	113,132
261-5-2013	05/07/13	Improvements/Acquisition of Various Equipment	15,500,000	7,328,567	2,209,919	-	5,961,514
271-5-14	05/27/2014	Improvements/Acquisition of Various Equipment	10,000,000	6,259,603	3,735,100	-	5,297
268-5-15		Improvements/Acquisition of Various Equipment	9,000,000	-	9,234,576	900,000	665,424
490-8-16		Improvements/Acquisition of Various Equipment					
			<u>77,900,000</u>	<u>56,601,039</u>	<u>15,283,867</u>	<u>8,900,000</u>	<u>8,000,000</u>
							<u>14,915,094</u>

Capital Projects Fund

Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year Ended June 30, 2016

Hudson County School of Technology Improvement Authorizations- Issued and Financed by the County of Hudson, State of New Jersey	<u>\$ 8,900,000</u>
Expenditures and Other Financing Uses:	
Building Improvements and Equipment purchases	<u>15,283,867</u>
Total Expenditures	<u>15,283,867</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(6,383,867)</u>
Fund Balance - beginning	<u>21,298,961</u>
Fund Balance - ending	<u><u>\$ 14,915,094</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 -** This fund is used to account for the financing of goods or services provided by an activity to other departments or funds on a cost-reimbursement basis.



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

**Exhibit G-1**

	<b>Food Service</b>
<b>ASSETS:</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ -
State Receivables	1,360
Federal Receivables	96,680
<b>Total Current Assets</b>	98,040
 <b>Noncurrent Assets:</b>	
Furniture, machinery & equipment	369,725
Less accumulated depreciation	(334,574)
<b>Total Noncurrent Assets</b>	35,151
 <b>Total Assets</b>	 133,191
 <b>LIABILITIES:</b>	
<b>Current Liabilities:</b>	
Interfund payable	133,191
<b>Total Current Liabilities</b>	133,191
 <b>Total Liabilities</b>	 133,191
 <b>NET POSITION:</b>	
Unrestricted	-
<b>Total Net Position</b>	<b>\$ -</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

**Exhibit G-2**

	<b>Food Service</b>
<b>Operating Revenues:</b>	
<b>Charges for Services:</b>	
Daily sales - non-reimbursable programs	\$ 332,306
Accounts payable cancelled	9,100
<b>Total Operating Revenues</b>	<b>341,406</b>
<b>Operating Expenses:</b>	
Cost of sales	1,335,157
Salaries	175,250
Employee benefits	23,175
General supplies	-
Equipment	-
Depreciation	15,000
Miscellaneous	-
<b>Total Operating Expenses</b>	<b>1,548,582</b>
<b>Operating Income (Loss)</b>	<b>(1,207,176)</b>
<b>Nonoperating Revenues (Expenses):</b>	
<b>State sources:</b>	
State school lunch program	7,361
<b>Federal sources:</b>	
National school lunch program	357,713
National school breakfast program	142,198
Food distribution program	31,978
<b>Total Nonoperating Revenues (Expenses)</b>	<b>539,250</b>
Income (loss) before contributions & transfers	(667,926)
Transfers in (out)	667,926
<b>Change in Net Position</b>	<b>-</b>
<b>Total Net Position - Beginning</b>	<b>-</b>
<b>Total Net Position - Ending</b>	<b>\$ -</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**

**Exhibit G-3**

	<b>Food Service</b>
<b>Cash Flows from Operating Activities:</b>	
Receipts from customers	\$ 332,306
Payments to suppliers and employees	(1,506,752)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(1,174,446)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
State Sources	6,734
Federal Sources	440,130
(Payment of interfund)/interfunds advanced	59,656
Operating subsidies and transfers from other funds	667,926
<b>Net Cash Provided by (Used for) Non-capital Financing Activities</b>	<b>1,174,446</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)	(1,207,176)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	15,000
Food distribution program	31,978
Increase (decrease) in accounts payable	(14,248)
<b>Total adjustments</b>	<b>32,730</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (1,174,446)</b>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**For the Year Ended June 30, 2016**

Exhibit G-4

	<u>Trans- portation Consortium</u>	<u>Youth House Services</u>	<u>Total Internal Service</u>
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Account Receivable:			
County of Hudson	\$ -	\$ 366,500	\$ 366,500
Other LEA's	643,289	-	643,289
	<u>643,289</u>	<u>366,500</u>	<u>1,009,789</u>
<b>Total Current Assets</b>	<u>643,289</u>	<u>366,500</u>	<u>1,009,789</u>
<b>Fixed Assets:</b>			
Equipment	-	106,113	106,113
Less: Accumulated Depreciation	-	(106,113)	(106,113)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fixed Assets - Net</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 643,289</u>	<u>\$ 366,500</u>	<u>\$ 1,009,789</u>
<b>LIABILITIES AND NET ASSETS:</b>			
<b>Current Liabilities:</b>			
Interfund payable - General Fund	\$ 350,359	\$ 12,025	\$ 362,384
	<u>350,359</u>	<u>12,025</u>	<u>362,384</u>
<b>Total Current Liabilities</b>	<u>350,359</u>	<u>12,025</u>	<u>362,384</u>
Net Position - Unreserved	<u>292,930</u>	<u>354,475</u>	<u>647,405</u>
<b>Total Net Position</b>	<u>292,930</u>	<u>354,475</u>	<u>647,405</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 643,289</u>	<u>\$ 366,500</u>	<u>\$ 1,009,789</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**Exhibit G-5**

**Internal Service Funds**

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the Year Ended June 30, 2016**

	<u>Transportation Consortium</u>	<u>Youth House Services</u>	<u>Total Internal Service</u>
<b>Operating Revenue -</b>			
Local Sources - Transportation fees from other LEA's within the state	\$ 3,712,113	\$ -	\$ 3,712,113
Accounts payable cancelled	11,806	-	11,806
<b>Total Operating Revenue</b>	<u>3,723,919</u>	<u>-</u>	<u>3,723,919</u>
<b>Operating Expenses:</b>			
Salaries	2,754,290	-	2,754,290
Other Purchased Services	<u>1,299,505</u>	<u>-</u>	<u>1,299,505</u>
<b>Total Operating Expenses</b>	<u>4,053,795</u>	<u>-</u>	<u>4,053,795</u>
<b>Net Income (Loss)</b>	(329,876)	-	(329,876)
<b>Net Position - Beginning</b>	<u>622,806</u>	<u>354,475</u>	<u>977,281</u>
<b>Net Position - Ending</b>	<u>\$ 292,930</u>	<u>\$ 354,475</u>	<u>\$ 647,405</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**Exhibit G-6**

**Statement of Cash Flows**

**Internal Service Funds**

**For the Year Ended June 30, 2016**

	<u>Trans- portation Consortium</u>	<u>Youth House Services</u>	<u>Total Internal Service</u>
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 4,705,220	\$ -	\$ 4,705,220
Payment for salaries and benefits	(2,754,290)	-	(2,754,290)
Payments to suppliers	(1,338,029)	-	(1,338,029)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>612,901</u>	<u>-</u>	<u>612,901</u>
<b>Cash Flows from Non-capital Financing</b>			
<b>Cash Flows from Noncapital Financing Activities:</b>			
State Sources	-	-	-
County Sources	-	-	-
(Payment of interfund)/interfunds advanced	(612,901)	-	(612,901)
<b>Net Cash Provided by (Used for) Non-capital Financing Activities</b>	<u>(612,901)</u>	<u>-</u>	<u>(612,901)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
<b>Balances - Beginning of Year</b>	-	-	-
<b>Balances - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities -</b>			
Operating income (loss)	(329,876)	-	(329,876)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			-
(Increase) Decrease in Accounts Receivable	993,106	-	993,106
Increase (Decrease) in Accounts Payable	(50,329)	-	(50,329)
<b>Net Adjustments</b>	<u>942,777</u>	<u>-</u>	<u>942,777</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 612,901</u>	<u>\$ -</u>	<u>\$ 612,901</u>

## **FIDUCIARY FUNDS**

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

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

### **Unemployment Compensation**

#### **Insurance Trust Fund -**

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

#### **Student Activity Agency Fund-**

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

#### **Payroll Agency Fund -**

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

**Exhibit H-1**

	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
<b>ASSETS -</b>		
Cash and cash equivalents	\$ 11	\$ 242,056
Deficit in due to student groups	-	165,326
Total assets	11	407,382
<b>LIABILITIES -</b>		
Due to student groups	-	308,578
Payroll deductions and withholdings	-	98,804
Total liabilities	-	\$ 407,382
<b>NET POSITION</b>		
Held in trust for unemployment claims and other purposes	\$ 11	



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2016**

**Exhibit H-2**

	<u><b>Unemployment Compensation Trust</b></u>
<b>ADDITIONS:</b>	
Contributions	\$ 16,611
Total Contributions	<u>16,611</u>
<b>DEDUCTIONS:</b>	
Unemployment claims	-
Transfer to Other Funds	33,883
Total Deductions	<u>33,883</u>
Change in Net Position	(17,272)
Net Position - July 1	<u>17,283</u>
Net Position- June 30	<u><u>\$ 11</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Student Activity Agency Fund**  
**Schedule of Receipts and Disbursements**  
**For the Fiscal Year Ended June 30, 2016**

**Exhibit H-3**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
All Locations	\$ 446,349	\$ 655,068	\$ 958,165	\$ 143,252
	<u>\$ 446,349</u>	<u>\$ 655,068</u>	<u>\$ 958,165</u>	<u>\$ 143,252</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY

Exhibit H-4

Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>PAYROLL AGENCY FUND:</b>	.			.
Net Payroll	\$ 6,118	\$ 24,206,986	\$ 24,201,540	\$ 11,564
Payroll Agency	<u>319,205</u>	<u>45,163,753</u>	<u>45,395,718</u>	<u>87,240</u>
<b>Total Payroll Agency Fund:</b>	<u>\$ 325,323</u>	<u>\$ 69,370,739</u>	<u>\$ 69,597,258</u>	<u>\$ 98,804</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, 2016**

**Exhibit I-1**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued/ (Refunded/ Retired)</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Maturities</u>				
<b>NOTE: The following are obligations of the County of Hudson and are not pass-through obligations.</b>								
County Vocational School Bonds	September 12, 2006	\$ 27,925,000	9/1/16	1,315,000	4.25%	\$ 23,860,000	(1,260,000)	22,600,000
			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	5/1/17	270,000	2.75%	\$ 1,790,000	(265,000)	1,525,000
			5/1/18	290,000	5.00%			
			5/1/19	305,000	5.00%			
			5/1/20	320,000	5.00%			
			5/1/21	340,000	5.00%			
Vocational Technical School Bonds	June 28, 2013	8,750,000	3/15/17	600,000	3.00%	7,750,000.00	(500,000)	7,250,000
			3/16/18	775,000	4.00%			
			3/16/19	950,000	4.00%			
			3/15/20	950,000	4.00%			
			3/15/21	975,000	4.00%			
			3/16/22	1,000,000	4.00%			
			3/16/23	1,000,000	4.00%			
			3/15/24	1,000,000	4.00%			
						<u>\$ 33,400,000</u>	<u>\$ (2,025,000)</u>	<u>\$ 31,375,000</u>

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Governmental activities:</b>										
Net investment in capital assets	57,978,754	54,113,387	46,048,092	37,811,276	14,307,328	13,555,843	12,878,704	12,946,705	13,722,087	17,808,017
Restricted	1,414,328	2,514,575	976,747	187,378	187,378	200,741	228,867	223,809	639,820	395,986
Unrestricted	(41,235,718)	(41,294,673)	(10,498,643)	(10,499,381)	(9,247,787)	(8,763,162)	(5,395,401)	1,421,021	5,718,675	7,446,630
<b>Total Governmental Activities Net Assets</b>	<b>18,157,364</b>	<b>15,333,289</b>	<b>36,526,196</b>	<b>27,499,273</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>Business-type activities:</b>										
Invested in capital assets, net of related debt	35,151	50,151	65,151	80,151	95,151	110,151	125,151	144,926	35,259	35,259
Restricted										
Unrestricted	(35,151)	(50,151)	(65,151)	(80,151)	(95,151)	(110,151)	(125,151)	(144,926)	95,016	(35,259)
<b>Total Business-type Activities Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(71,000)</b>	<b>-</b>	<b>-</b>	<b>130,275</b>	<b>-</b>
<b>District-Wide:</b>										
Invested in capital assets, net of related debt	58,013,905	54,163,538	46,113,243	37,891,427	14,402,479	13,665,994	13,003,855	13,091,631	13,757,346	17,843,276
Restricted	1,414,328	2,514,575	976,747	187,378	187,378	200,741	228,867	223,809	639,820	395,986
Unrestricted	(41,270,869)	(41,344,824)	(10,563,794)	(10,579,532)	(9,342,938)	(8,944,379)	(5,520,552)	1,276,095	5,813,691	7,411,371
<b>Total District Net Assets</b>	<b>18,157,364</b>	<b>15,333,289</b>	<b>36,526,196</b>	<b>27,499,273</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>

Source: School records





HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Fund Balances - Governmental Funds

Last Ten  
Fiscal Years  
(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund:</b>										
Committed	\$ 1,300,623	\$ 2,400,221	\$ 849,723	\$ 41,800	\$ 85,383	\$ 62,729	\$ 205,130	\$ 85,452	\$ 606,991	\$ 765,593
Unassigned	131,422	695,577	631,076	(33,232)	(415,703)	(2,139,121)	(3,407,210)	(1,332,738)	1,720,426	1,624,965
<b>Total General Fund</b>	<b>1,432,045</b>	<b>3,095,798</b>	<b>1,480,799</b>	<b>8,568</b>	<b>(330,320)</b>	<b>(2,076,392)</b>	<b>(3,202,080)</b>	<b>(1,247,286)</b>	<b>2,327,417</b>	<b>2,390,558</b>
<b>All Other Governmental Funds:</b>										
Committed reported in:										
Capital projects fund	-	-	4,678,399	2,103,000	666,629	592,620	984,556	230,078	545,870	567,909
Unassigned, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	(15,593)	-
Capital projects fund	14,915,094	21,298,961	18,253,731	18,633,312	733,375	3,843,849	7,555,046	11,874,158	12,868,740	13,788,983
<b>Total All Other Governmental Funds</b>	<b>\$ 14,915,094</b>	<b>\$ 21,298,961</b>	<b>\$ 22,932,130</b>	<b>\$ 20,736,312</b>	<b>\$ 1,400,004</b>	<b>\$ 4,436,469</b>	<b>\$ 8,539,602</b>	<b>\$ 12,104,236</b>	<b>\$ 13,399,017</b>	<b>\$ 14,356,892</b>

Source: School records

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

**Exhibit J-4**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Revenues</b>										
Tax levy	26,530,000	26,010,000	25,500,000	24,990,000	24,500,000	24,150,000	23,514,000	23,514,000	24,314,000	24,314,000
Tuition charges	771,775	670,751	652,219	607,625	529,350	729,528	397,528	302,363	429,600	754,253
Interest earnings	5,590	6,785	4,669	5,275	4,475	5,417	15,057	35,485	74,972	37,304
Miscellaneous	455,547	784,831	210,185	269,126	496,083	419,264	356,238	234,841	891,318	287,386
State sources	26,914,786	25,733,835	24,918,073	25,972,329	24,647,393	23,139,448	23,033,668	24,099,341	23,253,449	19,585,506
Federal sources	5,877,539	5,242,225	4,478,176	4,496,083	4,874,276	5,540,650	9,693,650	3,804,750	3,755,072	5,890,507
Other sources	-	-	-	-	-	-	-	-	-	-
Private Sources	-	-	-	-	-	-	90,335	33,956	131,274	-
<b>Total Revenue</b>	<b>60,555,237</b>	<b>58,448,427</b>	<b>55,763,322</b>	<b>56,340,438</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>Expenditures</b>										
<b>Instruction:</b>										
Regular Instruction	11,678,124	13,279,126	11,593,621	9,019,226	8,522,120	8,878,447	9,100,911	7,546,910	8,526,487	7,774,819
Special education instruction										
Community Service Program	401,329	468,942	396,935	279,165	236,252	254,089	738,806	786,307	880,915	708,264
Vocational education	5,948,818	5,707,619	5,840,705	5,392,858	5,209,591	4,701,861	5,206,508	6,051,171	4,639,239	4,719,132
Adult/continuing education										
Support Services:										
Student & inst. related services	7,906,756	4,622,168	4,262,441	6,064,268	6,466,809	6,122,044	7,031,470	6,244,167	6,510,238	6,483,340
School administrative services	2,944,832	3,117,769	3,009,309	4,196,792	4,615,864	4,246,780	5,957,117	3,933,502	3,360,649	3,364,546
Plant operations and maintenance	6,208,735	5,773,926	5,491,370	5,384,231	5,098,731	5,054,828	4,852,847	5,961,600	5,234,556	4,989,296
Pupil transportation	2,846,665	2,947,438	2,812,324	2,738,954	2,366,087	2,490,820	2,945,622	2,778,995	2,485,252	2,770,876
Other Support Services	1,023,735	1,163,027	1,116,577	1,506,667	1,565,874	1,699,080	1,798,313	1,664,102	1,409,504	1,364,010
Unallocated benefits	15,353,461	12,966,357	12,493,644	13,194,821	12,205,336	13,132,405	13,963,055	13,090,473	12,434,208	12,063,795
Undistributed expenditures										
Special Schools	6,588,467	6,360,773	6,722,010	7,191,308	6,490,405	6,117,631	7,367,120	7,416,664	6,840,682	5,419,231
Charter Schools										
Capital outlay	15,934,009	10,702,054	8,003,330	5,318,731	3,160,643	3,926,825	3,704,859	1,594,469	1,509,796	5,799,841
Interest and other charges										
<b>Total Expenditures</b>	<b>76,834,931</b>	<b>67,109,199</b>	<b>61,742,266</b>	<b>60,287,021</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>
Excess (Deficiency) of revenues over (under) expenditures	(16,279,694)	(8,660,772)	(5,978,944)	(3,946,583)	(886,135)	(2,640,503)	(5,566,171)	(5,043,624)	(981,841)	(4,588,194)
Other Financing Sources (Uses)										
Proceeds from Hudson County	8,900,000	9,000,000	10,000,000	24,100,000						5,000,000
Payments to escrow agent										
Transfers in										
Transfers out	(667,926)	(357,398)	(353,007)	(478,221)	(404,258)		(17,290)	(38,113)	(100,569)	(169,490)
Write off (recovery) of receivables							64,033	212,253	61,394	(99,943)
Total other financing sources (uses)	8,232,074	8,642,602	9,646,993	23,621,779	(404,258)		46,743	174,140	(39,175)	4,730,567
Net change in fund balances	(8,047,620)	(18,170)	3,668,049	19,675,196	(1,290,393)	(2,640,503)	(5,519,428)	(4,869,484)	(1,021,016)	142,373
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Source: School records**

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

Description	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>General Fund:</b>										
Interest on Investments	\$ 5,590	\$ 6,785	\$ 4,669	\$ 5,275	\$ 4,475	\$ 5,417	\$ 15,057	\$ 35,485	\$ 74,972	\$ 37,304
Book Sales / Rentals	-	-	-	-	-	-	-	41,821	6,975	-
Health Benefits	31,582	72,077	-	-	-	-	32,191	49,557	12,527	-
Tuition	771,775	670,751	652,219	607,625	529,350	729,528	397,509	302,363	429,600	754,253
Workmen's Compensation	-	-	-	-	-	-	-	-	25,890	40,026
Local Revenue for In and Out of School Programs	129,000	-	-	-	-	-	-	-	679,000	-
Reimbursements	-	187,820	-	-	-	-	-	9,927	-	-
E-Rate Vendor's Refund	-	-	17,292	28,500	47,256	53,684	61,290	28,350	67,550	98,480
State check cancellations	9,107	99,945	-	-	-	-	-	-	-	-
Refunds	-	-	-	-	-	-	-	85	10,646	17,866
Other	285,858	424,989	192,893	240,626	448,827	365,580	262,757	105,101	88,730	131,014
<b>Total Miscellaneous</b>	<b>1,232,912</b>	<b>1,462,367</b>	<b>867,073</b>	<b>882,026</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>Total General Fund</b>	<b>1,232,912</b>	<b>1,462,367</b>	<b>867,073</b>	<b>882,026</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>

Source: School records

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Schedules J-6 through J-13 are Not Applicable to HCST**  
**Unaudited**

**Schedules J-6 through J-13**  
**are Not Applicable to HCST**

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

**Exhibit J-14**

<b>Year Ended July 1,</b>	<b>Hudson County Population</b>	<b>Total Median Household Income (1)</b>	<b>Unemployment Rate</b>
2007	589,377	40,169	5.00%
2008	592,111	43,464	6.40%
2009	597,924	43,982	10.70%
2010	634,266	46,064	10.80%
2011	645,000	49,113	10.30%
2012	652,302	50,033	10.50%
2013	660,282	58,722	9.10%
2014	669,115	58,442	5.90%
2015	674,836	57,416	4.70%

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

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

**Exhibit J-15**

**Information was not available**

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

**Exhibit J-16**

<b><u>Function/Program</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Instruction										
Regular	147	137	138	134	138	148	150	152	140	138
Vocational	54	52	48	45	45	42	44	46	43	42
Support Services:										
Student & Instruction Related Services	38	37	37	37	35	39	41	42	41	39
General Administration	10	10	10	11	9	9	10	10	10	8
School Administrative Services	10	10	10	10	8	9	9	9	9	9
Central Services	20	20	20	20	17	16	16	17	16	15
Administrative Information Technology	0				1	1	2	2	2	2
Plant Operations and Maintenance	44	36	39	40	39	39	41	43	42	40
Pupil Transportation	63	55	53	55	55	60	60	64	65	68
Other Support Services	30	27	27	27	25	19	19	19	19	18
Media Svcs Tech	16	16	12	8	5	5	5	5	5	5
<b>Total</b>	<b><u>432</u></b>	<b><u>400</u></b>	<b><u>394</u></b>	<b><u>387</u></b>	<b><u>377</u></b>	<b><u>387</u></b>	<b><u>397</u></b>	<b><u>409</u></b>	<b><u>392</u></b>	<b><u>384</u></b>

**Source: School records**

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

**Exhibit J-17**

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	Student Attendance Percentage
2007	1,925	49,657,309	25,796	n/a	181	11	1,875	1,791	n/a	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	54,968,290	18,076	-8.49%	183	17	2,722	2,566	2.48%	94.27%
2012	3,141	53,738,936	17,109	-5.35%	179	18	2,851	2,658	4.74%	93.23%
2013	3,218	56,407,145	17,529	2.45%	186	17	2,975	2,715	4.35%	91.26%
2014	3,171	53,938,084	17,010	-2.96%	186	17	2,960	2,827	-0.50%	95.51%
2015	3,170	56,476,030	17,816	4.74%	189	17	3,164	2,985	6.89%	94.34%
2016	3,188	55,775,498	17,495	-1.80%	204	16	3,185	3,017	0.66%	94.73%

Source: School records



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**School Building Information**  
**June 30, 2016**

**Exhibit J-18**

**School Buildings**

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

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

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

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

**Source: School Records**

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

Location	Building Code	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
H.C.S.T. Jersey City Center	030	419,310	338,178	397,736	244,324	276,554	279,199	273,004	281,914	215,788	198,391
H.C.S.T. North Hudson Center	050	291,318	379,411	413,556	238,453	389,389	329,373	326,477	315,778	284,873	242,478
		710,628	717,589	811,292	482,777	665,943	608,572	599,481	597,692	500,661	440,869

Source: School Records

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

**Exhibit J-20**

**UNAUDITED**

Coverage	Limit	Insurer	Policy #	Effective date	Expiration date
<b>PROPERTY :</b>			P309AF	7/1/2015	7/1/2016
Blanket Real & Personal Property	\$350,000,000				
Blanket Extra Expense	\$50,000,000				
Blanket valuable Papers	\$10,000,000				
Terrorism	\$1,000,000	per occurrence/annual NJSBAIG aggregate			
Deductible	\$5,000				
Flood		Flood Zones A & V \$ 15,000,000 per occurrence/ \$ 15,000,000 NJSBAIG annual Aggregate			
		All Other Flood Zones \$75,000,000 per occurrence / \$ 75,000,000 NJSBAIG Annual Aggregate			
		\$50,000,000 per occurrence / \$ 50,000,000 NJSBAIG Annual Aggregate			
Earthquake					
Deductible		Zones A & V \$ 500,000 per building \$ 500,000 per building contents All other zones \$ 10,000 per occurrence subject to a maximum retained deductible of \$ 1,000,000 to NJSBAIG			
<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 with Faithful Performance	\$100,000				
deductible	\$500				
Moneys & Securities	\$100,000				
Deductible	\$500				
Forgery or Alteration	\$100,000				
Deductible	\$500				
Money Orders & Counterfeit	\$100,000				
Deductible	\$500				
Computer Fraud	\$500,000				
Deductible	\$500				
<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 / Completed Operation	16,000,000				
Bodily Injury/Property damage each claim	\$16,000,000				

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

**Exhibit J-20**

**UNAUDITED**

<b>Coverage</b>	<b>Limit</b>	<b>Insurer</b>	<b>Policy #</b>	<b>Effective date</b>	<b>Expiration date</b>
Products Completed Operations	\$16,000,000				
Personal Injury & Advertising Injury	\$16,000,000				
Employee Benefits Liability	\$16,000,000				
Premises Medical	per person \$1,000				
	occurrence limit \$10,000				
Group Blanket Health and Accident	\$5,000,000	Berkely Life and Health Ins. Co	US407635		
	\$25,000	deductible			
<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			
Physical Damage					
Comprehensive	\$ 1,000	deductible			
Collision	\$ 1,000	deductible			
<b>WORKERS COMPENSATION</b>		NJSBAIG	W309AA-01	7/1/2015	7/1/2016
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	7/1/2015	7/1/2016
Coverage A	\$16,000,000	Each policy period			
deductible	\$15,000	each claim			
Coverage B	\$100,000	each claim			
	\$300,000	each policy period			
deductible	\$15,000	each claim			

**SINGLE AUDIT SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS LLC

*Certified Public Accountants*

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Matthew A. Donohue, CPA  
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Frederick J. Tomkins, CPA, RMA

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## **EXHIBIT K-1**

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

#### **INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Hudson County Schools of Technology, in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise of the Hudson County Schools of Technology's basic financial statements, and have issued our report thereon dated January 13, 2017.

#### **Internal Control Over Financial Reporting**

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, finding 2016-01 and 2016-3 to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, finding 2016-2 to be a significant deficiency.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Hudson County Schools of Technology in a separate auditor's management report dated January 13, 2017 as required by the Division of Finance, Department of Education, State of New Jersey.

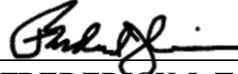
**The District's Response to Findings**

The Hudson County Schools of Technology responses to the findings identified in our audit are described in the accompanying schedules of findings and questioned costs. The Hudson County Schools of Technology responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Purpose of this Report**

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

  
DONOHUE, GIRONDA, DORIA  
& TOMKINS LLC

  
FREDERICK J. TOMKINS  
Certified Public Accountant  
Public School Accountant  
License No. CS 00680

Bayonne, New Jersey  
January 13, 2017



# DONOHUE, GIRONDA, DORIA & TOMKINS LLC

*Certified Public Accountants*

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## **EXHIBIT K-2**

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

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

#### **Report on Compliance for Each Major Federal and State Program**

We have audited the Hudson County Schools of Technology, in the County of Hudson, State of New Jersey compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Hudson County Schools of Technology's major federal and state programs for the year ended June 30, 2016. The Hudson County Schools of Technology's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Hudson County Schools of Technology's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance); and *New Jersey OMB's Circular 15-08, Single Audit Policy for recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08,

require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Hudson County Schools of Technology's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Hudson County Schools of Technology's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the Hudson County Schools of Technology complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2016-4 and 2016-5. Our opinion on each major federal and state program is not modified with respect to these matters.

The Hudson County Schools of Technology responses to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Hudson County Schools of Technology response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the Hudson County Schools of Technology is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Hudson County Schools of Technology's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hudson County Schools of Technology's internal control over compliance.

## EXHIBIT K-2

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses and significant deficiencies.

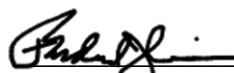
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 or 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 2016-1 to be material weaknesses.

*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 item 2016-2 to be a significant deficiency.

The Hudson County Schools of Technology responses to the internal control over compliance findings identified in our audit are described in the accompanying schedules of findings and questioned costs. The Hudson County Schools of Technology responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

  
DONOHUE, GIRONDA, DORIA  
& TOMKINS

  
FREDERICK J. TOMKINS  
Certified Public Accountant  
Public School Accountant  
License No. CS 00680

Bayonne, New Jersey  
January 13, 2017

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT NUMBER	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2016	
					FROM	TO	(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR			(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR
<b>Enterprise Funds</b>												
<b>U.S. Department of Agriculture</b>												
<b>Passed-through New Jersey Department of Agriculture</b>												
<b>Child Nutrition Cluster:</b>												
Non-Cash Assistance (Food Distribution):												
National School Lunch Program	10-555	16161N300N1099		\$ 31,978	07/01/15	06/30/16		\$ -	\$ 31,978	\$ (31,978)	\$ -	\$ 31,978
School Breakfast Program	10-553	16161N300N1099		113,709	07/01/14	06/30/15	(10,997)		10,997	-	-	113,709
National School Lunch Program	10-553	16161N300N1099		142,198	07/01/15	06/30/16			113,158	(142,198)	(29,040)	142,198
National School Lunch Program	10-555	16161N300N1099		300,760	07/01/14	06/30/15	(25,902)		25,902	-	-	300,760
National School Lunch Program	10-555	16161N300N1099		357,713	07/01/13	06/30/14			290,074	(357,713)	(67,639)	357,713
Total Child Nutrition Cluster							(36,899)		472,109	(511,889)	(96,679)	943,558
							(36,899)		472,109	(511,889)	(96,679)	943,558
							(36,899)		472,109	(511,889)	(96,679)	943,558
<b>Total U.S. Department of Agriculture</b>												
<b>Total Enterprise Funds</b>												
<b>Special Revenue Funds</b>												
<b>U.S. Department of Education</b>												
<b>Passed-through New Jersey Department of Education</b>												
No Child Left Behind:												
* Title I - Part A Grants to Local Educational Agencies	84.010	8010A150020	NCLB-16	942,009	09/01/15	08/31/16			906,040	(943,009)	(37,969)	943,009
* Title I - Part A Grants to Local Educational Agencies	84.010	8010A150030	NCLB-15	927,265	09/01/14	08/31/15	(52,739)		52,739	-	-	-
* Title I - Part A Grants to Local Educational Agencies	84.010	8010A150030	NCLB-14	974,223	09/01/13	08/31/14		500	-	-	500	-
Title II - Part A: Improving Teacher Quality	84.367A	S367A150029	NCLB-15	52,914	09/01/14	08/31/15			24,119	-	-	-
Title II - Part A: Improving Teacher Quality	84.367A	S367A150029	NCLB-16	84,293	09/01/15	08/31/16			82,550	(84,293)	(1,743)	84,293
Title II - Part S: Competitive	84.367A	S367A150029	NCLB-15	120,000	09/01/14	08/31/15	(120,000)		-	-	-	-
I.D.E.A. Part B Basic Regular	84.027	H027A150100	I.D.E.A-14	457,919	09/01/13	08/31/14		32	-	-	-	32
I.D.E.A. Part B Basic Regular	84.027	H027A150100	I.D.E.A-16	535,617	09/01/15	08/31/16			507,550	(535,617)	(28,067)	-
I.D.E.A. Part B Basic Regular	84.027	H027A150100	I.D.E.A-15	544,812	09/01/14	08/31/15	(189,726)		189,726	-	-	544,812
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	V048A150030	CP - 14	548,762	07/01/13	06/30/14		427	-	-	-	-
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048	V048A150030	CP - 14	68,328	07/01/13	06/30/14		14	-	-	-	14
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	V048A150030	CP - 15	584,877	07/01/14	06/30/15	3,534		-	-	-	3,534
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048	V048A150030	CP - 15	117,019	07/01/14	06/30/15	2,083		-	-	-	2,083
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	V048A150030	CP - 16	68,328	07/01/15	06/30/16			55,356	(68,328)	(12,972)	-
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048	V048A150030	CP - 16	468,062	07/01/15	06/30/16			427,000	(462,324)	(35,324)	-
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048	V048A150030	CP - 16	124,966	07/01/15	06/30/16			101,350	(119,900)	(18,170)	-
							(356,648)	973	2,345,430	(2,213,061)	(134,245)	1,572,114

\* Denotes a major program

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT NUMBER	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015		CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2016		CUMULATIVE EXPENDITURES
					FROM	TO	(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR			(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	
U.S. Department of Labor													
Passed-through County of Hudson, New Jersey													
WIA Cluster													
Workforce Investment Act:													
* Adult	17.258	AA2679555AS4		\$ 1,144,767	07/01/14	06/30/15	\$ -	\$ (347,760)	\$ 687,610	\$ (519,862)	\$ (180,012)	\$ -	\$ -
* Adult	17.258	AA2679555AS4		998,103	07/01/13	06/30/14	2,248	-	-	-	-	2,248	-
* Adult	17.258	AA2679555AS4		1,031,009	07/01/15	06/30/16	-	-	221,197	(806,078)	(284,881)	-	506,078
* Youth	17.259	AA28321655AS4		1,099,238	07/01/14	06/30/15	(350,929)	-	605,859	(254,930)	-	-	685,763
* Youth	17.259	AA28321655AS4		987,726	07/01/15	06/30/16	-	-	138,050	(885,763)	(527,733)	-	685,763
* Dislocated Worker	17.278	DW27991800AS4		999,051	07/01/14	06/30/15	(439,738)	-	641,688	(286,073)	(841,231)	-	673,198
* Dislocated Worker	17.278	DW27991800AS4		878,076	07/01/15	06/30/16	-	-	311,258	(673,198)	(663,940)	-	673,198
<b>Total WIA Cluster</b>							(1,138,627)	-	2,625,642	(2,927,904)	(1,440,689)	2,248	1,867,039
<b>Total U.S. Department of Labor</b>							(1,138,627)	-	2,625,642	(2,927,904)	(1,440,689)	2,248	1,867,039
<b>Total Special Revenue Funds</b>							(1,496,275)	-	4,971,072	(5,140,965)	(1,574,934)	8,411	3,459,153
<b>Total Federal Financial Assistance</b>							\$ (1,532,174)	\$ -	\$ 5,443,181	\$ (5,672,854)	\$ (1,671,613)	\$ 8,411	\$ 4,385,511

\* Denotes a major program

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015		CASH RECEIVED	BUDGETARY EXPENDITURES		BALANCE AT JUNE 30, 2016		MEMO	
			FROM	TO	(ACOUNTS RECEIVABLE)	(ACOUNTS RECEIVABLE)		BUDGETARY RECEIVABLE	BUDGETARY RECEIVABLE	(ACOUNTS RECEIVABLE)	BUDGETARY RECEIVABLE	CUMULATIVE EXPENDITURES	
<b>General Fund</b>													
New Jersey Department of Education													
* Equalization Aid	15-495-034-5120-078	\$ 19,299,976	07/01/14	06/30/15	\$ (1,923,346)	\$ 1,923,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
* Equalization Aid	16-495-034-5120-078	19,299,976	07/01/15	06/30/16	(147,722)	17,372,300	(19,299,976)	(1,927,676)	(1,927,676)	-	19,299,976	-	19,299,976
* Special Education Categorical Aid	15-495-034-5120-089	1,482,331	07/01/14	06/30/15	-	147,722	-	-	-	-	-	-	-
* Special Education Categorical Aid	16-495-034-5120-089	1,482,331	07/01/15	06/30/16	(13,106)	1,334,276	(1,482,331)	(148,055)	(148,055)	-	1,482,331	-	1,482,331
* Transportation Aid	15-495-034-5120-014	131,518	07/01/14	06/30/15	(15,239)	13,106	-	-	-	-	-	-	-
* Transportation Aid	16-495-034-5120-014	131,518	07/01/15	06/30/16	(152,918)	118,382	(131,518)	(13,136)	(13,136)	-	131,518	-	131,518
* Security Aid	15-495-034-5120-084	152,917	07/01/14	06/30/15	(2,125)	15,239	-	-	-	-	-	-	-
* Security Aid	16-495-034-5120-084	152,918	07/01/15	06/30/16	(2,124)	137,645	(152,918)	(15,273)	(15,273)	-	152,918	-	152,918
* PARCC Readiness Aid	15-495-034-5120-098	21,310	07/01/14	06/30/15	-	2,125	-	-	-	-	-	-	-
* PARCC Readiness Aid	16-495-034-5120-098	21,310	07/01/15	06/30/16	-	2,124	-	-	-	-	-	-	-
* Per Pupil Growth Aid	15-495-034-5120-097	21,310	07/01/14	06/30/15	-	19,182	-	-	-	-	-	-	-
* PARCC Readiness Aid	16-495-034-5120-097	21,310	07/01/15	06/30/16	-	19,182	(21,310)	(2,128)	(2,128)	-	21,310	-	21,310
* Adult Education	16-495-034-5120-079	763,887	07/01/15	06/30/16	(65,243)	687,590	(763,887)	(76,297)	(76,297)	(66,064)	763,887	-	763,887
* Reimbursed T.P.A.F. Social Security Contribution	16-495-034-5095-003	1,526,108	07/01/15	06/30/16	-	1,524,287	(1,526,108)	-	-	-	(1,526,108)	-	(1,526,108)
* On Behalf T.P.A.F. Pension Contribution	14-495-034-5095-002	1,476,282	07/01/15	06/30/16	-	1,552,970	(1,552,970)	-	-	-	-	-	-
* On Behalf T.P.A.F. Non-Contributory Group Insurance	16-495-034-5095-004	73,688	07/01/15	06/30/16	-	73,688	(73,688)	-	-	-	-	-	-
* On Behalf T.P.A.F. Post Retirement Medical Contributions	16-495-034-5095-001	1,849,157	07/01/15	06/30/16	(2,168,905)	1,849,157	(1,849,157)	(26,875,173)	(26,875,173)	(66,064)	20,347,142	-	20,347,142
<b>Total General Fund</b>						26,792,321							
<b>Special Revenue Fund</b>													
New Jersey Department of Education													
Apprenticeship Coordinator	15-100-034-5062-032	23,950	07/01/14	06/30/15	(6,037)	6,037	-	-	-	-	-	-	-
Apprenticeship Coordinator	16-100-034-5062-032	23,827	07/01/15	06/30/16	-	23,827	(25,055)	-	-	-	-	-	23,827
New Jersey Department of Labor and Workforce Development													
Pass-through County of Hudson													
High School Proficiency Assessment	15-002-4545-100-322	130,000	07/01/14	06/30/15	(31,681)	28,263	-	-	-	(3,418)	-	-	-
High School Proficiency Assessment	16-002-4545-100-322	97,455	07/01/15	06/30/16	-	97,455	(97,455)	-	-	-	-	-	-
TANF High School Assessment	16-002-4545-600-004	71,824	07/01/15	06/30/16	-	71,824	(71,824)	-	-	-	-	-	-
Smart Steps	N/A	11,235	07/01/13	06/30/14	(2,407)	-	-	-	-	(2,407)	-	-	-
Smart Steps	N/A	5,890	07/01/12	06/30/13	(10)	-	-	-	-	(10)	-	-	-
Smart Steps	N/A	8,025	07/01/14	06/30/15	(115,610)	-	-	-	-	-	-	-	-
* Workforce Learning Link - Literacy	15-002-4545-767-003	299,000	07/01/14	06/30/15	-	134,167	(134,167)	-	-	(34,907)	134,167	-	134,167
* Workforce Learning Link - Literacy	16-002-4545-767-003	154,000	07/01/15	06/30/16	-	98,920	(133,827)	-	-	-	133,827	-	133,827
<b>Total Special Revenue Fund</b>						460,493				(40,742)			291,821
N/A													
* Information not available.													
* Denotes major program													

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2015 (ACCOUNTS RECEIVABLE)	CASH RECEIVED	BUDGETARY EXPENDITURES	BALANCE AT JUNE 30, 2016 (ACCOUNTS RECEIVABLE)	MEMO	
			FROM	TO					BUDGETARY RECEIVABLE	CUMULATIVE EXPENDITURES
<b>Internal Service Fund:</b>										
New Jersey Department of Law and Public Safety		\$ 211,500	07/01/13	06/30/14	\$ (211,500)	\$ 211,500	\$ -	\$ -	\$ -	\$ -
Juvenile Justice Commission	N/A	175,500	07/01/14	06/30/15	(175,500)	175,500	-	-	-	-
Juvenile Justice Commission	N/A				(387,000)	387,000	-	-	-	-
<b>Total Internal Service Fund</b>										
<b>Enterprise Fund:</b>										
New Jersey Department of Agriculture		6,363	07/01/14	06/30/15	(539)	539	-	-	-	-
National School Lunch Program (State Share)	15-100-010-3360-670	7,361	07/01/15	06/30/16	-	6,001	(7,361)	(1,360)	-	7,361
National School Lunch Program (State Share)	16-100-010-3360-670					6,001	(7,361)	(1,360)	-	7,361
<b>Total Enterprise Fund</b>										
					\$ (2,711,650)	\$ 27,645,815	(27,344,862)	(108,166)	(2,184,693)	20,646,324
<b>Total State Financial Assistance</b>										
<b>Less:</b>										
On Behalf T.P.A.F. Pension Contribution						1,552,970				
On Behalf T.P.A.F. Non-Contributory Group Insurance						73,688				
On Behalf T.P.A.F. Post Retirement Medical Contributions						1,849,157				
<b>Total State Financial Assistance Subject to Single Audit</b>						\$ (23,869,047)				

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 - GENERAL**

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

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedules of Expenditures of Federal Financial Assistance and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

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



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$81,033) for the General Fund and (\$444,386) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 24,194	\$ 26,794,140	\$ 26,818,334
Special Revenue Fund	5,853,345	194,334	6,047,679
Food Service Fund	<u>531,889</u>	<u>7,361</u>	<u>539,250</u>
Total Awards and Financial Assistance	<u>\$ 6,409,428</u>	<u>\$ 26,995,835</u>	<u>\$ 33,405,263</u>

**NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 - OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount of \$3,478,815 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, 2016. TPAF Social Security Contributions in the amount of \$1,526,108 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, 2016.

**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, 2016**

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

School-wide programs are not separate Federal programs as defined in 2 CFR 200.42; amounts used in school-wide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in school-wide programs in the District:

Program	Total
Title I - Part A Grants to Local Educational Agencies	\$ 943,009
Title II - Part A Improving Teacher Quality	84,293
	<u>\$ 1,027,302</u>

**NOTE 8 – INDIRECT COST RATE**

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Section I - Summary of Auditors' Results*

Financial Statement Section

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

Federal Awards Section

- D) Internal Control over major programs:
- 1) Material weakness(es) identified?  Yes  No
- 2) Significant deficiency(ies) identified?  Yes  None reported
- E) Type of auditor's report on compliance for major program \_\_\_\_\_ Unmodified \_\_\_\_\_
- F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of?  Yes  No

G) Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
84.01	S010A150030	No Child Left Behind: Title I - Part A - Grants to Local Educational Agenci
17.258, 17.259, 17.278 DW297991660A34	AA2679555A34, AA283321655A34	Workforce Investment Act (WIA) Cluster

- H) Dollar threshold used to distinguish between Type A and Type B Programs. \_\_\_\_\_ \$750,000 \_\_\_\_\_
- I) Auditee qualified as low-risk auditee?  Yes  No

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Section I - Summary of Auditors' Results*

State Awards Section

- J) Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000
- 
- K) Auditee qualified as low-risk auditee?  Yes  No
- L) Internal Control over major programs:
- 1) Material weakness(es) identified?  Yes  No
- 2) Significant deficiency(ies) identified?  Yes  None reported
- M) Type of auditor's report on compliance for major programs: Unmodified
- 
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08?  Yes  No
- O) Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	Equalization Aid
16-495-034-5120-089	Special Education Categorical Aid
16-495-034-5094-003	Reimbursed TPAF Social Security
16-062-4545-67-003	Workforce Learning Link - Literacy

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2016**

*Section II - Financial Statement Findings*

(This section identifies the significant deficiencies, material weaknesses, fraud, non-compliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)

***Finding 2016-01***

Condition/context:

The Career Development Center (CDC) has not reconciled their bank account since January 2016.

Criteria:

Preparation of complete and accurate reconciliations of cash accounts need to be completed in order to insure accurate recording of grant activity.

Cause:

Staff did not prepare bank reconciliations.

Effect:

The recording of accurate financial information and proper asset safeguarding are at risk without timely reconciliations.

Recommendation:

CDC cash accounts must be reconciled on a timely basis and reviewed by Board staff.

View of Responsible Official:

The District will increase oversight and will begin to review on a monthly basis reconciliation reports.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016**

***Finding 2016-02***

Condition/context:

Grant subsidiary ledgers are not being reconciled to the general ledger.

Criteria:

All subsidiary ledgers need to be reconciled to the general ledger on a regular basis to ensure all transactions have been recorded on the general Ledger.

Cause:

No procedure has been established to guide staff on this task.

Effect:

The recording of accurate financial information requires all transaction be accounted for.

Recommendation:

Subsidiary ledgers must be reconciled to the general ledger on a monthly basis.

View of Responsible Official

The District will increase oversight and will begin to review on a monthly basis general ledger reports.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2016**

***Finding 2016-03***

Condition/context:

Food Service program point of sale records were not being reconciled to cash receipts on a daily basis.

Criteria:

Subsidiary cash ledgers must be reconciled on a daily basis to the cash deposit records to ensure proper collection and timely deposit.

Cause:

No procedure has been established to guide staff on this task.

Effect:

The recording of accurate financial information requires all transaction be accounted for.

Recommendation:

Subsidiary cash ledgers must be reconciled on a daily basis to the cash deposit records and any differences resolved in a timely manner.

View of Responsible Official

The District will increase oversight and will begin to review on a daily basis cash deposit and cash collection information and reconcile any differences.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

[This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. and NJOMB Circular Letter 15-08, as applicable.]

**FEDERAL AWARDS**

**U.S. Department of Labor**

**Passed-through County of Hudson**

**Workforce Investment Act (WIA):**

**Adult, CFDA Number: 17.258**

**Youth Activities CFDA Number: 17.259**

**Dislocated Workers, CFDA Number: 17.278**

***Finding FS2016-01***

**Condition/context:**

The Career Development Center (CDC) bank account has not been reconciled since January 2016.

**Criteria:**

Preparation of complete and accurate reconciliations of cash accounts need to be completed in order to insure accurate recording of grant activity.

**Cause:**

N/A

**Effect:**

The recording of accurate financial information and proper asset safeguarding are at risk without timely reconciliations.

**Recommendation:**

CDC cash accounts be reconciled on a timely basis.

**View of Responsible Official:**

The District will increase oversight and will begin to review on a monthly basis reconciliation reports.



HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

*Finding FS2016-02*

Condition/context:

Grant subsidiary ledgers are not being reconciled to the general ledger.

Criteria:

All subsidiary ledgers need to be reconciled to the general ledger on a regular basis to insure all transactions have been recorded on the general Ledger.

Cause:

No procedure has been established to guide staff on this task.

Effect:

The recording of accurate financial information requires that all transactions be accounted for.

Recommendation:

Subsidiary ledgers be reconciled to the general ledger on a monthly basis.

View of Responsible Official:

The District will increase oversight and will begin to review on a monthly basis the financial reports generated by the CDC.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**U.S. Department of Education**

**CFDA 84.048 United States Department of Education**

**Carl D. Perkins P.L. Vocational Education Secondary**

***Finding 2016-04***

Condition/context:

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

Questioned Cost

None

Cause

The Hudson County School of Technology made purchase of items requiring listing in active assets and failed to record these items. Several items were purchased under the Perkins Vocational Education for Secondary schools which were not recorded and tagged as fixed assets.

Effect

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

Recommendation :

The School must identify all items purchased with federal grants and maintain an active asset list.

View of Responsible official:

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

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

STATE FINANCIAL ASSISTANCE

New Jersey State Department of Education  
Equalization Aid  
16-495-034-5120-078

*Finding 2016-05*

Condition/context:

Regulation 16-11-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. The Board did update travel reimbursement policies, as required, but did not adhere to them. The Board did not adopt a resolution authorizing the maximum travel expenditure amount for the fiscal year ended June 30, 2016.

Cause:

Management failed to follow updated travel policies and failed to 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:

None

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, 2016**

(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.)

**FEDERAL AWARDS**

**U.S. Department of Labor**

**Passed-through County of Hudson**

**Workforce Investment Act (WIA):**

**Adult, CFDA Number: 17.258**

**Youth Activities CFDA Number: 17.259**

**Dislocated Workers, CFDA Number: 17.278**

*Finding 15(only included in K-7), SA14-01, 2013-01, 2012-1 and 2011-1*

**Condition:**

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

**Current Status:**

This finding has not been corrected. Management had during the year ended June 30, 2014 replaced the CDC accounting system and has begun to maintain a separate general ledger. Balances are not being reconciled and the general ledger maintained. Similar comments are noted in the current year as finding 2016-2.

**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, 2016**

**FEDERAL AWARDS**

**U.S. Department of Education**

**CFDA 84.010-84.013 United States Department of Education**

**Title I Section 1120A Subpart 1: sec 1415**

**Finding FS2015-2**

Condition:

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

Current Status:

This finding has not been corrected. This finding is repeated in the current year as finding 2016-4.

**STATE FINANCIAL ASSISTANCE**

**New Jersey State Department of Education**

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

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

***Finding 15 (Only included in Schedule K-7), SA14-02, 2013-2, 2012-3 and 2011-3***

Condition:

The District did not adopt a resolution authorizing the maximum travel expenditure amount for the fiscal year ended June 30, 2015, 2014, 2013, 2012 or 2011.

Current Year Status:

This finding has not been corrected. This finding is repeated in the current year as finding 2016-5.