

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

Hudson County Schools of Technology

Hudson County, New Jersey

For the Fiscal Year Ended June 30, 2022

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
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INTRODUCTORY SECTION



March 24, 2023

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

The annual comprehensive financial report of the Hudson County Schools of Technology (“the District”) for the fiscal year ended June 30, 2022, 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 District. 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 District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

The annual comprehensive 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 under Governmental Accounting Standard Board Statement No. 34, 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 District 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 District is a component unit of the County of Hudson within the criteria adopted by the GASB Statement No. 14, as amended by GASB Statement No. 39 and No. 61. The District would be a discretely presented component unit of the County of Hudson, however the County of Hudson reports in accordance with financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that do not require such presentation. All funds and account groups of the District are included in this report. The District and its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels 6 through 12. These include regular and vocational as well as special education for handicapped students. The District completed the 2021-2022 fiscal year with an average daily enrollment of 2,589 students, which is a -2.67% student decrease from the previous year’s enrollment.

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

Fiscal Year	Student Enrollment	Percent Change
2021-2022	2,589	-2.67%
2020-2021	2,660	-1.48%
2019-2020	2,700	-5.26%
2018-2019	2,850	4.90%
2017-2018	2,717	24.18%

2.) ECONOMIC CONDITION AND OUTLOOK: The Hudson County Schools of Technology received no increase in state aid. The District continues to be diligent in making the budget work with an average of 2% increase in revenues over that period. The District is keeping a substantial surplus to ensure a health financial outlook.

3.) MAJOR INITIATIVES: The Hudson County Schools of Technology currently has three campuses. A new trades academy is proposed for a site on the campus of the Bayonne Board of Education. The proposed project is in the Request for Proposals stage and a contract should be awarded in the Spring of 2023 with completion in early 2025. Also, the District is planning a high school in conjunction with the Liberty Science Center. These plans are being finalized and construction of this project should commence in early 2024 with completion by 2026.

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

As a recipient of federal and state financial assistance, the District 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 District'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 District has complied with applicable laws and regulations.

5.) BUDGETARY CONTROLS: In addition to internal accounting controls, the District 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.

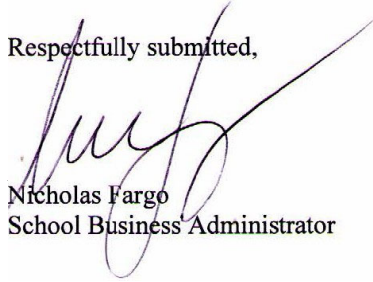
An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance of the succeeding year. The District had \$179,213 in general fund encumbrances at June 30, 2022.

6.) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards District (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7.) OTHER INFORMATION: Independent Audit- State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Donohue, Gironda, Doria & Tomkins, LLC 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.

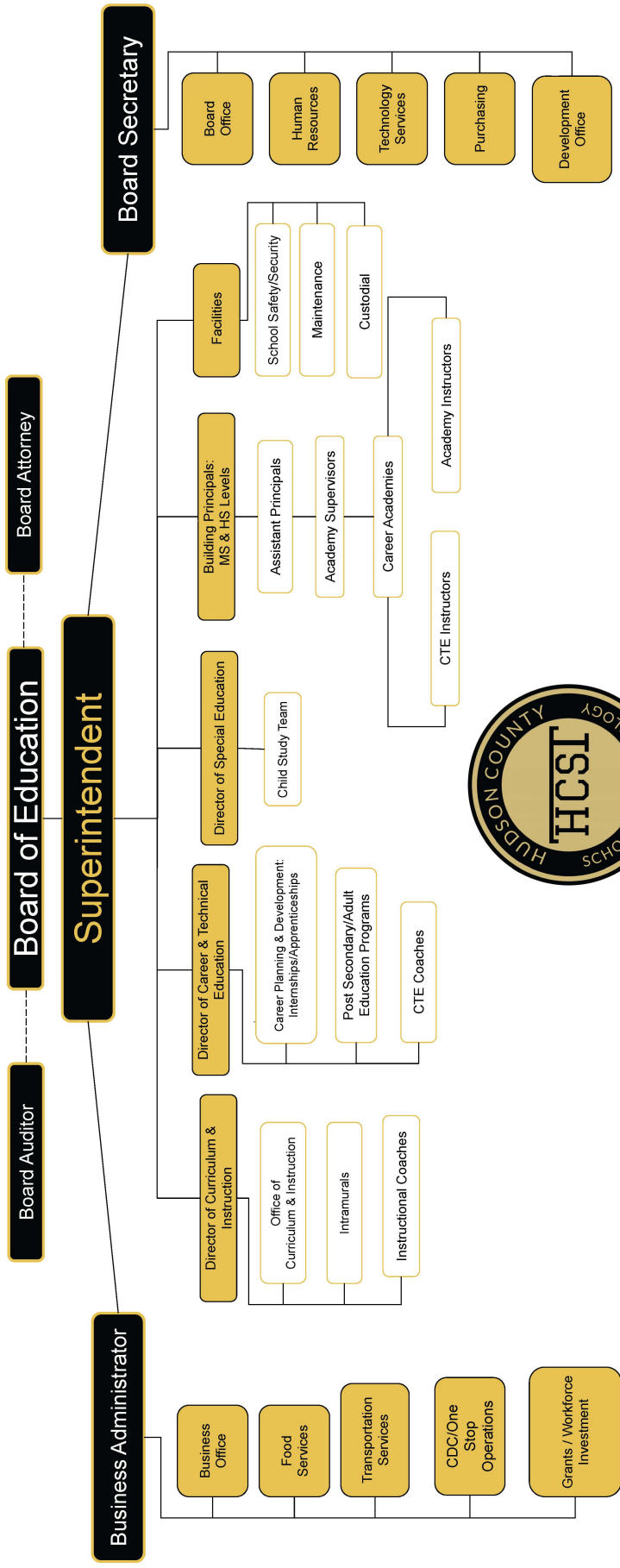
8.) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation.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

A handwritten signature in black ink, appearing to read 'Nicholas Fargo', is written over the typed name and title.

Nicholas Fargo
School Business Administrator

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ORGANIZATIONAL CHART
JUNE 30, 2022**



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ROSTER OF OFFICIALS
JUNE 30, 2022**

Members of the Board of Education

Craig Guy, President

Hugo D. Cabrera, Vice-President

John Minella

Monica Fundora

Amit S. Jani

Geraldine Perez

Hector A. Zulueta

Keri Ann Eglentowicz

Arthur Pettigrew

Term Expires

October 31, 2023

October 31, 2024

October 31, 2025

October 31, 2025

October 31, 2022

October 31, 2022

October 31, 2023

October 31, 2023

October 31, 2024

Other Officials

Amy Lin-Rodriguez

Joseph M. Muniz

Nicholas Fargo

Superintendent

Board Secretary

School Business Administrator

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
CONSULTANTS, INDEPENDENT AUDITOR AND ADVISORS
JUNE 30, 2022**

GENERAL COUNSEL

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

SPECIAL COUNSEL

Florio, Kenny & Raval, LLP
125 Chubb Avenue Suite 310-N
Lyndhurst, NJ 07071

LABOR COUNSEL

Scarinci & Hollenbeck, LLC
150 Clove Road, 9th Floor
Little Falls, NJ 07424

ARCHITECT

RSC Architects
3 University Plaza Drive, Suite 600
Hackensack, NJ 07601

INDEPENDENT AUDITOR

Donohue, Girona, Doria & Tomkins, LLC
1 Harmon Meadow Boulevard, Suite 3002
Secaucus, NJ 07094

OFFICIAL DEPOSITORY

Wells Fargo
TD Bank
BCB Bank
Investors Savings Bank

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Hudson County Schools of Technology (the "District"), in the County of Hudson, State of New Jersey, as of and for the fiscal year ended June 30, 2022, 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.

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 District as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As disclosed in Note 1 to the financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 – *Leases* for the year ending June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and other post-employment benefits information on pages 10 through 15, pages 60 through 65, and pages 66 through 70 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information such as the combining and individual fund financial statements 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, 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. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023, on our consideration of the District’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 District’s internal control over financial reporting and compliance.



DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Secaucus, New Jersey
March 24, 2023

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The discussion and analysis of the Hudson County School of Technology's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal years 2022 and 2021 are as follows, respectively:

- In total, net position of governmental activities are \$132,741,490 and \$163,095,937. Net position of the business-type activity, which represents food service, are \$1,257,431 and \$435,761. This reflects a decrease in net position of governmental activities of (\$30,354,447) and an increase in net position of the business-type activity of \$821,670. The decrease in the governmental activities net position was mainly attributed to special item (\$27,227,460) adjustment per valuation of capital assets and (\$2,099,287) cancellation of prior year receivables. The increase in business-type activity net position was mainly attributed normalizing of activity after decrease in activity in 2021 during the COVID-19 pandemic state of emergency.
- Total governmental revenues accounted for \$94,519,594 and \$91,238,563, respectively, which was a \$3,281,031 or 3.47% increase. The county tax appropriation increased to \$36,370,000 from \$34,020,000.
- The District continues to experience stability in student enrollment. Average daily enrollment for the year ending June 30, 2022 was 2,589.

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 District 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 District, presenting both an aggregate view of the District'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 District's most significant funds with all other non-major funds presented in total in a single column. For the District's, the General Fund is the most significant fund.

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" 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 District's net position and changes in position. This change in net position is important because it identifies whether the financial position of the District 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 District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District'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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Reporting the Hudson County Schools of Technology's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District'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 District'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 position and the statement of activities and the governmental funds is reconciled in the financial statements.

Enterprise Fund

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

The District as a Whole

The perspective of the statement of net position is of the Hudson County Schools of Technology as a whole. Table 1 provides a summary of the Hudson County Schools of Technology's net position for the fiscal years 2022 and 2021, respectively.

Total assets equal \$185,936,270 and \$223,669,499. Total assets for Governmental Activities are \$184,536,164 and \$223,101,275. Total assets for Business Type Activity are \$1,400,106 and \$568,224.

Table 1
Net Position

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 11,992,010	\$ 18,336,859	\$ 423,587	\$ 132,463	\$ 12,415,597	\$ 18,469,322
Capital assets, net	172,544,154	204,764,416	976,519	435,761	173,520,673	205,200,177
Total assets	184,536,164	223,101,275	1,400,106	568,224	185,936,270	223,669,499
Deferred outflows of resources	2,135,925	3,075,646	-	-	2,135,925	3,075,646
Liabilities:						
Current and other liabilities	8,953,473	12,577,762	142,675	132,463	9,096,148	12,710,225
Long-term liabilities	14,412,343	14,725,549	-	-	14,412,343	14,725,549
Net pension liability	18,163,736	24,728,740	-	-	18,163,736	24,728,740
Total liabilities	41,529,552	52,032,051	142,675	132,463	41,672,227	52,164,514
Deferred inflows of resources	12,401,047	11,048,933	-	-	12,401,047	11,048,933
Net position:						
Net investment in capital assets	172,544,154	204,764,416	976,519	435,761	173,520,673	205,200,177
Restricted	3,762,547	5,970,115	-	-	3,762,547	5,970,115
Unrestricted	(43,565,211)	(47,638,594)	280,912	-	(43,284,299)	(47,638,594)
Total net position	\$ 132,741,490	\$ 163,095,937	\$ 1,257,431	\$ 435,761	\$ 133,998,921	\$ 163,531,698

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The District as a Whole (Continued)

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment); less any related debt (obligations under financed purchases) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to students, employees, and creditors. The unrestricted net position includes the amount of long-term obligations that are not invested in capital assets, such as compensated absences.

The District had previously not been able to report a positive balance in net position since the adoption of GASB Statement No. 68 whereby, the District was required to report its net pension liability and deferred outflows and inflows resulting thereof. However, during the fiscal year 2018, the District recognized County of Hudson capital contributions of \$160,000,000 for the on-behalf financed purchased for the new high school, whereby increasing the total net position of the District to a positive balance.

Table 2 reflects the change in net position for fiscal years 2022 and 2021, respectively.

The total changes in net position for the fiscal years 2022 and 2021 for Governmental Activities are (\$30,354,447) and \$9,685,614. The total changes in net position for the Business-Type Activity are \$821,670 and \$171,357. The total changes in net position are (\$29,532,777) and \$9,856,971.

Table 2
Net Position

	Governmental Activities		Business Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 6,699,092	\$ 6,558,450	\$ 447,641	\$ 52,609	\$ 7,146,733	\$ 6,611,059
Operating grants and contributions	49,502,589	44,847,188	1,818,026	148,252	51,320,615	44,995,440
Capital grants and contributions	-	5,000,000	-	-	-	5,000,000
Total program revenues	<u>56,201,681</u>	<u>56,405,638</u>	<u>2,265,667</u>	<u>200,861</u>	<u>58,467,348</u>	<u>56,606,499</u>
General revenues:						
County appropriation	36,370,000	34,020,000	-	-	36,370,000	34,020,000
Miscellaneous	1,947,913	812,925	-	-	1,947,913	812,925
Total general revenues	<u>38,317,913</u>	<u>34,832,925</u>	<u>-</u>	<u>-</u>	<u>38,317,913</u>	<u>34,832,925</u>
Total revenues	<u>94,519,594</u>	<u>91,238,563</u>	<u>2,265,667</u>	<u>200,861</u>	<u>96,785,261</u>	<u>91,439,424</u>
Expenses:						
Instructional services	38,396,287	33,417,721	-	-	38,396,287	33,417,721
Support services	50,077,993	39,974,271	-	-	50,077,993	39,974,271
Special schools	7,073,014	7,612,466	-	-	7,073,014	7,612,466
Service related expenses	-	-	2,083,704	577,995	2,083,704	577,995
Total expenses	<u>95,547,294</u>	<u>81,004,458</u>	<u>2,083,704</u>	<u>577,995</u>	<u>97,630,998</u>	<u>81,582,453</u>
(Deficit) excess before transfers and special items	(1,027,700)	10,234,105	181,963	(377,134)	(845,737)	9,856,971
Transfers	-	(548,491)	-	548,491	-	-
Special items:						
Adjustment per valuation of capital assets	(27,227,460)	-	639,707	-	(26,587,753)	-
Cancellation of prior year receivables	(2,099,287)	-	-	-	(2,099,287)	-
Change in net position	(30,354,447)	9,685,614	821,670	171,357	(29,532,777)	9,856,971
Net position, July 1	163,095,937	153,410,323	435,761	264,404	163,531,698	153,674,727
Net position, June 30	<u>\$ 132,741,490</u>	<u>\$ 163,095,937</u>	<u>\$ 1,257,431</u>	<u>\$ 435,761</u>	<u>\$ 133,998,921</u>	<u>\$ 163,531,698</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 3a, for government activities, indicates the total cost of services and the percentage cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3a.
Governmental Activities

	Total Cost of Services		Percent of Total	
	2022	2021	2022	2021
Instructional services	\$ 38,396,287	\$ 33,417,721	40.19%	41.25%
Support services	50,077,993	39,974,271	52.41%	49.35%
Special schools	7,073,014	7,612,466	7.40%	9.40%
Total expenses	<u>\$ 95,547,294</u>	<u>\$ 81,004,458</u>	<u>100.00%</u>	<u>100.00%</u>

Total expenses for governmental activities for fiscal years 2022 and 2021 were and . Total expenses increased mainly due to the normalizing of programs and operations when compared to the disruption of programs and operations the District experienced in fiscal year 2021 during the COVID-19 pandemic state of emergency. During fiscal year 2022 the District was able to utilize COVID-19 federal relief funds to fund increase in program activity.

Business-Type Activity

Table 3b.
Business-Type Activity

	Total Cost of Services		Percent of Total	
	2022	2021	2022	2021
Revenues:				
Charges for services	\$ 447,641	\$ 52,609	19.76%	26.19%
Operating grants	1,818,026	148,252	80.24%	73.81%
Total revenues	<u>2,265,667</u>	<u>200,861</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses:				
Food service	2,083,704	577,995	100.00%	100.00%
Total expenses	<u>2,083,704</u>	<u>577,995</u>	<u>100.00%</u>	<u>100.00%</u>
Excess (deficit) before transfers and special item	181,963	(377,134)		
Transfers	-	548,491		
Special item	<u>639,707</u>	<u>-</u>		
Change in net position	<u>\$ 821,670</u>	<u>\$ 171,357</u>		

The business-type activity of the Hudson County Schools of Technology is the food service operation. This program had revenues for the fiscal years 2022 and 2021 of \$2,265,667 and \$200,861 and expenses of \$2,083,704 and \$577,995, respectively. Total revenues increased by \$2,064,806 and total expenses increased by \$1,505,709 mainly due to the normalizing of the program after the disruption the District experienced in fiscal year 2021 during the COVID-19 pandemic state of emergency.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Sources of Revenue

Table 4
Sources of Revenue

<u>Year Ending</u>	<u>Local Tax Levy</u>	<u>Other Local Revenue</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Total</u>
June 30, 2022	\$ 36,370,000	\$ 8,647,005	\$ 49,502,589	\$ -	\$ 94,519,594
June 30, 2021	34,020,000	7,371,375	44,847,188	5,000,000	91,238,563

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 had stabilized teaching staff during the 2021-2022 school year.

Total revenues increased \$3,281,031 mainly due to the sale of a capital asset in the prior year. On-behalf contributions for pension and other post-employment benefits expenses and revenue for the same amount decreased (\$2,811,555) while the County of Hudson appropriation for operations increased \$2,350,000.

The Hudson County Schools of Technology's Funds

The Hudson County Schools of Technology's governmental funds are accounted for using standards established by the GASB Statement No. 34. Total governmental funds had revenues and other financing sources of \$85,193,772 and expenditures and other financing uses of \$87,337,938. The positive fund balance for the year reflects that the Hudson County Schools of Technology was able to meet current costs.

General Fund Budgeting Highlights

The Hudson County Schools of Technology's budget is prepared according to New Jersey statutes. The District's budget is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2022, the Hudson County Schools of Technology amended its General Fund budget as needed.

For the General Fund, final budgeted revenues and other financing sources in the amount of \$60,251,763 were the same as the original budgeted revenues and other financing sources. Final budgeted expenditures and other financing uses in the amount of \$60,566,971 were the same as original budgeted expenditures and other financing uses. Significant budgetary variations throughout the General Fund budget for salaries of teachers are attributed to the transfers of teachers to different programs throughout the year and reallocation of those budgetary funds are not made unless necessary.

General Fund revenues and other financing sources were slightly more than expenditures and other financing uses. This excess of revenues and other financing sources increased surplus by approximately \$1,987,983. At June 30, 2022 there was \$6,592,386 in unrestricted fund balance. The surplus reflects \$2,284,503 final state aid payments for June 30, 2022, however this amount is not reflected in the District Intergovernmental Receivable Account.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Capital Assets and Depreciation

At the end of fiscal years 2022 and 2021, the District had \$172,544,154 and \$204,764,416, respectively invested in capital assets (net of depreciation), for governmental activities. More information on capital assets and depreciation is represented in Note 5 to the basic financial statements.

Table 5
Capital Assets and Depreciation

	Balance at June 30, 2021	Additions	Adjustment Per Valuation	Balance at June 30, 2022
Governmental Activities:				
Non-depreciable	\$ 1,533,490	\$ -	\$ 3,419,500	\$ 4,952,990
Depreciable	257,593,094	32,098	(59,931,569)	197,693,623
Total at historical cost	<u>259,126,584</u>	<u>32,098</u>	<u>(56,512,069)</u>	<u>202,646,613</u>
Less accumulated depreciation	<u>(54,362,168)</u>	<u>(5,024,900)</u>	<u>29,284,609</u>	<u>(30,102,459)</u>
Capital assets, net	<u>\$ 204,764,416</u>	<u>\$ (4,992,802)</u>	<u>\$ (27,227,460)</u>	<u>\$ 172,544,154</u>
Business-Type Activities:				
Depreciable	\$ 965,975	\$ -	\$ 518,255	\$ 1,484,230
Less accumulated depreciation	<u>(530,214)</u>	<u>(98,949)</u>	<u>121,452</u>	<u>(507,711)</u>
Capital assets, net	<u>\$ 435,761</u>	<u>\$ (98,949)</u>	<u>\$ 639,707</u>	<u>\$ 976,519</u>

Debt

The District does not have any outstanding bond issues. All debt administration, obligations and issuance are the responsibility of the County of Hudson. However, the District has long-term obligations for accrued compensated absences and net pension liability as follows:

Table 6
Long-Term Liabilities

	Balance at June 30, 2021	Additions	Deductions	Balance at June 30, 2022
Governmental Activities:				
Compensated absences	\$ 15,256,772	\$ 184,882	\$ 521,223	\$ 14,920,431
Net pension liability	24,728,740	-	6,565,004	18,163,736
Total long-term liabilities	<u>\$ 39,985,512</u>	<u>\$ 184,882</u>	<u>\$ 7,086,227</u>	<u>\$ 33,084,167</u>

Additional detailed information on the District's long-term liabilities can be found in Note 6 to the basic financial statements.

Contacting the District'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, Secaucus, New Jersey.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF NEW POSITION
JUNE 30, 2022**

EXHIBIT A-1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,320,792	\$ -	\$ 6,320,792
Receivables, net	4,197,482	142,538	4,340,020
Other accounts receivable	60,000	-	60,000
Internal balances	(245,621)	245,621	-
Inventory	-	35,428	35,428
Restricted assets:			
Cash and cash equivalents	1,262,246	-	1,262,246
Lease receivable - current portion	111,113	-	111,113
Capital assets, net			
Non-depreciable	4,952,990	-	4,952,990
Depreciable	167,591,164	976,519	168,567,683
Lease receivable - noncurrent portion	285,998	-	285,998
Total assets	<u>184,536,164</u>	<u>1,400,106</u>	<u>185,936,270</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	<u>2,135,925</u>	<u>-</u>	<u>2,135,925</u>
LIABILITIES			
Cash overdraft	125,687	-	125,687
Accounts payable	2,345,413	142,675	2,488,088
Due to grantors	300,797	-	300,797
Payroll deductions and withholdings	391,306	-	391,306
Other liability for unemployment claims	279,079	-	279,079
Unearned revenue	5,003,103	-	5,003,103
Noncurrent liabilities:			
Due within one year	508,088	-	508,088
Due beyond one year	14,412,343	-	14,412,343
Net pension liability	<u>18,163,736</u>	<u>-</u>	<u>18,163,736</u>
Total liabilities	<u>41,529,552</u>	<u>142,675</u>	<u>41,672,227</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pension inflows	12,031,865	-	12,031,865
Deferred lease inflows	369,182	-	369,182
	<u>12,401,047</u>	<u>-</u>	<u>12,401,047</u>
NET POSITION			
Net investment in capital assets	172,544,154	976,519	173,520,673
Restricted for:			
Excess surplus	2,913,497	-	2,913,497
Student activities	245,910	-	245,910
Capital projects	603,140	-	603,140
Unrestricted	(43,565,211)	280,912	(43,284,299)
Total net position	<u>\$ 132,741,490</u>	<u>\$ 1,257,431</u>	<u>\$ 133,998,921</u>

See Accompanying Notes to Basic Financial Statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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
Governmental activities:							
Instruction:							
Regular	\$ 27,001,111	\$ 273,817	\$ 15,566,013	\$ -	\$ (11,161,281)	\$ -	\$ (11,161,281)
Vocational education	9,349,110	-	4,987,740	-	(4,361,370)	-	(4,361,370)
Vocational education - special	1,480,170	-	804,689	-	(675,481)	-	(675,481)
School sponsored cocurricular activities	565,896	-	300,897	-	(264,999)	-	(264,999)
Support services:							
Student and instruction related services	16,361,646	810,647	10,238,204	-	(5,312,795)	-	(5,312,795)
School administrative services	3,402,147	-	2,011,826	-	(1,390,321)	-	(1,390,321)
General and business administrative services	5,445,335	-	3,092,683	-	(2,352,652)	-	(2,352,652)
Plant operations and maintenance	15,575,788	-	6,660,009	-	(8,915,779)	-	(8,915,779)
Pupil transportation	9,293,077	3,626,690	3,079,975	-	(2,586,412)	-	(2,586,412)
Special schools	7,073,014	1,987,938	2,760,553	-	(2,324,523)	-	(2,324,523)
Total governmental activities	<u>95,547,294</u>	<u>6,699,092</u>	<u>49,502,589</u>	<u>-</u>	<u>(39,345,613)</u>	<u>-</u>	<u>(39,345,613)</u>
Business-type activities:							
Food service	2,083,704	447,641	1,818,026	-	-	181,963	181,963
Total business-type activities	<u>2,083,704</u>	<u>447,641</u>	<u>1,818,026</u>	<u>-</u>	<u>-</u>	<u>181,963</u>	<u>181,963</u>
Total primary government	<u>\$ 97,630,998</u>	<u>\$ 7,146,733</u>	<u>\$ 51,320,615</u>	<u>\$ -</u>	<u>(39,345,613)</u>	<u>181,963</u>	<u>(39,163,650)</u>
General revenues:							
County appropriation					36,370,000	-	36,370,000
Miscellaneous income					1,947,913	-	1,947,913
Special items:							
Adjustment per valuation of capital assets					(27,227,460)	639,707	(26,587,753)
Cancellation of prior year receivables					(2,099,287)	-	(2,099,287)
Total general revenues and transfers					<u>8,991,166</u>	<u>639,707</u>	<u>9,630,873</u>
Change in net position					(30,354,447)	821,670	(29,532,777)
Net position, July 1					163,095,937	435,761	163,531,698
Net position, June 30					<u>\$ 132,741,490</u>	<u>\$ 1,257,431</u>	<u>\$ 133,998,921</u>

See Accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

EXHIBIT B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,320,792	\$ -	\$ -	\$ 6,320,792
Interfund receivable	2,162,535	619,386	-	2,781,921
Receivables from other governments:				
Federal	-	135,587	-	135,587
State	74,892	221,903	-	296,795
Local	-	90,112	1,177,812	1,267,924
Other Accounts Receivable	28,000	60,000	-	88,000
Restricted assets:				
Restricted cash and cash equivalents	682,622	579,624	-	1,262,246
Total assets	\$ 9,268,841	\$ 1,706,612	\$ 1,177,812	\$ 12,153,265
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ 125,687	\$ -	\$ 125,687
Accounts payable	573	321,115	-	321,688
Payable to federal government	-	300,797	-	300,797
Interfund payable	-	-	574,601	574,601
Payroll deductions and withholdings	391,306	-	-	391,306
Other liability for unemployment claims	279,079	-	-	279,079
Unearned revenue	4,290,000	713,103	-	5,003,103
Total liabilities	4,960,958	1,460,702	574,601	6,996,261
Fund balances:				
Restricted For:				
Reserve for excess surplus - designated for subsequent year's expenditures	996,413	-	-	996,413
Reserve for excess surplus	1,917,084	-	-	1,917,084
Student activities	-	245,910	-	245,910
Capital projects	-	-	603,211	603,211
Assigned to:				
Year-end encumbrances	179,213	-	-	179,213
Unassigned fund balance:				
General fund	1,215,173	-	-	1,215,173
Total fund balances	4,307,883	245,910	603,211	5,157,004
Total liabilities and fund balances	\$ 9,268,841	\$ 1,706,612	\$ 1,177,812	\$ 12,153,265

See Accompanying Notes to Basic Financial Statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

EXHIBIT B-1

Reconciliation of balance sheet to statement of net position:

Total fund balances - governmental funds (from Exhibit B-1)	\$	5,157,004	
Amounts reported for governmental activities in the statement of net position (Exhibit 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 \$202,646,613 and the accumulated depreciation is \$30,102,459.			
			172,544,154
Certain amounts resulting from measurement of lease arrangements are reported as lease receivable measured at the present value of lease payments expected to be received over the term of the lease.			
			369,111
Certain amounts resulting from the measurement of the net pension liability and lease arrangements are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.			
Deferred outflows of pension resources	\$	2,135,925	
Deferred inflows of pension resources		(12,031,865)	
Deferred inflows of lease resources		<u>(369,182)</u>	(10,265,122)
Internal service funds are used by the District's management to change the costs of various programs/services to other government entities. The net position of the internal service funds is reported with governmental activities.			
Internal service fund net position			-
Additional accounts payable for pension contribution offset by deferred outflow for pension liabilities.			
Accounts payable pension liabilities			(1,979,490)
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		(14,920,431)	
Net pension liability		<u>(18,163,736)</u>	<u>(33,084,167)</u>
Net position of governmental activities			<u>\$ 132,741,490</u>

See Accompanying Notes to Basic Financial Statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources:				
County appropriation	\$ 36,370,000	\$ -	\$ -	\$ 36,370,000
Tuition charges	273,817	-	-	273,817
Miscellaneous	1,947,984	810,647	-	2,758,631
Federal sources	11,378	10,072,988	-	10,084,366
State sources	35,345,111	361,847	-	35,706,958
Total revenues	<u>73,948,290</u>	<u>11,245,482</u>	<u>-</u>	<u>85,193,772</u>
EXPENDITURES				
Instruction:				
Regular instruction	13,805,700	4,186,440	-	17,992,140
Vocational education	6,051,127	-	-	6,051,127
Vocational education - special	962,445	-	-	962,445
School sponsored cocurricular activities	365,048	-	-	365,048
Support services and undistributed costs:				
Student and instruction related services	5,779,126	6,263,656	-	12,042,782
School administrative services	2,440,747	-	-	2,440,747
Other administrative services	3,752,044	-	-	3,752,044
Operation and maintenance of plant services	7,141,235	-	-	7,141,235
Student transportation	3,736,626	-	-	3,736,626
Employee benefits	22,019,574	-	-	22,019,574
Special schools	3,349,103	-	-	3,349,103
Capital outlay	3,778	773,730	5,549,474	6,326,982
Total expenditures	<u>69,406,553</u>	<u>11,223,826</u>	<u>5,549,474</u>	<u>86,179,853</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>4,541,737</u>	<u>21,656</u>	<u>(5,549,474)</u>	<u>(986,081)</u>
OTHER FINANCING SOURCES (USES)				
Capital outlay transfer to capital projects	(1,403,237)	-	1,403,237	-
Transfer out - contribution to internal service fund	(1,158,085)	-	-	(1,158,085)
Total other financing sources and (uses)	<u>(2,561,322)</u>	<u>-</u>	<u>1,403,237</u>	<u>(1,158,085)</u>
Net change in fund balance	1,980,415	21,656	(4,146,237)	(2,144,166)
Fund balance, July 1	2,327,468	224,254	4,749,448	7,301,170
Fund balance, June 30	<u>\$ 4,307,883</u>	<u>\$ 245,910</u>	<u>\$ 603,211</u>	<u>\$ 5,157,004</u>

See Accompanying Notes to Basic Financial Statements.

**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 FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT B-3

Total net change in fund balances - governmental funds (from Exhibit B-2) \$ (2,144,166)

Amounts reported for governmental activities in the statement of activities (Exhibit 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.

Adjustment per valuation of capital assets	\$ (27,227,460)	
Depreciation expense	(5,024,900)	
Capital outlays	<u>32,098</u>	(32,220,262)

In the statement of activities, lease arrangements are measured at present value of lease payments expected to be received during lease term with a deferred inflow of resources recorded for applicable leases. Revenue is recognized for lease income at discount rate used for present value measurements and amortization of deferred inflows of resources on a straight-line basis over their term of the leases. In governmental funds, however, revenue for lease arrangements are recognized at amount of financial resources expected to be received during lease term. When amount of interest income and amortized deferred inflows of resources from lease arrangements exceed the revenue recognized, the difference is an addition to the reconciliation (+); when amount of revenue recognized exceeds the interest income and amortized deferred inflows of resources from lease arrangements, the difference is a reduction to the reconciliation (-).

Interest income from lease arrangement	169	
Reduction in revenue from lease arrangement	<u>(240)</u>	(71)

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	336,341	
Additional PERS pension expense recognized	4,530,441	
Additional on-behalf TPAF pension expense	427,252	
Additional on-behalf TPAF pension contribution	(427,252)	
Additional on-behalf OPEB expense	(4,138,517)	
Additional on-behalf OPEB contribution	<u>4,138,517</u>	4,866,782

Internal service funds are used by the District's management to change the costs of various programs/services to other government entities. The net revenue of the internal service funds is reported with governmental activities.

Internal service fund change in net position		<u>(856,730)</u>
--	--	------------------

Change in net position of governmental activities (to Exhibit A-2) \$ (30,354,447)

PROPRIETARY FUNDS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

EXHIBIT B-4

	Business-type Activity - Enterprise Fund		Governmental Activities - Internal Service Funds		Total Internal Service Funds
	Food Service	Transportation Consortium	Career Development Center	Youth House	
ASSETS					
Current Assets:					
Intergovernmental accounts receivable:					
Federal	\$ 140,127	\$ -	\$ -	\$ -	\$ -
State	2,411	-	-	-	-
Local	-	2,179,019	38,911	-	2,217,930
Other accounts receivable	-	-	279,246	-	279,246
Inventory	35,428	-	-	-	-
Interfund accounts receivable	245,621	-	-	-	-
Total current assets	<u>423,587</u>	<u>2,179,019</u>	<u>318,157</u>	<u>-</u>	<u>2,497,176</u>
Capital assets:					
Furniture, machinery and equipment	1,484,230	-	-	106,113	106,113
Less: accumulated depreciation	(507,711)	-	-	(106,113)	(106,113)
Total capital assets	<u>976,519</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,400,106</u>	<u>2,179,019</u>	<u>318,157</u>	<u>-</u>	<u>2,497,176</u>
LIABILITIES					
Current liabilities:					
Accounts Payable	142,675	38,330	5,905	-	44,235
Interfund payable	-	2,140,689	312,252	-	2,452,941
Total current liabilities	<u>142,675</u>	<u>2,179,019</u>	<u>318,157</u>	<u>-</u>	<u>2,497,176</u>
Total liabilities	<u>142,675</u>	<u>2,179,019</u>	<u>318,157</u>	<u>-</u>	<u>2,497,176</u>
NET POSITION					
Net investment in capital assets	976,519	-	-	-	-
Unrestricted	<u>280,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 1,257,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXHIBIT B-5

	Business-type Activity - Enterprise Fund		Governmental Activities - Internal Service Funds		Total Internal Service Funds
	Food Service	Transportation Consortium	Career Development Center	Youth House	
OPERATING REVENUES					
Charges for services:					
Daily sales - non-reimbursable programs	\$ 447,641	\$ -	\$ -	\$ -	\$ -
Transportation fees from other local education agencies	-	3,626,690	-	-	3,626,690
Career development programs and fees	-	-	1,987,938	-	1,987,938
Total operating revenues	<u>447,641</u>	<u>3,626,690</u>	<u>1,987,938</u>	<u>-</u>	<u>5,614,628</u>
OPERATING EXPENSES					
Cost of sales - reimbursable programs	1,911,329	-	-	-	-
Cost of sales - non-reimbursable programs	73,426	-	-	-	-
Salaries	-	2,281,889	1,460,918	-	3,742,807
Employee benefits	-	-	510,052	-	510,052
Other purchased services	-	1,277,297	-	-	1,277,297
Depreciation	98,949	-	-	-	-
Total operating expenses	<u>2,083,704</u>	<u>3,559,186</u>	<u>1,970,970</u>	<u>-</u>	<u>5,530,156</u>
Operating (loss) income	(1,636,063)	67,504	16,968	-	84,472
Nonoperating revenues:					
State sources:					
State school lunch program	28,395	-	-	-	-
Federal sources:					
National school lunch program	1,309,541	-	-	-	-
School breakfast program	336,021	-	-	-	-
Summer food service program for children	49,968	-	-	-	-
Emergency food assistance program - food commodities	87,903	-	-	-	-
Pandemic Electronic Benefits Transfer	6,198	-	-	-	-
Total nonoperating revenues	<u>1,818,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income before transfers and special items	181,963	67,504	16,968	-	84,472
Transfer in - general fund contribution	-	305,593	852,492	-	1,158,085
Special items:					
Adjustment per valuation of capital assets	639,707	-	-	-	-
Cancellation of prior year receivable	-	(1,229,827)	(869,460)	-	(2,099,287)
Change in net position	821,670	(856,730)	-	-	(856,730)
Net position, July 1	435,761	856,730	-	-	856,730
Net position, June 30	<u>\$ 1,257,431</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT B-6

	Business-type Activity - Enterprise Fund	Governmental Activities - Internal Service Funds			Total Internal Service Funds
	Food Service	Transportation Consortium	Career Development Center	Youth House	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 447,641	\$ 2,593,409	\$ 1,631,136	\$ -	\$ 4,224,545
Payment for salaries and benefits	-	(2,281,889)	(1,969,918)	-	(4,251,807)
Payments to suppliers	(2,009,971)	(1,363,234)	-	-	(1,363,234)
Net cash (used) provided by operating activities	(1,562,330)	(1,051,714)	(338,782)	-	(1,390,496)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State sources	28,099	-	-	-	-
Federal sources	1,692,988	-	-	-	-
Payment of interfund	(158,757)	-	-	-	-
Proceeds from interfund	-	1,051,714	338,782	-	1,390,496
Net cash provided by non-capital financing activities	1,562,330	1,051,714	338,782	-	1,390,496
Net change in cash	-	-	-	-	-
Cash, July 1	-	-	-	-	-
Cash, June 30	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:					
Operating (loss) income	\$ (1,636,063)	\$ 67,504	\$ 16,968	\$ -	\$ 84,472
Adjustments to reconcile operating (loss) income to net cash (used) provided by operating activities:					
Depreciation	98,949	-	-	-	-
Cancellation of prior year receivable	-	(1,229,827)	(869,460)	-	(2,099,287)
Decrease in accounts receivable	-	196,546	80,831	-	277,377
Decrease in other accounts receivable	-	-	431,827	-	431,827
(Increase) in inventory	(35,428)	-	-	-	-
Increase (decrease) in accounts Payable	10,212	(85,937)	1,052	-	(84,885)
Total adjustments	73,733	(1,119,218)	(355,750)	-	(1,474,968)
Net cash (used) by operating activities	\$ (1,562,330)	\$ (1,051,714)	\$ (338,782)	\$ -	\$ (1,390,496)

See Accompanying Notes to Basic Financial Statements.

NOTES TO BASIC FINANCIAL STATEMENTS

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the “Board”) of the Hudson County Schools of Technology (the “District”) 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.

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

A. Reporting Entity:

The reporting entity is composed of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

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 District is to educate students in grades 9-12 and to provide adult and alternative education. The District had an approximate enrollment at June 30, 2022, of 2,589 students, excluding its post-secondary enrollment.

Component units are legally separate organizations for which the District is financially accountable. Based on the aforementioned criteria, the District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of GASB Codification of Governmental Accounting and Financial Reporting Standards. The District is a component unit of the County of Hudson. The District would be a discretely presented component unit of the County of Hudson, however the County of Hudson reports in accordance with financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that do not require such presentation.

Hudson County Career Development Center

The County of Hudson has also designated the Hudson County Schools of Technology to operate the “One-Stop Career Center” for the Workforce Development Board Area of Hudson County as the Career Development Center (CDC). The CDC administers career counseling and job placement programs funded through the New Jersey Department of Labor with federal funds from the Workforce Innovation and Opportunity Act (WIOA) and with various other funding from federal and state sources. These programs operate with an annual plan and budget under a contract approved by the County Executive, the Workforce Investment Board (WIB), and the New Jersey Department of Labor’s Commission. The CDC is not a separate legal entity and employees of CDC are District employees. The Hudson County Schools of Technology is the sub-recipient of the funds passing through the County of Hudson for the Workforce Development Board Area of Hudson County. The activity is reported in the District financial statements through the special revenue fund.

B. Basic Financial Statements - Government-wide Statements:

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements - Government-wide Statements (Continued):

The Statement of Net Position and Statement of Activities display information about the reporting district as a whole.

In the government-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 District's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

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

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

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

C. Basic Financial Statements - Fund Financial Statements:

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

The following fund types are used by the District:

GOVERNMENTAL FUNDS

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

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

As required by the New Jersey State Department of Education, the District 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, County of Hudson appropriations 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 District 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 or the Enterprise Funds) and County of Hudson 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 District of Freeholders.

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 District:

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 District 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 District 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 District's Enterprise Fund is comprised of the Food Service Fund.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds on a cost-reimbursement basis. The Internal Service Fund has been established to account for the financing of educational services for the youth house, educational services for career development/ employment training and for transportation services provided by the District 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 for machinery and equipment in the food service and internal service funds are 15 years.

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting:

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, tuition, and program fees. Operating expenses for enterprise funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheets and statements of net position. Unearned revenue arises when resources are received by the District before revenue recognition criteria are met, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

Ad Valorem (Property) Taxes are susceptible to accrual. The District records the entire approved county tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

All proprietary funds 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 estimates. 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. All budget amendments and transfers must be approved by School Board Resolution. The District did make transfers during the year which are identified on exhibits C-1 and C-2. Some of the transfers made were in significant amounts, but all were in the normal course of operations and properly approved. Budgetary transfers were made during the current year in accordance with statutory guidelines.

Due to the inclusion of the non-budgeted on-behalf payment made by the State of New Jersey as District expenditures, the District shows an over-expenditure in the General Fund. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures. 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 accounting principles generally accepted in the United States with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the accounting for 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued):

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:

	<u>2021-2022</u>
Total Revenues (Budgetary Basis)	\$ 11,857,405
Adjustments:	
Add: Prior Year Encumbrances	214,856
Less: Current Year Encumbrances	<u>(826,779)</u>
Total Revenues (GAAP) Basis	<u>\$ 11,245,482</u>
Total Expenditures (Budgetary Basis)	\$ 11,835,749
Adjustments:	
Add: Prior Year Encumbrances	214,856
Less: Current Year Encumbrances	<u>(826,779)</u>
Total Expenditures (GAAP Basis)	<u>\$ 11,223,826</u>

F. Encumbrances:

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

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

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost.

Investments are stated at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and Statement No. 72, "Fair Value Measurement and Application." The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Receivables/Payables:

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

I. Receivables:

Tuition Receivable – The District receives tuition from some students. Tuition charges for the fiscal years 2021- 2022 were based on rates established by the District 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, 2022, there was no tuition receivable.

J. Inventories:

Inventories, which benefit future periods, other than those recorded in the Proprietary Funds are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds, exclusive of the federal commodities, are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of the enterprise funds are recorded as expenses when consumed rather than when purchased.

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 nonoperating revenue in the financial statements.

K. Restricted Assets:

Restricted assets include cash balance requirements for credit card merchant account and cash held for unemployment compensation insurance, grant programs, student activities, and capital projects.

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 government-wide or fund financial statements. The District considers all property, plant and equipment with a cost over \$2,000 and an estimated useful life in excess of two years to be a capital asset. Land and construction in progress are not depreciated.

Government-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 acquisition value.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (Continued):

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 and construction in process 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:

Buildings	50 years
Improvements	20 years
Machinery and Equipment	5 - 15 years

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 government-wide statements.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

M. Lease Receivable Arrangements

The District accounts for lease receivable arrangements as directed by Governmental Accounting Standards District Statement No. 87 – “Leases”. The District initially measures the lease receivable at the present value of payments expected to be made during the lease term. A deferred inflow of resources is recorded for applicable lease at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the leases.

N. Payables:

Payroll deductions and withholdings payable - Funds held for payroll deductions and withholdings payable do not meet the definition of a fiduciary activity prescribed in GASB Statement No. 84. *Fiduciary Activities* and are therefore reported in the general fund. Any unremitted balances at year-end are reported as a liability.

O. Funds Held for Unemployment Claims:

Funds held for unemployment claims do not meet the definition of a fiduciary activity prescribed in GASB Statement No. 84. *Fiduciary Activities* and are therefore reported in the general fund. As these funds are restricted pursuant to *N.J.S.A. 43:21-7.3(g)* any employee contributions held for unemployment claims are classified as an other liability and any employer contributions held for unemployment claims are classified as restricted fund balance. Funds used for the payment for claims will reduce the outstanding liability before use of the restricted fund balance.

P. Unearned Revenue:

Unearned revenue represents cash that has been received but not yet earned. When the general fund receives cash for the following year’s appropriation from the County, revenue cannot be recognized as earned until the year the appropriation pertains to commences.

The general fund received rental proceeds in advance for full five-year terms of leases of equipment cabinets and associated pole position on the District’s communications tower. The lease proceeds are recognized as revenue on a monthly basis over the term of the leases.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Unearned Revenue: (Continued)

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

Q. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards District Statement No. 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.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District'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 District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the government-wide Statement of Net Position, 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.

The liability for these compensated absences recorded as liabilities in the governmental activities in the government-wide financial statements amounted to \$14,920,431 at June 30, 2022, representing the District's commitment to fund such costs from future operations. The current portion of this liability is based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources only to the amount actually due at year end as a result of employee resignations and retirements. The general fund typically has been used in prior years to liquidate the liability for compensated absences.

R. Long-Term Obligations:

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

All long-term obligations to be paid from governmental and business-type resources is reported as liabilities in the government-wide statement. The long-term obligations consist primarily of accrued compensated absences, early retirement incentives, obligations under financed purchases, and net pension liability.

Long-term obligations for governmental funds are 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 government-wide statements.

S. Pensions:

In the government-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Pensions: (Continued)

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year. The general fund typically has been used in prior years to liquidate the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions.

T. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements, deferred outflows and/or inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) and/or outflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category which is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the government-wide statement of net position and 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. The District also reports deferred inflows of resources related to lease receivable arrangements from lease and amortizes as revenue on a straight-line basis over the term of the leases.

U. Equity Classifications:

Government-wide Statements

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

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

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

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

Governmental Fund Statements

Governmental fund equity is classified as fund balance. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”) established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balance is further categorized as restricted, committed, assigned or unassigned fund balance.

Restricted Fund Balance - Amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Excess Surplus - This reserve was created to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023-2024 original budget approved by Board of School Estimates.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Equity Classifications (Continued):

Governmental Fund Statements (Continued)

Excess Surplus – Prior Year – Designated for Subsequent Year’s Budget - This reserve was created to represent the June 30, 2022 audited excess surplus that will be appropriated in the 2022-2023 original budget approved by Board of School Estimates.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects fund.

Student Activities – Represents fund balance restricted specifically for student activities funded by fees and dues collected solely for such purposes.

Committed Fund Balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned Fund Balance – 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 Superintendent or Business Administrator.

Year-End Encumbrances – Represents 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.

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the 2022-2023 original budget approved by Board of School Estimates.

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

Fund Balance Policies

In the general operating fund and other governmental funds (capital projects fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Operating and Nonoperating 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. Nonoperating revenues include reimbursements by the State for school breakfast, lunch and food distribution programs.

W. Expenditures/Expenses:

In the government-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.

X. On-Behalf Payments:

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension benefits for members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses related to on-behalf pension and post-retirement medical benefits contributions in the government-wide financial statements have been increased \$12,481,863 to adjust to the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

Y. Use of Estimates:

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Z. GASB Pronouncements:

Recently Adopted Accounting Pronouncements

GASB Statement No. 87. *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

The District adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption. The adoption of GASB Statement No. 87 did not have any impact on the beginning net position of the financial statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Z. GASB Pronouncements (Continued)

Recently Issued Accounting Pronouncements to be implemented in future years

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for fiscal year ending June 30, 2023, but earlier application is encouraged.

NOTE 2. DEPOSITS AND INVESTMENTS

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 District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under Federal Deposit Insurance Corporation (“FDIC”), Securities Investor Protection Corporation (“SIPC”) or 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.

Deposits

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.

GASB Statement No. 40 requires that the District disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the District would not be able to recover the value of its deposit or investment). Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

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

The District does not have a policy for management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. As of June 30, 2022, none of the District’s bank balances totaling \$7,457,351 were exposed to custodial credit risk as follows:

Insured - FDIC	\$ 250,000
Insured - GUDPA	<u>7,207,351</u>
	<u>\$ 7,457,351</u>
Reconciliation to Government-wide Statement of Net Position	
Unrestricted Cash	\$ 6,320,792
Restricted Cash	1,262,246
Cash overdraft	<u>(125,687)</u>
	<u>\$ 7,457,351</u>

Investments

The District is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute. As of June 30, 2022, the District did not hold any investments.

NOTE 3. DEPOSIT AND INVESTMENT RISK

Credit Risk – The District does not have an investment policy regarding the management of credit risk. GASB Statement No. 40 requires that the District disclose the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The District is exempt from this requirement because it does not hold any debt securities.

Concentration of Credit Risk – State law limits as noted above (NJ.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices. The District places no formal limits on the amount they may invest in any one issue.

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

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

The District does not have a policy for custodial credit risk other than to maintain safekeeping account for the securities at a financial institution.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3. DEPOSIT AND INVESTMENT RISK (Continued)

Foreign currency risk is the risk that changes in exchange rates will adversely affect investments. The District does not have investments denominated in foreign currency.

At June 30, 2022, the District did not hold any investments.

NOTE 4. RECEIVABLES FROM OTHER GOVERNMENTS

Receivables from other governments as reported on the general fund balance sheet amounting to \$74,892 are comprised from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$447,602 are comprised of \$135,587 from federal sources, \$221,903 from state sources and \$90,112 from local sources.

Receivables from other governments as reported on the capital fund balance sheet amounting to \$1,177,812 are comprised from local sources.

NOTE 5. CAPITAL ASSETS AND DEPRECIATION

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 5 to 10 years.

The following is a summarization of the governmental activities in capital assets for the year fiscal year ended June 30, 2022:

	Balance July 1, 2021	Additions	Adjustment Per Valuation	Balance June 30, 2022
Governmental activities:				
Non-depreciable:				
Land	\$ 1,533,490	\$ -	\$ 3,419,500	\$ 4,952,990
Depreciable:				
Buildings and improvements	243,643,127	-	(59,533,165)	184,109,962
Machinery and equipment	13,949,967	32,098	(398,404)	13,583,661
Total at historical cost	<u>257,593,094</u>	<u>32,098</u>	<u>(59,931,569)</u>	<u>197,693,623</u>
Less: accumulated depreciation:				
Buildings and improvements	(45,633,454)	(3,668,140)	27,099,708	(22,201,886)
Machinery and equipment	(8,728,714)	(1,356,760)	2,184,901	(7,900,573)
Total accumulated depreciation	<u>(54,362,168)</u>	<u>(5,024,900) *</u>	<u>29,284,609</u>	<u>(30,102,459)</u>
Depreciable capital assets, net	<u>203,230,926</u>	<u>(4,992,802)</u>	<u>(30,646,960)</u>	<u>167,591,164</u>
Governmental activities capital assets, net	<u>\$ 204,764,416</u>	<u>\$ (4,992,802)</u>	<u>\$ (27,227,460)</u>	<u>\$ 172,544,154</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5. CAPITAL ASSETS AND DEPRECIATION (Continued)

* Depreciation expense was charged to Governmental Activities for the year fiscal year ended June 30, 2022 as follows:

Instruction:	
Regular instruction	\$ 1,563,263
Vocational education	525,758
Vocational education - special	83,623
School sponsored cocurricular activities	31,718
Total instruction	<u>2,204,362</u>
Support services and undistributed costs:	
Student and instruction related services	1,046,348
School administrative services	212,067
Other administrative services	326,000
Operation and maintenance of plant services	620,473
Student transportation	324,660
Total support services and undistributed costs	<u>2,529,548</u>
Special schools	<u>290,990</u>
Total depreciation expense	<u>\$ 5,024,900</u>

Capital asset activity for business-type activity for the year ended June 30, 2022, was as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Adjustment Per Valuation</u>	<u>Balance June 30,2022</u>
Business-type activity:				
Depreciable:				
Machinery and equipment	\$ 965,975	\$ -	\$ 518,255	\$ 1,484,230
Less: accumulated depreciation:				
Machinery and equipment	<u>(530,214)</u>	<u>(98,949)</u>	<u>121,452</u>	<u>(507,711)</u>
Business-type activity capital assets, net	<u>\$ 435,761</u>	<u>\$ (98,949)</u>	<u>\$ 639,707</u>	<u>\$ 976,519</u>

NOTE 6. LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

During the year ended June 30, 2022, the following changes occurred in governmental activities long-term obligations:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>	<u>Long-Term Portion</u>
Governmental activities:						
Compensated absences	\$ 15,256,772	\$ 184,882	\$ 521,223	\$ 14,920,431	\$ 508,088	\$ 14,412,343
Net Pension Liability	<u>24,728,740</u>	<u>-</u>	<u>6,565,004</u>	<u>18,163,736</u>	<u>-</u>	<u>18,163,736</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 39,985,512</u>	<u>\$ 184,882</u>	<u>\$ 7,086,227</u>	<u>\$ 33,084,167</u>	<u>\$ 508,088</u>	<u>\$ 32,576,079</u>

Compensated absences and net pension liability are expected to be paid from budgetary appropriations in the general fund.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 6. LONG-TERM OBLIGATIONS (Continued)

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, 2022, the County of Hudson on behalf of District’s projects had outstanding bonds in the amount of \$61,660,000. These bonds are paid by the County of Hudson.

Bonds Authorized But Not Issued - The County of Hudson had \$3,070,000 in bonds authorized but not issued on behalf of the Hudson County Schools of Technology as of June 30, 2022 as follows:

Ordinance		Improvement Description	
Date	Number		
07/10/97	354-07-1997	Improvements	\$ 50,000
06/25/98	331-06-1998	Improvements	20,000
04/29/21	246-4-2021	Acquisition and various improvements	3,000,000
			<u>\$ 3,070,000</u>

Financed Purchase Payable – On April 27, 2016, the County of Hudson entered into a finance purchase agreement with the Hudson County Improvement Authority (HCIA), a component unit of the County of Hudson, for the financed purchase of a new Hudson County Vocational-Technical School (the “School”). The design, construction, furnishing, and equipping of the School is being financed by the \$160,000,000 Series 2016 Lease Revenue Bonds issued by the HCIA on the same day. The Series 2016 Lease Revenue Bonds are guaranteed by the County and secured by the lease revenues from the County. Under the financed purchase agreement, the County’s rental payments are equal to the debt service requirements of the Series 2016 Lease Revenue Bonds. As of June 30, 2022, the County of Hudson on behalf of the District’s School project had an outstanding financed purchase in the amount of \$151,475,000, which is equal to the amount outstanding for the HCIA Series 2016 Lease Revenue Bonds.

NOTE 7. LEASES RECEIVABLE AND ARRANGEMENTS

The District has entered into four lease agreements for cabinet equipment and associated pole position of the District’s communications tower. The lease agreements are for a five-year term with the right to renew for three additional five-year terms. The leases will be adjusted every five-year term at the agreed upon cost-of-living adjustment rate of 3%. The lessees have the rights to terminate the leases any time after the fifth year of the lease with ninety days written notice. The Lessees are responsible for property taxes assessed or increased attributable to their communications facilities. The expected receipts are discounted using the interest rate implicit in the lease agreement or if there is no interest rate implicit in the lease agreement, the incremental borrowing rate applicable to lease terms. Variable payments are excluded from the valuations unless they are fixed in substance. During the fiscal year ended June 30, 2022, the District recognized \$1,288,760 in lease revenue and \$169 in interest income related to leases. During the fiscal year ended June 30, 2022, the District did not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 7. LEASES RECEIVABLE AND ARRANGEMENTS (Continued)

The terms of the individual lease arrangements and respective balances of leases receivable, unearned revenue, and deferred inflows of resources at June 30, 2022 were as follows:

Tower Position	Discount Rate	Lease Terms		Average Annual Lease Payment	At June 30, 2022		
					Receivable	(Unearned) Revenue	Deferred (Inflows) of Resources
Tower Position 120 feet	0.20%	12/01/21	11/30/26	\$ 36,000	\$ 158,287	\$ -	\$ (158,221)
Tower Position 130 feet	0.20%	12/01/21	11/30/26	48,000	238,824	-	(210,961)
Tower Position 140 feet	0.20%	07/01/21	06/30/26	302,000	-	(1,208,000)	-
Tower Position 150 and 60 feet	0.20%	05/01/21	04/30/26	804,000	-	(3,082,000)	-
				<u>\$ 1,190,000</u>	<u>\$ 397,111</u>	<u>\$ (4,290,000)</u>	<u>\$ (369,182)</u>

The amortization of the lease payments expected to be received for the remainder of the lease terms at June 30, 2022 is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 111,113	\$ 887	\$ 112,000
2024	83,505	495	84,000
2025	83,671	329	84,000
2026	83,839	161	84,000
2027	34,983	17	35,000
	<u>\$ 397,111</u>	<u>\$ 1,889</u>	<u>\$ 399,000</u>

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Description of Plans and Benefits Provided

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

Public Employees' Retirement System (PERS) - 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 defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) - 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 defined benefit pension 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.

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:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service or under the disability provision. Members are always fully vested for their own contributions and after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for PERS and TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each service credit available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit 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. With PERS, tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. 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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those District employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) - established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain District employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Other Pension Funds (Continued)

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits ("Division"), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment at a basis. Interest and dividend income are recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 is \$12 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.17 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Collective Net Pension Liability (Continued)

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contribution by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2022.

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

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2021 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF non-employer contributions are made annually by the State of New Jersey to the pension system on behalf of the District. PERS employer contributions are made annually by the District to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2022, 2021 and 2020 the District paid the required contributions to PERS of \$1,795,623, \$1,658,880 and \$1,519,724, respectively.

During the year ended June 30, 2022 and 2021 and 2020 the District paid the required contributions to DCRP of \$5,373, \$21,285 and \$19,581, respectively.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85, Omnibus 2017 (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the government-wide financial statements (accrual basis) as an expense.

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,718,285 during the year ended June 30, 2022, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been recognized in the Government-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* (GASB No. 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2021. Employer allocation percentages have been rounded for presentation purposes.

Following this method, the measurement of the collective pension expense excluding that attributable to employer paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022 the District reported in the statement of net position (accrual basis) a liability of \$18,163,736 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the District's PERS proportion was 0.1533%, which was an increase of 0.0017% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized in the government-wide statement of activities (accrual basis) pension expense (benefit) of (\$2,734,818) for PERS. The pension contribution made by the District during the current 2021-2022 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2022 for contributions made subsequent to the current fiscal year end. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and accrual experience	\$ 156,435	\$ -
Changes in assumptions	-	6,371,811
Net differences between projected and actual investment earnings on pension plan investments		4,784,805
Changes in proportion	-	875,249
District contributions subsequent to measurement date	1,979,490	-
Total	<u>\$ 2,135,925</u>	<u>\$ 12,031,865</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

\$1,979,490 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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,	
2023	\$ (4,631,477)
2024	(3,452,981)
2025	(2,272,032)
2026	(1,528,859)
2027	9,919
	<u>\$ (11,875,430)</u>

The PERS pension liability and deferred inflows of resources related to pensions are expected to be paid from budgetary appropriations in the general fund.

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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 (7.00% at June 30, 2021) 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, 2021) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2021), 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% point lower or 1% point higher than the current rate:

	At 1% Decrease 6.00%	At Current Discount Rate 7.00%	At 1% Increase 8.00%
District's proportionate share of PERS net pension liability	\$ 24,735,325	\$ 18,163,736	\$ 12,586,811

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2021). A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan fiduciary net position

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

Payable to the pension plan

At June 30, 2022 the District reported accounts payable to the PERS of \$1,979,490 for the required actuarially determined contribution to PERS for the year ended June 30, 2022.

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

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2021). Employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2021), the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

At June 30, 2022 the State’s net pension liability for TPAF associated with the District was \$97,089,932. The non-employer allocation percentages are based on the ratio of the State’s contributions made as an employer and non-employer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2021). The net pension liability was measured as of June 30, 2021), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021). At June 30, 2021) the State’s proportionate share of the TPAF net pension liability associated with the District was 0.2020%, which was a decrease of -0.0006% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022 the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$8,295,744 for TPAF. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

Actuarial Assumptions

The total TPAF pension liability for the June 30, 2021), measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021). This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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 (7.00% at June 30, 2021) 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, 2021) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.09%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
Risk Mitigation Strategies	3.00%	3.35%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the state. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 8. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

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

The following presents the State’s proportionate share of the net pension liability attributable to the District as of June 30, 2021), calculated using the discount rate as disclosed above as well as what the State’s proportionate share of the TPAF net pension liability attributable to the District would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	At 1% Decrease 6.00%	At Current Discount Rate 7.00%	At 1% Increase 8.00%
State's proportionate share of District's TPAF net pension liability	\$ 114,873,607	\$ 97,089,932	\$ 82,152,762

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021). A sensitivity analysis specific to State’s proportionate share of the net pension liability attributable to the District was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the State Health Benefit Local Education Retired Employees Plan (Local Education Retired Plan) covering certain local school district employees, including those District employees and retirees eligible for coverage.

The Local Education Retired Plan is a multiple-employer defined benefit other post-employment benefit (OPEB) plan that is administered by the State on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No 75. The Local Education Retired Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retired from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Annual Comprehensive Financial Report (ACFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

The financial statements of the post-retirement health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2021 is \$60 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2021.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

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 No. 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' post-retirement benefits on behalf of the District for the years ended June 30, 2022, 2021, and 2020 were \$2,038,044, \$1,874,748, and \$1,678,067, 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 District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB No. 75 requires participating employers in the State Health Benefits Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows or resources, collective deferred inflows of resources and collective OPEB expense excluding the attributable to retiree-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2021). Non-employer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability, attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2022, the District recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$6,176,561. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2022, the State's proportionate share of the OPEB liability attributable to the District is \$103,584,254. The non-employer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021) to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021). At June 2021), the State's share of the OPEB liability attributable to the District was 0.1726% which was an increase of 0.0003% from its proportion measured as of June 30, 2020 of 0.1723%.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The OPEB liability for the June 30, 2021, measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate: 2.50%		
	TPAF/ABP	PERS
Salary Increases: Through 2026	1.55 – 4.45% based on service years	2.00 – 6.00% based on service years
Thereafter	2.75 – 5.65% based on service years	3.00 – 7.00% based on service years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018 for TPAF and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2022 through 2023 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Change in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2022, (measurement date June 30, 2021) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2020 measurement date	\$ 116,867,422
Changes reconized for the fiscal year:	
Service cost	5,552,481
Interest on the total OPEB liability	2,687,085
Changes in assumptions	102,194
Difference between expected and actual experience	(19,466,701)
Changes of Benefit Terms	(110,253)
Gross benefit payments	(2,116,670)
Contributions from the member	68,696
Net changes	<u>(13,283,168)</u>
Balance, June 30, 2021 measurement date	<u>\$ 103,584,254</u>

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2021. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 was not provided by the pension system.

Sensitivity of OPEB Liability to Changes in the Discount Rate

The following presents the State’s proportionate share of the OPEB liability attributable to the District as of June 30, 2022, calculated using the discount rate 2.16%, as well as the State’s proportionate share of the OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	At 1% Decrease <u>(1.16%)</u>	At Current Discount Rate <u>(2.16%)</u>	At 1% Increase <u>(3.16%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 124,077,675	\$ 103,584,254	\$ 87,446,915

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates

The following presents the State’s proportionate share of the OPEB liability attributable to the District as of June 30, 2022, calculated using the previously disclosed healthcare trend rate as well as what the total non-employer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	<u>1 % Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 83,851,790	\$ 103,584,254	\$ 130,083,495

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2021, were not provided by the pension system.

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2022:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 2,162,535	\$ -
Special Revenue	619,386	-
Capital Projects	-	574,601
Enterprise Fund:		
Food Service Fund	245,621	-
Internal Service Funds:		
Transportation	-	2,140,689
Career Development Center	-	312,252
Total	<u>\$ 3,027,542</u>	<u>\$ 3,027,542</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 District 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.

NOTE 11. INTERFUND TRANSFERS

The general fund contributed \$1,403,237 to the capital project fund for the costs of improving a building recently acquired; \$305,593 to transportation internal service fund to prevent a deficit in net position; and \$852,492 to District Career Development Center internal service fund to prevent a deficit in net position.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 12. ECONOMIC DEPENDENCY

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District’s programs and activities.

NOTE 13. CONTINGENT LIABILITIES

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government.

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

NOTE 14. RISK MANAGEMENT

The District 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 District did not significantly reduce insurance coverage during fiscal year 2022. Insurance claims have not exceeded coverage in any of the past three fiscal years.

A. Property and Liability Insurance:

The District 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 Annual Comprehensive Financial Report.

B. New Jersey Unemployment Compensation Insurance:

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method.” Under this plan, the District 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 District is billed quarterly for amounts due to the State.

The following is a summary of employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s Trust Fund for the current and the previous two years:

Year Ending	Employee Contributions	Claims Incurred	Ending Balance
June 30, 2022	\$ 687	\$ 687	\$ 279,079
June 30, 2021	493,807	234,253	279,079
June 30, 2020	34,572	77,537	19,525

NOTE 15. DEFERRED COMPENSATION

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

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 16. FUND BALANCE APPROPRIATED

Fund Statements:

General Fund – Of the \$4,307,883 General Fund fund balance at June 30, 2022, \$2,913,497 is restricted as excess surplus in accordance with N.J.S.A.18A:7F-7 (of the total restricted \$996,413 has been appropriated and included as anticipated revenue for the year ended June 30, 2023); \$179,213 is assigned to year-end encumbrances; and a balance of \$1,215,173 is unassigned.

Special Revenue Fund – The \$245,910 Special Revenue Fund fund balance at June 30, 2022 is fully restricted for student activities.

Capital Projects Fund – The \$603,211 Capital Projects Fund balance at June 30, 2022 is fully restricted for ongoing capital projects.

The total Governmental Funds fund balance is \$5,157,004.

Government-wide Statements:

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

	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
Total Fund Balance/Net Position	\$ 5,157,004	\$ 1,257,431	\$ 6,414,435
Add:			
Internal Service Fund Net Position	-	-	-
Capital Assets, Net of			
Accumulated Depreciation	172,544,154	-	172,544,154
Lease receivable	369,111	-	369,111
Deferred Outflows of Pension Resources	2,135,925	-	2,135,925
Less:			
Additional Accounts Payable	(1,979,490)	-	(1,979,490)
Compensated Absences Liability	(14,920,431)	-	(14,920,431)
Net Pension Liability	(18,163,736)	-	(18,163,736)
Deferred Inflows of Pension Resources	(12,031,865)	-	(12,031,865)
Deferred Inflows of Lease Resources	(369,182)	-	(369,182)
Total Net Position	<u>\$ 132,741,490</u>	<u>\$ 1,257,431</u>	<u>\$ 133,998,921</u>

NOTE 17. DEFICIT FUND BALANCES

The District has a fund balance of \$4,307,883 in the General Fund as of June 30, 2022, as reported in the fund statements (modified accrual basis). P.L. 2003, c. 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payment in the subsequent fiscal year, the school district cannot recognize the last state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payment, a General Fund deficit balance would not alone indicate that the district is facing financial difficulties.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 17. DEFICIT FUND BALANCES (Continued)

Pursuant to P.L. 2003, c. 97 any negative unassigned fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District's fund balance in the GAAP funds statements of \$4,307,883 is more than the last two state aid payments.

NOTE 18. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Reserved Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey Vocational School Districts are required to reserve General Fund balance in excess of 6% of the modified general fund final appropriations for year ended of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance for the years ended June 30, 2022 is \$2,913,497.

NOTE 19. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2022, through March 24, 2023, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items, other than those already included in Note 13, contingent liabilities, have come to the attention of the District that would require disclosure.

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, 2022**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Local sources:					
County tax levy	\$ 36,370,000	\$ -	\$ 36,370,000	\$ 36,370,000	\$ -
Tuition	450,000	-	450,000	273,817	(176,183)
Miscellaneous	550,000	-	550,000	1,947,984	1,397,984
Total - local sources	<u>37,370,000</u>	<u>-</u>	<u>37,370,000</u>	<u>38,591,801</u>	<u>1,221,801</u>
Federal sources:					
Special Education Medicare Reimbursement Initiative	10,947	-	10,947	11,378	431
Total - federal sources	<u>10,947</u>	<u>-</u>	<u>10,947</u>	<u>11,378</u>	<u>431</u>
State sources:					
Equalization aid	19,771,331	-	19,771,331	19,771,331	-
Transportation aid	818,768	-	818,768	818,768	-
Special education aid	1,648,427	-	1,648,427	1,648,427	-
Security categorical aid	632,290	-	632,290	632,290	-
On-behalf TPAF contributions (Non-budgeted)			-		
Pension contribution	-	-	-	8,722,996	8,722,996
Post-retirement medical contributions	-	-	-	2,038,044	2,038,044
Long term disability insurance premium	-	-	-	2,538	2,538
Reimbursed TPAF Social Security contributions	-	-	-	1,718,285	1,718,285
Total - state sources	<u>22,870,816</u>	<u>-</u>	<u>22,870,816</u>	<u>35,352,679</u>	<u>12,481,863</u>
Total revenues	<u>60,251,763</u>	<u>-</u>	<u>60,251,763</u>	<u>73,955,858</u>	<u>13,704,095</u>
EXPENDITURES -					
CURRENT EXPENSE					
Regular programs - instruction:					
Salaries of teachers	13,300,000	486,000	13,786,000	13,609,846	176,154
Tuition reimbursement	4,972	23,000	27,972	22,697	5,275
Travel	12,000	(12,000)	-	-	-
General supplies	142,960	14,506	157,466	98,069	59,397
Textbooks	30,916	(11,072)	19,844	16,951	2,893
Other Objects	41,470	26,703	68,173	58,137	10,036
Total regular programs - instruction	<u>13,532,318</u>	<u>527,137</u>	<u>14,059,455</u>	<u>13,805,700</u>	<u>253,755</u>
Total regular programs	<u>13,532,318</u>	<u>527,137</u>	<u>14,059,455</u>	<u>13,805,700</u>	<u>253,755</u>
Vocational programs - local - instruction:					
Salaries of teachers	5,100,000	186,000	5,286,000	5,285,240	760
Other salaries for instruction	550,000	145,000	695,000	694,561	439
General supplies	65,234	3,000	68,234	31,945	36,289
Textbooks	20,000	(8,456)	11,544	11,544	-
Other objects	31,663	5,456	37,119	27,837	9,282
Total vocational programs - local - instruction	<u>5,766,897</u>	<u>331,000</u>	<u>6,097,897</u>	<u>6,051,127</u>	<u>46,770</u>
Special vocational programs - local - instruction:					
Salaries of teachers	870,000	67,000	937,000	936,374	626
Other salaries for instruction	45,000	(45,000)	-	-	-
Purchased professional - educational services	35,464	-	35,464	18,330	17,134
General supplies	20,000	(10,464)	9,536	5,573	3,963
Textbooks	5,000	(4,711)	289	289	-
Other objects	5,601	4,711	10,312	1,879	8,433
Total special vocational programs - local - instruction	<u>981,065</u>	<u>11,536</u>	<u>992,601</u>	<u>962,445</u>	<u>30,156</u>
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	250,000	99,000	349,000	343,478	5,522
School-sponsored athletics:					
Salaries	-	22,000	22,000	21,340	660
Supplies and materials	5,000	(2,000)	3,000	-	3,000
Other objects	5,000	(2,000)	3,000	230	2,770
Total other instructional	<u>260,000</u>	<u>117,000</u>	<u>377,000</u>	<u>365,048</u>	<u>11,952</u>
Total - instruction	<u>20,540,280</u>	<u>986,673</u>	<u>21,526,953</u>	<u>21,184,320</u>	<u>342,633</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Attendance and social work services:					
Salaries	\$ 325,000	\$ 10,000	\$ 335,000	\$ 334,856	\$ 144
Supplies and materials	2,000	(2,000)	-	-	-
Other objects	2,000	-	2,000	-	2,000
Total attendance and social work services	<u>329,000</u>	<u>8,000</u>	<u>337,000</u>	<u>334,856</u>	<u>2,144</u>
Health services:					
Salaries	525,263	(70,000)	455,263	451,248	4,015
Supplies and materials	6,099	5,000	11,099	3,438	7,661
Other objects	9,007	(6,237)	2,770	2,715	55
Total health services	<u>540,369</u>	<u>(71,237)</u>	<u>469,132</u>	<u>457,401</u>	<u>11,731</u>
Other support services - students-regular:					
Salaries of other professional staff	1,150,000	75,000	1,225,000	1,224,331	669
Salaries of secretarial and clerical assistants	720,000	101,000	821,000	820,564	436
Supplies and materials	5,000	-	5,000	3,282	1,718
Total other support services - students-regular	<u>1,875,000</u>	<u>176,000</u>	<u>2,051,000</u>	<u>2,048,177</u>	<u>2,823</u>
Other support services - students - special services:					
Salaries of other professional staff	1,040,000	16,000	1,056,000	1,032,472	23,528
Salaries of secretarial and clerical assistants	-	4,000	4,000	3,556	444
Supplies and materials	2,000	(1,500)	500	-	500
Other objects	2,000	-	2,000	-	2,000
Total other support services - students-special services	<u>1,044,000</u>	<u>18,500</u>	<u>1,062,500</u>	<u>1,036,028</u>	<u>26,472</u>
Improvement of instructional services:					
Salaries of supervisors of instructions	100,000	38,000	138,000	137,921	79
Salaries of other professional staff	140,000	-	140,000	133,674	6,326
Salaries of secretarial and clerical assistants	-	18,000	18,000	17,120	880
Other salaries	100,000	-	100,000	87,569	12,431
Other objects	2,275	21	2,296	2,021	275
Total improvement of instructional services	<u>342,275</u>	<u>56,021</u>	<u>398,296</u>	<u>378,305</u>	<u>19,991</u>
Educational media services/school library:					
Salaries	1,400,000	125,000	1,525,000	1,524,359	641
Other objects	3,000	(985)	2,015	-	2,015
Total educational media services/school library	<u>1,403,000</u>	<u>124,015</u>	<u>1,527,015</u>	<u>1,524,359</u>	<u>2,656</u>
Support services - general administration:					
Salaries	1,000,000	170,000	1,170,000	1,169,718	282
Legal services	214,498	52,432	266,930	206,052	60,878
Audit Fees	80,000	(79,591)	409	-	409
Other purchased professional services	75,264	81,016	156,280	132,764	23,516
Purchased Technical services	5,000	214,515	219,515	215,606	3,909
Communications/telephone	406,141	286,250	692,391	656,281	36,110
Miscellaneous purchased services	7,385	28,952	36,337	33,048	3,289
General Supplies	14,649	(2,008)	12,641	8,706	3,935
In-House Training/Meeting Supplies	10,000	(8,349)	1,651	-	1,651
Judgments against the school district	5,000	(2,214)	2,786	-	2,786
Miscellaneous expenditures	11,481	2,640	14,121	12,175	1,946
Board of education membership dues and fees	20,000	(12,988)	7,012	6,397	615
Total support services - general administration	<u>1,849,418</u>	<u>730,655</u>	<u>2,580,073</u>	<u>2,440,747</u>	<u>139,326</u>
Support services - school administration:					
Salaries of principals/assistant principals	1,250,000	106,000	1,356,000	1,355,091	909
Salaries of other professional staff	500,000	-	500,000	500,000	-
Supplies and materials	17,190	1,451	18,641	14,924	3,717
Other objects	46,528	6,849	53,377	37,488	15,889
Total support services - school administration	<u>1,813,718</u>	<u>114,300</u>	<u>1,928,018</u>	<u>1,907,503</u>	<u>20,515</u>
Central services:					
Salaries	1,750,000	30,000	1,780,000	1,779,586	414
Supplies and materials	15,000	(5,300)	9,700	9,047	653
Miscellaneous expenditures	10,000	-	10,000	-	10,000
Total central services:	<u>1,775,000</u>	<u>24,700</u>	<u>1,799,700</u>	<u>1,788,633</u>	<u>11,067</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Administrative Information Technology:					
General supplies	\$ 50,000	\$ (17,233)	\$ 32,767	\$ 31,361	\$ 1,406
Other objects	100,015	(72,606)	27,409	24,547	2,862
Total administrative information technology:	<u>150,015</u>	<u>(89,839)</u>	<u>60,176</u>	<u>55,908</u>	<u>4,268</u>
Required maintenance for school facilities:					
Salaries	500,000	53,000	553,000	552,111	889
Cleaning, repair and maintenance services	101,514	233,495	335,009	314,117	20,892
General supplies	81,910	(32,426)	49,484	47,468	2,016
Other objects	217,380	23,886	241,266	224,043	17,223
Total required maintenance for school facilities	<u>900,804</u>	<u>277,955</u>	<u>1,178,759</u>	<u>1,137,739</u>	<u>41,020</u>
Other operating and maintenance of plant services:					
Salaries	3,000,000	(275,000)	2,725,000	2,724,857	143
Cleaning, repair and maintenance services	234,848	(910)	233,938	216,048	17,890
Rental of land and buildings other than lease purchase	50,410	(19,072)	31,338	28,509	2,829
Other purchased property	10,000	35,543	45,543	21,260	24,283
Insurance	1,154,179	99,746	1,253,925	1,253,425	500
General supplies	83,331	253,368	336,699	323,214	13,485
Natural gas	1,524,038	(164,887)	1,359,151	1,356,213	2,938
Other objects	56,189	30,659	86,848	79,970	6,878
Total other operating and maintenance of plant services:	<u>6,112,995</u>	<u>(40,553)</u>	<u>6,072,442</u>	<u>6,003,496</u>	<u>68,946</u>
Student transportation services:					
Salaries for pupil transportation - (between home and school) - regular	2,000,000	567,520	2,567,520	2,566,756	764
Salaries for pupil transportation - (between home and school) - special	750,000	36,000	786,000	785,506	494
Salaries for pupil transportation - (other than bet. home & school)	100,000	156,000	256,000	255,614	386
Miscellaneous purchased services - transportation	78,196	(24,756)	53,440	35,581	17,859
General supplies	44,916	9,008	53,924	41,346	12,578
Other objects	78,771	(16,947)	61,824	51,823	10,001
Total student transportation services	<u>3,051,883</u>	<u>726,825</u>	<u>3,778,708</u>	<u>3,736,626</u>	<u>42,082</u>
Unallocated employee benefits:					
Social Security contribution	1,500,000	-	1,500,000	1,499,999	1
TPAF contribution - ERIP	400,001	(300,000)	100,001	66,509	33,492
Other retirement contributions - regular	1,725,000	-	1,725,000	1,725,000	-
Other retirement contributions - ERIP	85,000	-	85,000	-	85,000
Unemployment compensation	75,000	(75,000)	-	-	-
Health benefits	11,344,000	(2,422,121)	8,921,879	6,246,203	2,675,676
Total unallocated employee benefits	<u>15,129,001</u>	<u>(2,797,121)</u>	<u>12,331,880</u>	<u>9,537,711</u>	<u>2,794,169</u>
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	8,722,996	(8,722,996)
Post-retirement medical contributions	-	-	-	2,038,044	(2,038,044)
Long term disability insurance premium	-	-	-	2,538	(2,538)
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	1,718,285	(1,718,285)
Total on-behalf contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,481,863</u>	<u>(12,481,863)</u>
Total undistributed expenditures	<u>36,316,478</u>	<u>(741,779)</u>	<u>35,574,699</u>	<u>44,869,352</u>	<u>(9,294,653)</u>
Total expenditures - current expense	<u>56,856,758</u>	<u>244,894</u>	<u>57,101,652</u>	<u>66,053,672</u>	<u>(8,952,020)</u>
CAPITAL OUTLAY					
Facilities acquisition and construction services:					
Assessment for debt service on SDA funding	3,778	-	3,778	3,778	-
Total facilities acquisition and construction services	<u>3,778</u>	<u>-</u>	<u>3,778</u>	<u>3,778</u>	<u>-</u>
Total capital outlay	<u>3,778</u>	<u>-</u>	<u>3,778</u>	<u>3,778</u>	<u>-</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
SPECIAL SCHOOLS					
Post-secondary programs - instruction:					
Salaries of teachers	\$ 80,000	\$ 6,000	\$ 86,000	\$ 85,929	\$ 71
Other salaries - instruction	360,000	64,000	424,000	423,985	15
General supplies	27,888	(11,600)	16,288	16,288	-
Textbooks	25,513	(11,670)	13,843	13,723	120
Other expenses	20,048	52,899	72,947	68,565	4,382
Total post-secondary programs - instruction	<u>513,449</u>	<u>99,629</u>	<u>613,078</u>	<u>608,490</u>	<u>4,588</u>
Accredited evening/adult high school - instruction:					
Salaries of teachers	1,500,000	(475,000)	1,025,000	1,023,718	1,282
Other salaries for instruction	571,985	(78,000)	493,985	388,830	105,155
Purchased professional and technical services	20,000	(20,000)	-	-	-
General supplies	15,000	(1,784)	13,216	13,000	216
Textbooks	26,000	46,315	72,315	72,315	-
Other expenses	10,001	1,946	11,947	11,721	226
Total accredited evening/adult high school - instruction	<u>2,142,986</u>	<u>(526,523)</u>	<u>1,616,463</u>	<u>1,509,584</u>	<u>106,879</u>
Accredited evening/adult high school - support services:					
Salaries	1,050,000	182,000	1,232,000	1,231,029	971
Total accredited evening/adult high school - support services	<u>1,050,000</u>	<u>182,000</u>	<u>1,232,000</u>	<u>1,231,029</u>	<u>971</u>
Total special schools	<u>3,706,435</u>	<u>(244,894)</u>	<u>3,461,541</u>	<u>3,349,103</u>	<u>112,438</u>
Total expenditures	<u>60,566,971</u>	<u>-</u>	<u>60,566,971</u>	<u>69,406,553</u>	<u>(8,839,582)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(315,208)</u>	<u>-</u>	<u>(315,208)</u>	<u>4,549,305</u>	<u>4,864,513</u>
OTHER FINANCING SOURCES (USES)					
Transfer out - contribution to internal service fund	-	-	-	(1,158,085)	(1,158,085)
Capital outlay transfer to capital projects	-	-	-	(1,403,237)	(1,403,237)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,561,322)</u>	<u>(2,561,322)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(315,208)</u>	<u>-</u>	<u>(315,208)</u>	<u>1,987,983</u>	<u>2,303,191</u>
Fund balances, July 1	<u>315,208</u>	<u>-</u>	<u>315,208</u>	<u>4,604,403</u>	<u>4,289,195</u>
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,592,386</u>	<u>\$ 6,592,386</u>
<u>Recapitulation:</u>					
Restricted fund balance:					
Excess surplus - prior year - designated for subsequent year's expenditures				\$ 996,413	
Excess surplus - current year				1,917,084	
Assigned fund balance:					
Year-end encumbrances				179,213	
Unassigned				<u>3,499,676</u>	
				6,592,386	
<u>Reconciliation to governmental funds statements (GAAP)</u>					
Last two state aid payments not recognized on GAAP basis				<u>(2,284,503)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,307,883</u>	

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Federal sources	\$ 16,832,409	\$ -	\$ 16,832,409	\$ 10,689,441	\$ (6,142,968)
State sources	376,902	-	376,902	357,317	(19,585)
Private sources	-	810,647	810,647	810,647	-
Total revenues	<u>17,209,311</u>	<u>810,647</u>	<u>18,019,958</u>	<u>11,857,405</u>	<u>(6,162,553)</u>
EXPENDITURES					
Current:					
Instruction:					
Salaries of teachers	2,858,078	-	2,858,078	2,428,156	429,922
Health benefits	1,400,000	-	1,400,000	1,400,000	-
Purchased professional and technical services	43,974	-	43,974	21,983	21,991
Other purchased services	420,050	-	420,050	281,188	138,862
Supplies and materials	1,770	-	1,770	1,770	-
General supplies	579,444	(1,552)	577,892	484,332	93,560
Other objects	9,323	-	9,323	4,662	4,661
Total instruction	<u>5,312,639</u>	<u>(1,552)</u>	<u>5,311,087</u>	<u>4,622,091</u>	<u>688,996</u>
Support services:					
Salaries	251,912	-	251,912	251,912	-
Salaries of supervisors of instructions	261,252	-	261,252	261,252	-
Salaries of other professional staff	1,219,727	-	1,219,727	1,039,370	180,357
Personal services - employee benefits	3,664,188	-	3,664,188	2,860,399	803,789
Social Security contribution	74,606	-	74,606	73,831	775
Public employees retirement system contribution	137,123	-	137,123	137,123	-
Health benefits	346,366	-	346,366	300,595	45,771
Purchased professional and technical services	63,558	-	63,558	32,977	30,581
Purchased professional -educational services	177,073	-	177,073	177,073	-
Purchased professional services	16,000	-	16,000	16,000	-
Purchased property services	16,550	-	16,550	13,582	2,968
Rental of land and buildings	79,552	-	79,552	60,940	18,612
Other purchased services	90,620	-	90,620	84,170	6,450
Vendor training	1,127,288	-	1,127,288	322,295	804,993
Insurance	6,071	-	6,071	5,704	367
Travel	9,709	-	9,709	84	9,625
Supplies and materials	17,223	-	17,223	6,505	10,718
General supplies	13,213	-	13,213	9,934	3,279
Other objects	15,980	-	15,980	9,574	6,406
Miscellaneous expenditures	1,048	-	1,048	525	523
Student activities	224,254	810,647	1,034,901	788,991	245,910
Total support services	<u>7,813,313</u>	<u>810,647</u>	<u>8,623,960</u>	<u>6,452,836</u>	<u>2,171,124</u>
Capital outlay:					
General supplies	3,933,983	-	3,933,983	447,423	3,486,560
Instructional equipment	373,630	1,552	375,182	313,399	61,783
Total capital outlay	<u>4,307,613</u>	<u>1,552</u>	<u>4,309,165</u>	<u>760,822</u>	<u>3,548,343</u>
Total expenditures	<u>17,433,565</u>	<u>810,647</u>	<u>18,244,212</u>	<u>11,835,749</u>	<u>6,408,463</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	(224,254)	-	(224,254)	21,656	245,910
Fund balance, July 1	224,254	-	224,254	224,254	-
Fund balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,910</u>	<u>245,910</u>
Recapitulation:					
Restricted for:					
Student activities				<u>\$ 245,910</u>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART II**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT C-3

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1] \$ 73,955,858	[C-2] \$ 11,857,405
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	-	(826,779)
Prior	-	214,856
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	2,276,935	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	<u>(2,284,503)</u>	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 73,948,290</u>	[B-2] <u>\$ 11,245,482</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 69,406,553	[C-2] \$ 11,835,749
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	-	(826,779)
Prior	-	214,856
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 69,406,553</u>	[B-2] <u>\$ 11,223,826</u>

REQUIRED SUPPLEMENTARY INFORMATION

PART III

**PENSION AND OTHER POST-EMPLOYMENT
BENEFITS INFORMATION SCHEDULES**

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

EXHIBIT L-1

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.1533257726%	0.1516413605%	0.1562360961%	0.1622090920%	0.1622090920%	0.1599185600%	0.1577611755%	0.1551639228%
District's proportionate share of the net pension liability	\$ 18,163,736	\$ 24,728,740	\$ 28,151,374	\$ 31,985,048	\$ 37,759,684	\$ 47,363,302	\$ 35,414,223	\$ 29,050,930
District's covered-employee payroll	\$ 11,586,423	\$ 11,540,245	\$ 11,201,576	\$ 11,037,377	\$ 11,313,105	\$ 11,542,903	\$ 11,213,123	\$ 10,942,211
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	156.77%	214.28%	251.32%	289.79%	333.77%	410.32%	315.83%	265.49%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

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

EXHIBIT L-2

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 1,795,623	\$ 1,658,880	\$ 1,519,724	\$ 1,615,825	\$ 1,502,694	\$ 1,420,694	\$ 1,356,323	\$ 1,279,149
Contributions in relation to the contractually required contribution	1,795,623	1,658,880	1,519,724	1,615,825	1,502,694	1,420,694	1,356,323	1,279,149
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,586,423	\$ 11,540,245	\$ 11,201,576	\$ 11,037,377	\$ 11,313,105	\$ 11,542,903	\$ 11,213,123	\$ 10,942,211
Contributions as a percentage of covered-employee payroll	15.50%	14.37%	13.57%	14.64%	13.28%	12.31%	12.10%	11.69%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

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

EXHIBIT L-3

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
State's proportion of the net pension liability associated with the District	0.2020%	0.2026%	0.2037%	1.998%	1.954%	0.194%	0.191%	0.193%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 97,089,932	\$ 133,405,848	\$ 125,003,392	\$ 127,110,582	\$ 131,797,773	\$ 152,586,333	\$ 120,444,383	\$ 103,057,840
District's covered-employee payroll	\$ 24,603,007	\$ 24,144,233	\$ 23,289,527	\$ 22,439,459	\$ 21,912,132	\$ 20,691,626	\$ 19,959,142	\$ 19,202,691
District proportion share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PART III**

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHEDULE OF CHANGES IN THE STATE PROPORTIONATE SHARE OF OPEB LIABILITY
 ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
 STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN
 LAST FIVE FISCAL YEARS*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
OPEB liability, July 1	\$ 116,867,422	\$ 71,351,574	\$ 76,905,172	\$ 90,553,269	\$ 97,055,980
Changes recognized for the fiscal year:					
Service cost	5,552,481	3,129,021	3,107,973	3,446,422	4,132,276
Interest on the total OPEB liability	2,687,085	2,572,592	3,055,773	3,329,964	2,855,280
Changes in assumptions	102,194	21,347,662	1,063,858	(8,825,253)	(11,470,093)
Difference between expected and actual experience	(19,466,701)	20,439,471	(10,655,847)	(9,613,886)	-
Changes of Benefit Terms	(110,253)	-	-	-	-
Changes in proportion	(2,116,670)	(2,034,566)	(2,190,281)	(2,056,417)	(2,097,406)
Gross benefit payments	68,696	61,668	64,926	71,073	77,232
Contributions from the member	(13,283,168)	45,515,848	(5,533,598)	(13,648,097)	(6,502,711)
Net changes					
OPEB liability, June 30	\$ 103,584,254	\$ 116,867,422	\$ 71,351,574	\$ 76,905,172	\$ 90,553,269
District's proportionate share of OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of OPEB liability	103,584,254	116,867,422	71,351,574	76,905,172	90,553,269
Total OPEB liability	\$ 103,584,254	\$ 116,867,422	\$ 71,351,574	\$ 76,905,172	\$ 90,553,269
District's covered employee payroll	\$ 36,189,430	\$ 35,684,478	\$ 34,491,103	\$ 33,476,836	\$ 33,225,237
Total OPEB Liability as a percentage of covered employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Public Employees Retirement System (PERS)	Teachers Pension and Annuity Fund (TPAF)	State Health Benefit Local Education Retired Employees OPEB Plan
Change in benefits	None	None	None
Changes in assumptions:			
Discount rate:			
As of June 30, 2021	7.00%	7.00%	2.16%
As of June 30, 2020	7.00%	5.40%	2.21%
Municipal bond rate:			
As of June 30, 2021	2.16%	2.16%	2.16%
As of June 30, 2020	2.21%	2.21%	2.21%
Inflation rate:			
As of June 30, 2021			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
As of June 30, 2020			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
Long-term expected rate of return on pension plan investments:			
As of June 30, 2021	7.00%	7.00%	Not Applicable
As of June 30, 2020	7.00%	7.00%	Not Applicable

OTHER SUPPLEMENTARY INFORMATION

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 SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXHIBIT E-1

	Elementary and Secondary Education Act				I.D.E.A. Part B Basic	Career and Technical Education Perkins -		CARES Education Stabilization Fund II	Totals
	Title I - SIA		Title II -			Secondary	Post-Secondary		
	Title I - Part A	Title I - SIA Part A	Title II - Part A	Title IV - Part A					
REVENUES									
Federal sources	\$ 5,364,790	\$ 1,162,813	\$ 11,300	\$ 136,587	\$ 70,943	\$ 674,749	\$ 90,775	\$ 2,631,362	\$ 10,689,441
State sources	357,317	-	-	-	-	-	-	-	357,317
Private sources	810,647	-	-	-	-	-	-	-	810,647
Total revenues	<u>6,532,754</u>	<u>1,162,813</u>	<u>11,300</u>	<u>136,587</u>	<u>70,943</u>	<u>674,749</u>	<u>90,775</u>	<u>2,631,362</u>	<u>11,857,405</u>
EXPENDITURES									
Current:									
Instruction:									
Salaries of teachers	1,587,856	763,800	-	-	6,000	-	-	-	2,428,156
Health benefits	1,400,000	-	-	-	-	-	-	-	1,400,000
Purchased professional and technical services	-	1,800	-	-	-	15,998	4,185	-	21,983
Other purchased services	261,188	-	-	-	-	-	-	-	281,188
Supplies and materials	-	-	-	-	1,770	-	-	-	1,770
General supplies	30,316	47,157	11,300	-	-	299,740	80,819	-	484,332
Other objects	1,639	-	-	-	-	-	-	-	4,662
Total instruction	<u>3,280,999</u>	<u>812,757</u>	<u>11,300</u>	<u>-</u>	<u>7,770</u>	<u>315,738</u>	<u>85,004</u>	<u>-</u>	<u>4,622,091</u>
Support services:									
Salaries	12,270	28,000	-	-	7,200	-	-	204,442	251,912
Salaries of supervisors of instructions	-	-	-	-	-	-	-	-	261,252
Salaries of other professional staff	1,039,370	-	-	-	-	-	-	-	1,039,370
Personal services - employee benefits	-	313,806	-	-	1,011	-	-	2,426,920	2,860,399
Social Security contribution	73,831	-	-	-	-	-	-	-	73,831
Public employees retirement system contribution	137,123	-	-	-	-	-	-	-	137,123
Health benefits	300,595	-	-	-	-	-	-	-	300,595
Purchased professional and technical services	-	-	-	86,587	45,801	32,302	675	-	32,977
Purchased professional -educational services	16,000	-	-	-	-	-	-	-	177,073
Purchased professional services	60,940	-	-	-	-	-	-	-	16,000
Rental of land and buildings	10,920	-	-	-	-	-	-	-	60,940
Other purchased services	322,295	8,250	-	50,000	5,000	-	-	-	84,170
Vendor training	-	-	-	-	-	-	-	-	322,295
Insurance	5,704	-	-	-	-	-	-	-	5,704
Travel	84	-	-	-	-	-	-	-	84
Supplies and materials	4,094	-	-	-	2,411	-	-	-	6,505
General supplies	9,934	-	-	-	-	-	-	-	9,934
Other objects	-	-	-	-	1,750	4,824	-	-	9,574
Miscellaneous expenditures	525	-	-	-	-	-	-	-	525
Student activities	788,991	-	-	-	-	-	-	-	788,991
Total support services	<u>2,782,676</u>	<u>350,056</u>	<u>-</u>	<u>136,587</u>	<u>63,173</u>	<u>50,708</u>	<u>675</u>	<u>2,631,362</u>	<u>6,452,836</u>
Capital outlay:									
General supplies	447,423	-	-	-	-	-	-	-	447,423
Instructional equipment	-	-	-	-	-	308,303	5,096	-	313,399
Total capital outlay	<u>447,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,303</u>	<u>5,096</u>	<u>-</u>	<u>760,822</u>
Total expenditures	<u>6,511,098</u>	<u>1,162,813</u>	<u>11,300</u>	<u>136,587</u>	<u>70,943</u>	<u>674,749</u>	<u>90,775</u>	<u>2,631,362</u>	<u>11,835,749</u>
Total Outflows	6,511,098	1,162,813	11,300	136,587	70,943	674,749	90,775	2,631,362	11,835,749
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	21,656	-	-	-	-	-	-	-	21,656
Fund balance, July 1	224,254	-	-	-	-	-	-	-	224,254
Fund balance, June 30	<u>\$ 245,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,910</u>

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SPECIAL REVENUE FUND
 COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ARP ESSER	Workforce Innovative and Opportunity Act (WIOA)			Apprenticeship Coordinator	School Security Grant	Workforce Learning Link	New Jersey Endures	Student Activities	Total Carried Forward (Ex-E-1a)
		Adult	Youth	Dislocated Worker						
REVENUES										
Federal sources	\$ 3,562,484	\$ 571,182	\$ 507,294	\$ 723,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,364,790
State sources	-	-	-	-	49,818	133,983	129,563	43,953	-	357,317
Private sources	-	-	-	-	-	-	-	-	810,647	810,647
Total revenues	<u>3,562,484</u>	<u>571,182</u>	<u>507,294</u>	<u>723,830</u>	<u>49,818</u>	<u>133,983</u>	<u>129,563</u>	<u>43,953</u>	<u>810,647</u>	<u>6,532,754</u>
EXPENDITURES										
Current:										
Instruction:										
Salaries of teachers	1,587,856	-	-	-	-	-	-	-	-	1,587,856
Health benefits	1,400,000	-	-	-	-	-	-	-	-	1,400,000
Purchased professional and technical services	-	-	-	-	-	-	-	-	-	-
Other purchased services	261,188	-	-	-	-	-	-	-	-	261,188
Supplies and materials	-	-	-	-	-	-	-	-	-	-
General supplies	-	-	-	-	30,316	-	-	-	-	30,316
Other objects	-	-	-	-	1,639	-	-	-	-	1,639
Total instruction	<u>3,249,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,280,999</u>
Support services:										
Salaries	-	-	-	-	12,270	-	-	-	-	12,270
Salaries of supervisors of instructions	-	-	-	-	-	-	-	-	-	-
Salaries of other professional staff	-	331,433	167,539	416,127	-	-	80,318	43,953	-	1,039,370
Personal services - employee benefits	-	-	-	-	-	-	-	-	-	-
Social Security contribution	-	24,518	12,391	30,876	-	-	6,046	-	-	73,831
Public employees retirement system contribution	-	44,987	22,164	56,305	-	-	13,667	-	-	137,123
Health benefits	-	106,818	32,010	141,017	1,499	-	19,251	-	-	300,595
Purchased professional and technical services	-	-	-	-	-	-	-	-	-	-
Purchased professional -educational services	-	4,800	4,800	4,800	-	-	1,600	-	-	16,000
Purchased professional services	-	24,402	6,744	24,508	-	-	5,286	-	-	60,940
Rental of land and buildings	-	-	3,276	3,276	-	-	1,092	-	-	10,920
Other purchased services	-	25,368	255,801	41,126	-	-	-	-	-	322,295
Vendor training	-	1,987	838	2,576	-	-	303	-	-	5,704
Insurance	-	42	4	38	-	-	-	-	-	84
Travel	-	-	-	-	4,094	-	-	-	-	4,094
Supplies and materials	-	3,411	1,556	2,998	-	-	1,969	-	-	9,934
General supplies	-	-	-	-	-	-	-	-	-	-
Other objects	-	140	171	183	-	-	31	-	-	525
Miscellaneous expenditures	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	788,991	788,991
Total support services	<u>-</u>	<u>571,182</u>	<u>507,294</u>	<u>723,830</u>	<u>17,863</u>	<u>-</u>	<u>129,563</u>	<u>43,953</u>	<u>788,991</u>	<u>2,782,676</u>
Capital outlay:										
General supplies	313,440	-	-	-	-	133,983	-	-	-	447,423
Instructional equipment	-	-	-	-	-	-	-	-	-	-
Total capital outlay	<u>313,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,423</u>
Total expenditures	<u>3,562,484</u>	<u>571,182</u>	<u>507,294</u>	<u>723,830</u>	<u>49,818</u>	<u>133,983</u>	<u>129,563</u>	<u>43,953</u>	<u>788,991</u>	<u>6,511,098</u>
Total Outflows	3,562,484	571,182	507,294	723,830	49,818	133,983	129,563	43,953	788,991	6,511,098
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	-	-	-	-	-	-	-	21,656	21,656
Fund balance, July 1	-	-	-	-	-	-	-	-	224,254	224,254
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,910</u>	<u>\$ 245,910</u>

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, 2022**

EXHIBIT F-1

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Balance June 30, 2022
			Prior Years	Current Year	
County of Hudson Improvement Authorizations:					
Improvements and Acquisition of Various Equipment (356-6-2019)	06/01/19	\$ 5,000,000	\$ 4,437,748	\$ 562,252	\$ -
Improvements and Acquisition of Various Equipment (453-7-2020)	07/01/20	2,000,000	793,329	756,825	449,846
Acquisition of Building - Explore Middle School	2020	9,181,143	7,574,931	1,606,212	-
Acquisition of Land, Improvements and Acquisition of Various Equipment	04/29/21	3,000,000	222,450	2,624,185	153,365
		<u>\$ 19,181,143</u>	<u>\$ 13,028,458</u>	<u>\$ 5,549,474</u>	<u>\$ 603,211</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT F-2

Revenues and other financing sources:	
General fund contribution	\$ 1,403,237
Expenditures and other financing uses:	
Building improvements and equipment purchases	<u>5,549,474</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(4,146,237)
Fund balance, July 1	<u>4,749,448</u>
Fund balance, June 30	<u><u>\$ 603,211</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
IMPROVEMENTS AND ACQUISITION OF VARIOUS EQUIPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT F-2a

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 5,000,000
Total Revenues And Other Financing Sources	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	4,437,748	562,252	5,000,000	5,000,000
Total expenditures and other financing uses	<u>4,437,748</u>	<u>562,252</u>	<u>5,000,000</u>	<u>5,000,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 562,252</u>	<u>\$ (562,252)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project number	(356-6-2019)			
Grant date/letter of notification	09/13/19			
Original authorized cost	\$ 5,000,000			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 5,000,000			
Percentage increase over original authorized cost	0%			
Percentage completion	100%			
Original target completion date	*			
Revised target completion date	*			

* - Information not available

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
IMPROVEMENTS AND ACQUISITION OF VARIOUS EQUIPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT F-2b

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 2,000,000
Total revenues and other financing sources	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	793,329	756,825	1,550,154	2,000,000
Total expenditures and other financing uses	<u>793,329</u>	<u>756,825</u>	<u>1,550,154</u>	<u>2,000,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 1,206,671</u>	<u>\$ (756,825)</u>	<u>\$ 449,846</u>	<u>\$ -</u>
Additional project information:				
Project number	(453-7-2020)			
Grant date/letter of notification	07/01/20			
Original authorized cost	\$ 2,000,000			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 2,000,000			
Percentage increase over original authorized cost	0%			
Percentage completion	78%			
Original target completion date	*			
Revised target completion date	*			

* - Information not available

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
ACQUISITION OF BUILDING - EXPLORE MIDDLE SCHOOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT F-2c

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
General fund contribution	\$ 7,777,906	\$ 1,403,237	\$ 9,181,143	\$ 9,181,143
Total revenues and other financing sources	<u>7,777,906</u>	<u>1,403,237</u>	<u>9,181,143</u>	<u>9,181,143</u>
Expenditures and other financing uses:				
Building acquisition	7,574,931	1,606,212	9,181,143	9,181,143
Total expenditures and other financing uses	<u>7,574,931</u>	<u>1,606,212</u>	<u>9,181,143</u>	<u>9,181,143</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 202,975</u>	<u>\$ (202,975)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project number		N/A		
Grant date/letter of notification		2020		
Original authorized cost	\$ 6,726,253			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 9,181,143			
Percentage increase over original authorized cost		0%		
Percentage completion		100%		
Original target completion date		*		
Revised target completion date		*		

* - Information not available

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGETARY BASIS
ACQUISITION OF LAND, IMPROVEMENTS AND ACQUISITION OF VARIOUS EQUIPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT F-2d

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 3,000,000	-	\$ 3,000,000	\$ 3,000,000
Total revenues and other financing sources	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
Expenditures and other financing uses:				
Acquisition of land	-	-	-	1,000,000
Building improvements and equipment purchases	222,450	2,624,185	2,846,635	2,000,000
Total expenditures and other financing uses	<u>222,450</u>	<u>2,624,185</u>	<u>2,846,635</u>	<u>3,000,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 2,777,550</u>	<u>\$ (2,624,185)</u>	<u>\$ 153,365</u>	<u>\$ -</u>
Additional project information:				
Project number		N/A		
Grant date/letter of notification		04/29/21		
Original authorized cost	\$ 3,000,000			
Additional authorized cost	\$ -			
Revised authorized cost	\$ -			
Percentage increase over original authorized cost		0%		
Percentage completion		95%		
Original target completion date		*		
Revised target completion date		*		

* - Information not available

PROPRIETARY FUND

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. The major funds are:

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.

Transportation

Consortium - This fund provides transportation to other departments or agencies of the District and other New Jersey school districts with special education programs, on a cost reimbursement basis.

Career Development Center -

This fund provides adult educational services to other departments or agencies of the District and other New Jersey school districts, on a cost reimbursement basis.

Youth House Services -

This fund provides youth educational services to other departments or agencies of the District and other New Jersey school districts, on a cost reimbursement basis.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022**

EXHIBIT G-1

	<u>Food Service</u>
ASSETS	
Current assets:	
Intergovernmental accounts receivable:	
Federal	\$ 140,127
State	2,411
Inventory	35,428
Interfund accounts receivable	245,621
Total current assets	<u>423,587</u>
Capital assets:	
Furniture, machinery and equipment	1,484,230
Less: accumulated depreciation	<u>(507,711)</u>
Total capital assets	<u>976,519</u>
Total assets	<u>1,400,106</u>
LIABILITIES	
Current liabilities:	
Accounts payable	142,675
NET POSITION	
Net investment in capital assets	976,519
Unrestricted	<u>280,912</u>
Total net position	<u><u>\$ 1,257,431</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT G-2

	<u>Food Service</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 447,641
Total operating revenues	<u>447,641</u>
OPERATING EXPENSES	
Cost of sales - reimbursable programs	1,911,329
Cost of sales - non-reimbursable programs	73,426
Depreciation	98,949
Total operating expenses	<u>2,083,704</u>
Operating (loss)	(1,636,063)
Nonoperating revenues:	
State sources:	
State school lunch program	28,395
Federal sources:	
National school lunch program	1,309,541
School breakfast program	336,021
Summer food service program for children	49,968
The emergency food assistance program - food commodities	87,903
Pandemic Electronic Benefits Transfer	6,198
Total nonoperating revenues	<u>1,818,026</u>
Change in Net Position	181,963
Special item - adjustment per valuation of capital assets	<u>639,707</u>
Change in net position	821,670
Net position, July 1	435,761
Net position, June 30	<u>\$ 1,257,431</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT G-3

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 447,641
Payments to suppliers and employees	<u>(2,009,971)</u>
Net cash (used) by operating activities	<u>(1,562,330)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	28,099
Federal sources	1,692,988
Payment of interfund accounts receivable	<u>(158,757)</u>
Net cash provided by non-capital financing activities	<u>1,562,330</u>
Net change in cash	-
Cash, July 1	-
Cash, June 30	<u><u>\$ -</u></u>
Reconciliation of operating (loss) to net cash (used) by operating actives:	
Operating (loss)	\$ (1,636,063)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	98,949
(Increase) in inventory	(35,428)
Increase in accounts payable	10,212
Total adjustments	<u>73,733</u>
Net cash (used) by operating activities	<u><u>\$ (1,562,330)</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT G-4

	Transportation Consortium	Career Development Center	Youth House Services	Total Internal Service Fund
ASSETS				
Current assets:				
Intergovernmental accounts receivable:				
Local	\$ 2,179,019	\$ 38,911	\$ -	\$ 2,217,930
Other accounts receivable	-	279,246	-	279,246
Total current assets	<u>2,179,019</u>	<u>318,157</u>	<u>-</u>	<u>2,497,176</u>
Capital assets:				
Equipment	-	-	106,113	106,113
Less: Accumulated depreciation	<u>-</u>	<u>-</u>	<u>(106,113)</u>	<u>(106,113)</u>
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,179,019</u>	<u>318,157</u>	<u>-</u>	<u>2,497,176</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	38,330	5,905	-	44,235
Interfund payable	<u>2,140,689</u>	<u>312,252</u>	<u>-</u>	<u>2,452,941</u>
Total current liabilities	<u>2,179,019</u>	<u>318,157</u>	<u>-</u>	<u>2,497,176</u>
NET POSITION				
Unrestricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
INTERNAL SERVICE FUNDS**

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Transportation Consortium	Career Development Center	Youth House Services	Total Internal Service Fund
OPERATING REVENUES				
Charges for services:				
Transportation fees from other local education agencies	\$ 3,626,690	\$ -	\$ -	\$ 3,626,690
Career development programs and fees	-	1,987,938	-	1,987,938
Total operating revenues	<u>3,626,690</u>	<u>1,987,938</u>	<u>-</u>	<u>5,614,628</u>
OPERATING EXPENSES				
Salaries	2,281,889	1,460,918	-	3,742,807
Employee benefits	-	510,052	-	510,052
Other purchased services	1,277,297	-	-	1,277,297
Total operating expenses	<u>3,559,186</u>	<u>1,970,970</u>	<u>-</u>	<u>5,530,156</u>
Gain before transfers and special item	67,504	16,968	-	84,472
Transfer in - general fund contribution	305,593	852,492	-	1,158,085
Special item - cancellation of prior year receivable	<u>(1,229,827)</u>	<u>(869,460)</u>	<u>-</u>	<u>(2,099,287)</u>
Change in net position	(856,730)	-	-	(856,730)
Net position, July 1	856,730	-	-	856,730
Net position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT G-6

	Transportation Consortium	Career Development Center	Youth House Services	Total Internal Service Fund
Cash flows from operating activities:				
Receipts from customers	\$ 2,593,409	\$ 1,631,136	\$ -	\$ 4,224,545
Payment for salaries and benefits	(2,281,889)	(1,969,918)	-	(4,251,807)
Payments to suppliers	(1,363,234)	-	-	(1,363,234)
Net cash (used) by operating activities	<u>(1,051,714)</u>	<u>(338,782)</u>	<u>-</u>	<u>(1,390,496)</u>
Cash Flows from Non-capital Financing				
Interfund proceeds	<u>1,051,714</u>	<u>338,782</u>	<u>-</u>	<u>1,390,496</u>
Net change in cash	-	-	-	-
Cash , July 1	-	-	-	-
Cash, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating gain to net cash (used) by operating activities:				
Operating gain	\$ 67,504	\$ 16,968	\$ -	\$ 84,472
Adjustments to reconcile operating gain to net cash (used) by operating activities:				
Cancellation of prior year receivable	(1,229,827)	(869,460)	-	(2,099,287)
Decrease in intergovernmental accounts receivable	196,546	80,831	-	277,377
Decrease in other accounts receivable	-	431,827	-	431,827
(Decrease) increase in accounts payable	(85,937)	1,052	-	(84,885)
Total adjustments	<u>(1,119,218)</u>	<u>(355,750)</u>	<u>-</u>	<u>(1,474,968)</u>
Net cash (used) by operating activities	<u>\$ (1,051,714)</u>	<u>\$ (338,782)</u>	<u>\$ -</u>	<u>\$ (1,390,496)</u>

STATISTICAL SECTION
(Unaudited)

CONTENTS	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	85 - 90
Revenue Capacity Not Applicable	91 - 94
Debt Capacity Not Applicable	95 - 98
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	99 - 100
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	101 - 106

Sources:

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.

FINANCIAL TRENDS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)

EXHIBIT J-1

	June 30,									
	2013 ⁽¹⁾	2014	2015 ⁽²⁾	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	-	46,048,092	54,113,387	57,978,754	29,411,512	202,380,904	201,232,392	194,816,660	204,764,416	172,544,154
Restricted	187,378	976,747	2,514,575	1,414,328	13,702,603	2,842,529	1,540,869	9,196,155	4,973,702	3,762,547
Unrestricted	52,032,051	(10,498,643)	(41,294,673)	(41,235,718)	(48,586,890)	(51,374,150)	(52,322,970)	(51,017,282)	(47,638,594)	(43,565,211)
Total governmental activities net position	\$ 52,219,429	\$ 36,526,196	\$ 15,333,289	\$ 18,157,364	\$ (5,472,775)	\$ 153,849,283	\$ 150,450,291	\$ 152,995,533	\$ 162,099,524	\$ 132,741,490
Business-type activity:										
Net investment in capital assets	80,151	65,151	50,151	35,151	692,901	628,616	564,331	564,331	435,761	976,519
Unrestricted	(80,151)	(65,151)	(50,151)	(35,151)	-	997	(72,374)	(299,927)	-	280,912
Total business-type activity net position	\$ -	\$ -	\$ -	\$ -	\$ 692,901	\$ 629,613	\$ 491,957	\$ 264,404	\$ 435,761	\$ 1,257,431
Government-wide:										
Net investment in capital assets	80,151	46,113,243	54,163,538	58,013,905	30,104,413	203,009,520	201,796,723	195,380,991	205,200,177	173,520,673
Restricted	187,378	976,747	2,514,575	1,414,328	13,702,603	2,842,529	1,540,869	9,196,155	4,973,702	3,762,547
Unrestricted	51,951,900	(10,563,794)	(41,344,824)	(41,270,869)	(48,586,890)	(51,373,153)	(52,395,344)	(51,317,209)	(47,638,594)	(43,284,299)
Total government-wide net position	\$ 52,219,429	\$ 36,526,196	\$ 15,333,289	\$ 18,157,364	\$ (4,779,874)	\$ 154,478,896	\$ 150,942,248	\$ 153,259,937	\$ 162,535,285	\$ 133,998,921

Source:
District Records

Notes:

- (1) GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.
- (2) GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$29,050,938. The amount is not reflected in the June 30, 2014 net position, above.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

EXHIBIT J-2

	Fiscal Year Ended June 30,									
	2013 ⁽¹⁾	2014	2015 ⁽²⁾	2016	2017	2018 ⁽³⁾	2019	2020	2021 ⁽⁴⁾	2022
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 10,214,336	\$ 12,817,822	\$ 13,279,126	\$ 12,132,562	\$ 12,500,829	\$ 12,336,156	\$ 12,711,666	\$ 13,523,543	\$ 22,639,364	\$ 27,001,111
Vocational	5,392,858	5,840,705	5,776,504	6,124,066	6,121,259	5,663,922	6,488,609	6,709,383	10,452,119	10,829,280
School sponsored cocurricular activities	279,165	396,935	468,942	401,329	651,546	415,023	518,420	514,633	326,238	565,896
Support services:										
Student and instruction related services	6,064,268	4,461,589	4,622,168	7,906,758	7,612,807	9,260,448	8,255,306	8,604,217	13,112,447	16,361,646
School administrative services	4,207,108	3,009,509	3,117,769	1,023,735	3,033,343	1,291,737	1,644,427	1,798,923	3,674,196	3,402,147
General and business administration services	1,506,667	1,116,577	1,163,027	2,944,832	1,617,169	3,570,891	3,463,739	4,378,783	6,305,019	5,445,335
Plant operations and maintenance	5,384,231	5,491,370	5,773,926	6,208,735	7,204,260	5,918,598	6,849,369	7,787,729	9,936,221	15,575,788
Pupil transportation	5,717,771	5,922,433	6,694,904	6,900,460	7,069,989	7,590,516	7,561,379	6,388,460	6,946,388	9,293,077
Special Schools	7,191,308	6,722,010	6,835,411	6,588,467	6,833,969	7,831,190	6,616,502	5,473,225	7,612,466	7,073,014
Unallocated depreciation	1,427,776	1,822,526	1,454,799	3,627,858	1,834,284	1,886,771	1,155,403	11,425,168	-	-
Capital expenditures not capitalized	726,106	-	-	650,142	-	-	-	-	-	-
Unallocated Benefits	13,194,821	12,493,644	9,021,524	15,450,324	28,895,602	29,941,585	26,563,758	22,674,608	-	-
Total governmental activities expenses	61,506,415	60,094,920	58,208,100	69,959,268	83,375,057	85,706,837	91,828,578	89,278,672	81,004,458	95,547,294
Business-type Activity:										
Food service	1,046,082	1,091,204	1,066,714	1,350,157	1,660,697	1,706,623	1,980,329	1,626,084	577,995	2,083,704
Total business-type activity expense	1,046,082	1,091,204	1,066,714	1,350,157	1,660,697	1,706,623	1,980,329	1,626,084	577,995	2,083,704
Total expenses	\$ 62,352,497	\$ 61,186,124	\$ 59,274,814	\$ 71,309,425	\$ 85,035,754	\$ 87,413,460	\$ 93,808,907	\$ 90,904,756	\$ 81,582,453	\$ 97,630,998
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	681,376	569,000	-	771,775	944,955	729,045	795,836	419,963	473,393	273,817
Student and instruction related services	-	-	-	-	-	-	-	-	590,818	810,647
Pupil transportation	2,962,830	3,045,791	3,499,974	3,723,919	3,475,503	4,141,864	3,748,441	3,164,009	3,262,971	3,626,690
Special schools	-	-	-	-	852,364	2,499,999	2,290,833	1,870,422	2,231,268	1,987,938
Operating grants and contributions	8,346,469	7,411,632	542,000	6,047,679	20,033,122	23,341,102	17,607,736	15,870,941	32,529,239	49,502,589
Capital grants and contributions	-	10,199,148	9,000,000	8,000,000	9,783,321	163,156,294	8,000,000	5,000,000	5,000,000	-
Governmental activities program revenues	11,990,675	21,225,571	13,041,974	18,543,373	35,089,265	193,868,304	32,442,846	26,323,335	44,087,689	56,201,681
Business-type activities										
Charges for services:										
Food service	289,413	287,417	270,468	384,709	667,334	944,337	1,171,211	902,865	52,609	447,641
Operating grants and contributions	278,448	450,780	438,848	539,250	643,542	698,998	671,462	495,666	148,252	1,818,026
Total Business-type Activities Program Revenues	567,861	738,197	709,316	923,959	1,310,876	1,643,335	1,842,673	1,398,531	200,861	2,265,667
Total program revenues	12,558,536	21,963,768	13,751,290	19,467,332	36,400,141	195,511,639	34,285,519	27,723,866	44,288,550	58,467,348
Net (expense)/operating revenues:										
Governmental activities	(49,315,740)	(38,869,349)	(45,166,126)	(51,415,895)	(48,285,792)	108,161,467	(59,385,732)	(62,953,337)	(36,916,769)	(39,345,613)
Business-type activity	(478,221)	(353,007)	(357,398)	(426,198)	(349,821)	(63,288)	(137,656)	(227,553)	(377,134)	181,963
Total net (expense) operating revenues	\$ (49,793,961)	\$ (39,222,356)	\$ (45,523,524)	\$ (51,842,093)	\$ (48,635,613)	\$ 108,098,179	\$ (59,523,388)	\$ (63,180,890)	\$ (37,293,903)	\$ (39,163,650)

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 CHANGES IN NET POSITION
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (ACCRUAL BASIS OF ACCOUNTING)

EXHIBIT J-2

	Fiscal Year Ended June 30,									
	2013 ⁽¹⁾	2014	2015 ⁽²⁾	2016	2017	2018 ⁽³⁾	2019	2020	2021 ⁽⁴⁾	2022
General Revenues, Transfers and Special Items:										
Governmental activities:										
Property taxes, contributed by										
County of Hudson - net	\$ 24,990,000	\$ 25,500,000	\$ 26,010,000	\$ 26,530,000	\$ 27,060,000	\$ 28,560,000	\$ 30,060,000	\$ 32,660,000	\$ 34,020,000	\$ 36,370,000
Unrestricted grants and contributions	22,121,943	21,882,206	26,799,213	26,818,334	21,268,832	22,097,410	22,341,979	22,681,647	12,317,949	-
Tuition received	607,625	652,219	670,751	-	-	-	-	-	-	-
Interest earnings	5,275	4,669	6,785	5,590	-	-	-	-	-	-
Miscellaneous income	269,126	210,185	784,831	41,224	650,679	649,372	3,682,521	10,156,932	812,925	1,947,913
Transfers	(478,221)	(353,007)	(357,398)	(426,198)	(320,585)	-	-	-	(548,491)	-
Special items	-	-	-	-	(24,003,273)	(146,191)	(97,760)	-	-	(29,326,747)
Total Governmental Activities	\$ -47,515,748	\$ -47,896,272	\$ -53,914,182	\$ -53,339,970	\$ -24,655,653	\$ -51,160,591	\$ -55,986,740	\$ -65,498,579	\$ -46,602,383	\$ -8,991,166
Business-type activities:										
Miscellaneous income	-	-	-	-	102	-	-	-	-	-
Transfers	478,221	353,007	357,398	426,198	320,585	-	-	-	548,491	-
Special items	-	-	-	-	722,035	-	-	-	-	639,707
Total business-type activities	478,221	353,007	357,398	426,198	1,042,722	-	-	-	548,491	639,707
Total general revenues, transfers and special items	47,993,969	48,249,279	54,271,580	53,766,168	25,698,375	51,160,591	55,986,740	65,498,579	47,150,874	9,630,873
Change in net position:										
Governmental activities	(1,799,992)	9,026,923	8,748,056	1,924,075	(23,630,139)	159,322,058	(3,398,992)	2,545,242	9,685,614	(30,354,447)
Business-type activities	-	-	-	-	692,901	(63,288)	(137,656)	(227,553)	171,357	82,1670
Total change in net position	\$ (1,799,992)	\$ 9,026,923	\$ 8,748,056	\$ 1,924,075	\$ (22,937,238)	\$ 159,258,770	\$ (3,536,648)	\$ 2,317,689	\$ 9,856,971	\$ (29,532,777)

Source:
 District Records

- Notes:
- (1) GASB 63 was implemented in the 2013 fiscal year, which required the reclassification of balances previously reported as net assets to net position.
 - (2) GASB 68 was implemented in the 2015 fiscal year where additional on-behalf TPAF pension expense and offsetting contribution is reported.
 - (3) GASB 75 was implemented in the 2018 fiscal year, where additional on-behalf OPEB expense and offsetting contribution is reported.
 - (4) GASB 84 was implemented in the 2021 fiscal year, where student activities are reported in governmental activities.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 FUND BALANCE - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

EXHIBIT J-3

	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021 ⁽¹⁾	2022
General fund:										
Restricted	\$ 41,800	\$ 849,723	\$ 2,400,221	\$ 1,300,623	\$ -	\$ -	\$ -	\$ -	\$ 996,413	\$ 2,913,497
Assigned	(33,232)	631,076	695,577	131,422	(1,850,107)	(2,108,814)	(1,769,700)	(338,523)	315,208	179,213
Unassigned	8,568	1,480,799	3,095,798	1,432,045	(1,850,107)	(2,108,814)	(1,769,700)	(338,523)	1,015,847	1,215,173
Total general fund	\$ 16,136	\$ 2,971,608	\$ 6,191,696	\$ 2,864,090	\$ -	\$ -	\$ -	\$ -	\$ 1,327,468	\$ 4,307,883
All other governmental funds:										
Restricted:										
Special revenue fund - student activities	\$ 20,736,312	\$ 22,932,130	\$ 21,298,961	\$ 14,915,094	\$ 13,702,603	\$ 2,842,529	\$ 1,540,869	\$ 9,196,155	\$ 224,254	\$ 245,910
Capital projects fund									4,749,448	603,211
Total all other governmental funds	\$ 20,736,312	\$ 22,932,130	\$ 21,298,961	\$ 14,915,094	\$ 13,702,603	\$ 2,842,529	\$ 1,540,869	\$ 9,196,155	\$ 4,973,702	\$ 849,121

Source:
 District Records

Notes:

(1) GASB 84 was implemented in the 2021 fiscal year, where student activities are reported in governmental

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (UNAUDITED)
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
County tax levy	\$ 24,990,000	\$ 25,500,000	\$ 26,010,000	\$ 26,530,000	\$ 27,060,000	\$ 28,560,000	\$ 30,060,000	\$ 32,660,000	\$ 34,020,000	\$ 36,370,000
Tuition charges	607,625	652,219	670,751	771,775	944,955	729,045	795,836	419,963	473,393	273,817
Interest earnings	5,275	4,669	6,785	5,590	-	-	-	-	-	-
Miscellaneous	269,126	210,185	784,831	455,547	650,679	649,372	3,682,521	10,156,932	1,403,743	2,758,631
State sources	25,972,329	24,918,073	25,733,835	26,988,474	26,984,469	28,927,743	30,304,018	30,562,884	32,514,630	35,706,958
Federal sources	4,496,083	4,478,176	5,242,225	5,877,539	5,051,479	5,721,762	4,567,477	4,738,494	5,809,738	10,084,366
Total Revenues	\$ 6,534,043	\$ 55,763,322	\$ 58,448,427	\$ 60,628,925	\$ 60,691,582	\$ 64,387,922	\$ 69,409,852	\$ 78,538,273	\$ 74,221,504	\$ 85,193,772
Expenditures:										
Instruction:										
Regular instruction	9,019,226	11,593,621	13,279,126	11,678,124	12,500,829	12,336,156	12,711,666	13,523,543	14,496,865	17,992,140
Vocational education	5,392,858	5,840,705	5,707,619	6,124,068	6,121,259	5,663,922	6,488,609	6,709,383	6,403,879	7,013,572
School sponsored cocurricular activities	279,165	396,935	468,942	401,329	651,546	415,023	518,420	514,633	199,881	365,048
Support services:										
Student and instruction related services	6,064,268	4,262,441	4,622,168	7,906,756	7,612,807	9,260,448	8,255,306	8,604,217	9,493,891	12,042,782
School administrative services	4,196,792	3,009,309	3,117,769	2,944,832	3,033,343	1,291,737	1,644,427	1,798,923	2,481,641	2,440,747
Other administrative services	5,384,231	1,116,577	1,163,027	1,023,735	1,617,169	3,570,891	3,463,739	4,382,561	3,630,182	3,752,044
Plant operations and maintenance	2,738,954	5,491,370	5,773,926	6,208,735	6,419,171	5,918,598	6,845,591	7,783,951	6,087,795	7,141,235
Pupil transportation	1,506,667	2,812,324	2,947,438	2,846,665	3,669,468	3,122,825	3,390,077	3,401,564	2,623,215	3,736,626
Unallocated benefits	13,194,821	12,493,644	12,966,357	15,450,324	15,983,250	16,624,025	20,197,604	19,120,796	20,337,318	22,019,574
Special schools	7,191,308	6,722,010	6,560,773	6,588,467	5,981,605	5,219,866	4,325,669	3,494,464	3,260,560	3,349,103
Capital outlay	5,518,731	8,003,330	10,702,054	15,934,009	11,780,901	174,856,163	10,010,669	5,009,436	11,639,670	6,326,982
Total Expenditures	\$ 60,287,021	\$ 61,742,266	\$ 67,109,199	\$ 77,107,044	\$ 75,371,348	\$ 238,279,654	\$ 77,851,777	\$ 74,343,471	\$ 80,654,897	\$ 86,179,853
Excess (deficiency) of revenues over (under) expenditures	(3,946,583)	(5,978,944)	(8,660,772)	(16,478,119)	(14,679,766)	(173,691,732)	(8,441,925)	4,194,802	(6,433,393)	(986,081)
Other financing sources (uses):										
County capital contributions	24,100,000	10,000,000	9,000,000	8,900,000	9,783,321	163,156,294	8,000,000	5,000,000	5,000,000	-
Transfers in	-	-	-	-	722,387	-	-	-	10,632	-
Transfers out	(478,221)	(353,007)	(357,398)	(469,501)	(320,585)	(583,343)	(520,621)	(108,339)	(548,491)	(1,158,085)
Total other financing sources (uses)	\$ 23,621,779	\$ 9,646,993	\$ 8,642,602	\$ 8,430,499	\$ 10,185,123	\$ 162,572,951	\$ 7,479,379	\$ 4,891,661	\$ 4,462,141	\$ (1,158,085)
Net change in fund balances	\$ 19,675,196	\$ 3,668,049	\$ (18,170)	\$ (8,047,620)	\$ (4,494,643)	\$ (11,118,781)	\$ (962,546)	\$ 9,086,463	\$ (1,971,252)	\$ (2,144,166)

Source: District Records (GAAP Basis)

Note: Noncapital expenditures are total expenditures less capital outlay.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
GENERAL FUND - MISCELLANEOUS REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)

EXHIBIT J-5

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund:										
Interest on investments	\$ 5,275	\$ 4,669	\$ 6,785	\$ 5,590	\$ 10,473	\$ 13,438	\$ 12,428	\$ 56,306	\$ 75,422	\$ 29,577
Health benefits refunds	-	-	72,077	31,582	-	-	-	-	46,311	79,057
Tuition	607,625	652,219	670,751	771,775	944,955	729,045	795,836	419,963	473,393	273,817
In and Out of School programs	-	-	-	129,000	-	-	-	-	-	-
E-Rate vendors refund	28,500	17,292	-	-	-	-	-	-	-	-
State share of capital project previously cancelled	-	-	-	-	-	-	2,700,000	-	-	-
Sale of capital asset, net proceeds	-	-	-	-	-	-	-	9,492,435	-	-
Lease revenue	-	-	-	-	-	-	-	-	-	-
Other	240,626	192,893	712,754	294,965	649,954	635,933	970,093	608,191	737,503	1,289,000
Total General Fund	\$ 882,026	\$ 867,073	\$ 1,462,367	\$ 1,232,912	\$ 1,605,382	\$ 1,378,416	\$ 4,478,357	\$ 10,576,895	\$ 1,332,629	\$ 2,300,858

Source:
District Records

REVENUE CAPACITY

Not Applicable

Not Applicable

Not Applicable

Not Applicable

DEBT CAPACITY

Not Applicable

Not Applicable

Not Applicable

Not Applicable

DEMOGRAPHIC AND ECONOMIC INFORMATION

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

EXHIBIT J-14

<u>Year Ended June 30,</u>	<u>Hudson County Population</u>	<u>Hudson County Personal Income</u>	<u>Total Per Capita Income</u>	<u>Unemployment Rate</u>
2013	652,416	22,098,634,752	33,872	9.10%
2014	657,217	22,028,599,406	33,518	5.90%
2015	660,502	23,249,009,898	35,199	4.70%
2016	664,744	25,334,723,328	38,112	4.80%
2017	668,928	25,442,007,552	38,034	3.90%
2018	672,922	24,164,629,020	35,910	4.20%
2019	672,391	27,393,209,340	40,740	3.10%
2020	722,655	30,945,532,410	42,822	17.80%
2021	702,463	56,428,150,327	80,329	3.80%
2022	*	*	*	7.60%

Sources:

Unemployment information provided by the NJ Department of Labor and Workforce Development. Population and per capita income is estimated based upon the American Community Surveys published by the US Bureau of Economic Analysis. Personal income has been estimated based upon the municipal population and per capita personal income presented.

Note:

* Information was not available at time of the audit.

Not Available

OPERATING INFORMATION

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (UNAUDITED)

EXHIBIT J-16

Function/Program:	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	134	138	137	147	147	147	160	163	162	166
Vocational	45	48	52	54	54	54	60	61	60	55
Student and instruction related services										
General administration	37	37	37	38	38	38	39	39	40	39
School administrative services	11	10	10	10	10	10	10	10	11	18
Central services	20	20	20	20	20	20	19	19	21	13
Plant operations and maintenance	40	39	36	44	44	44	39	40	21	21
Pupil transportation	55	53	55	63	63	63	63	61	42	43
Other support services	27	27	27	30	30	30	29	29	31	65
Media services technology	8	12	16	16	16	16	12	12	12	14
Total	387	394	400	432	432	432	442	447	453	483

Source:
 District personnel records

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

EXHIBIT J-17

Fiscal Year Ended June 30,	Enrollment ⁽¹⁾	Operating Expenditures ⁽²⁾	Cost per Pupil	Percentage Change	Teaching Staff ⁽³⁾	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ⁽⁴⁾	Average Daily Attendance (ADA) ⁽⁴⁾	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	3,218	\$ 61,173,035	\$ 19,010	5.85%	189	17.0	2,975	2,715	4.35%	91.26%
2014	3,171	53,938,084	17,009.80	-10.52%	186	17.0	2,960	2,827	-0.50%	95.51%
2015	3,170	56,476,030	17,815.78	4.74%	189	16.8	3,170	2,985	7.09%	94.16%
2016	3,188	55,775,498	17,495.45	-1.80%	204	15.6	2,008	2,005	-4.70%	99.87%
2017	3,421	59,114,955	17,280.02	-1.23%	201	17.0	2,188	2,063	5.53%	94.29%
2018	3,471	58,178,493	16,761.31	-3.00%	220	15.8	2,717	2,562	1.44%	94.28%
2019	3,217	63,615,239	19,774.71	17.98%	220	14.6	2,850	2,695	4.90%	94.56%
2020	3,496	65,292,615	18,676.38	8.08%	224	15.6	2,700	2,556	-5.26%	94.67%
2021	2,743	63,346,126	23,093.74	37.78%	222	12.4	2,660	2,575	-6.67%	96.80%
2022	2,638	69,402,775	26,308.86	56.96%	221	11.9	2,589	2,440	-9.16%	94.24%

Sources:
 District records

Notes:

- (1) Enrollment based on annual October district count, includes post graduate and
- (2) Operating expenditures equal total expenditures less debt service and capital
- (3) Teaching staff includes only full-time equivalents of certificated staff.
- (4) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (UNAUDITED)

EXHIBIT J-18

School Buildings	June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>North Hudson Campus</u>										
Square feet	91,500	91,500	91,500	91,500	91,500	91,500	-	-	-	-
Capacity (students)	3,519	3,519	3,519	3,519	3,519	3,519	-	-	-	-
Enrollment	1,985	1,985	1,985	1,985	1,985	1,985	-	-	-	-
<u>High Tech High School</u>										
Square feet	-	-	-	-	-	-	350,000	350,000	350,000	350,000
Capacity (students)	-	-	-	-	-	-	4,200	4,200	4,200	4,200
Enrollment	-	-	-	-	-	-	1,712	1,712	1,712	1,310
<u>County Prep High School</u>										
Square feet	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000	240,000
Capacity (students)	3,384	3,384	3,384	3,384	3,384	3,384	3,384	3,384	3,384	3,384
Enrollment	1,233	1,233	1,233	1,233	1,233	1,233	1,471	1,471	1,471	935
<u>Explore Middle School</u>										
Square feet	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Capacity (students)	200	200	200	200	200	200	200	200	200	200
Enrollment	140	140	140	140	140	140	140	140	140	155

Source:
 District Facilities Office

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

EXHIBIT J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES

School Facilities ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
North Hudson Campus	\$ 238,453	\$ 223,931	\$ 379,411	\$ 291,318	\$ 612,974	\$ 579,519	\$ -	\$ -	\$ -	\$ -
High Tech High School	-	-	-	-	-	-	527,860	527,860	436,044	617,378
County Prep High School	244,324	587,361	338,178	419,310	589,527	534,940	382,245	382,245	299,002	423,345
Explore Middle School	-	-	-	-	-	-	-	-	68,521	97,016
	<u>\$ 482,777</u>	<u>\$ 811,292</u>	<u>\$ 717,589</u>	<u>\$ 710,628</u>	<u>\$ 1,202,501</u>	<u>\$ 1,114,459</u>	<u>\$ 910,105</u>	<u>\$ 910,105</u>	<u>\$ 803,567</u>	<u>\$ 1,137,739</u>

Source:
 District Records (GAAP Basis)

Note:

- (1) School facilities as defined under EFCFA, (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
INSURANCE SCHEDULE
JUNE 30, 2022
(UNAUDITED)**

EXHIBIT J-20

	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group:		
Property:		
Blanket Real & Personal Property	\$ 5,000,000	
Blanket Extra Expense	50,000,000	
Blanket valuable Papers	10,000,000	
Terrorism	1,000,000	per occurrence / annual aggr.
Deductible	5,000	
Flood:		
Flood Zones A & V	75,000,000	per occurrence / annual aggr. \$ 500,000 per building/ per contents
All Other Flood Zones	75,000,000	per occurrence / annual aggr. 10,000 per member / per occurrence
Earthquake	50,000,000	per occurrence / NJSIG annual aggregate
Electronic Data Processing:		
Electronic Data Processing Equipment	500,000,000	1,000 Per occurrence
Equipment Breakdown:	100,000,000	25,000 Per accident
Crime:		
Faithful Performance	500,000	1,000
Moneys & Securities	100,000	500
Forgery or Alteration	500,000	1,000
Money Orders & Counterfeit	100,000	500
Computer Fraud	500,000	1,000
Bonds:		
Board Administrator	150,000	1,000
Board Secretary	150,000	1,000
Comprehensive General Liability:		
General Aggregate, Products/ Completed Operations	16,000,000	
Bodily Injury/Property damage each claim	16,000,000	
Products Completed Operations	16,000,000	
Personal Injury & Advertising Injury	16,000,000	
Sex Abuse	15,000,000	
Employee Benefits Liability	16,000,000	
Premises Medical:		
per person	5,000	
occurrence limit	10,000	
Berkeley Life and Health Ins. Co.		
Group Blanket Health and Accident	5,000,000	25,000
New Jersey School Boards Association Insurance Group:		
Automobile:		
Combined Single Limit	16,000,000	
Uninsured/Underinsured Motorist	1,000,000	
Uninsured/Underinsured Motorist - All Other Vehicles		
Bodily Injury - Per Person	15,000	
Bodily Injury - Per Accident	30,000	
Property Damage Per Accident	5,000	
Personal Injury Protection (Including pedestrians)	250,000	
Medical Payments :		
Private Passenger Vehicles	10,000	
All Others	5,000	
Auto Physical Damage:		
Comprehensive	Scheduled Vehicles	1,000
Collision	Scheduled Vehicles	1,000

	<u>Coverage</u>		<u>Deductible</u>
New Jersey School Boards Association Insurance Group:			
Workers Compensation:			
Part I	Statutory Limits		
Part II			
Bodily Injury by Accident	\$ 3,000,000 each accident		
Bodily Injury by Disease	3,000,000 each employee		
Bodily Injury by Disease	3,000,000 Aggregate Limit		
Errors and Omissions:			
Coverage A	15,000,000 Each policy period	\$ 15,000	each claim
Coverage B	100,000 each claim		
	300,000 each policy period	15,000	each claim
Communicable Disease Outbreak Limit	1,000,000 per occurrence		

Source:
 District Records

SINGLE AUDIT SECTION

EXHIBIT K-1**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable President and
Members of the Board of Education
Hudson County Schools of Technology
Secaucus, 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 and each major fund 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, 2022, 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 March 24, 2023.

Report on 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2022-001 that we consider to be a significant deficiency.

Report on 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 matter 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 March 24, 2023 as required by the Division of Finance, Department of Education, State of New Jersey.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Secaucus, New Jersey
March 24, 2023

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
Secaucus, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on 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, 2022. 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.

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 identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hudson County Schools of Technology and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Hudson County Schools of Technology’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal and state programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB's Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB's Circular 15-08 we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Donohue, Gironde, Doria & Tomkins LLC

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants



MAURICIO CANTO
Certified Public Accountant
Licensed Public School Accountant
No. 2541

Secaucus, New Jersey
March 24, 2023

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXHIBIT K-3
SCHEDULE A

FEDERAL GRANTOR/PROGRAM TITLE	FAL NO.	FAIN	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR BALANCE	BALANCE AT JUNE 30, 2022 (ACCOUNTS RECEIVABLE)	DUPLICATE TO GRANTOR	CUMULATIVE EXPENDITURES
ENTERPRISE FUND												
U.S. DEPARTMENT OF AGRICULTURE												
PASSED-THROUGH STATE OF NEW JERSEY												
DEPARTMENT OF AGRICULTURE:												
Child Nutrition Cluster:												
School Breakfast Program	10.553	22 INJ304N1099	\$ 336,021	07/01/21 06/30/22	\$ -	\$ 300,658	\$ (336,021)	-	\$ -	\$ (35,363)	-	\$ (336,021)
School Breakfast Program	10.553	21 INJ304N1099	67,540	07/01/20 06/30/21	(31,273)	31,273	-	-	-	-	-	(67,540)
National School Lunch Program	10.555	22 INJ304N1099	1,309,541	07/01/21 06/30/22	-	1,204,777	(1,309,541)	-	-	(104,764)	-	(1,309,541)
National School Lunch Program	10.555	21 INJ304N1099	26,537	07/01/20 06/30/21	(12,211)	12,211	-	-	-	-	-	(26,537)
Summer Food Service Program for Children	10.559	22 INJ304N1099	18,237	07/01/21 06/30/22	-	18,237	(18,237)	-	-	-	-	(18,237)
Summer Food Service Program for Children	10.559	21 INJ304N1099	31,731	07/01/21 06/30/22	(43,484)	31,731	(1,695,530)	-	-	(1,40,127)	-	(31,731)
Total Child Nutrition Cluster						1,598,887						
The Emergency Food Assistance Program - Food Commodities	10.569	*	87,903	07/01/21 06/30/22	-	87,903	(87,903)	-	-	-	-	(87,903)
Pandemic Electronic Benefits Transfer	10.649	2022225900941	6,198	07/01/21 06/30/22	-	6,198	(6,198)	-	-	-	-	(6,198)
TOTAL U.S. DEPARTMENT OF AGRICULTURE												
TOTAL ENTERPRISE FUND												
SPECIAL REVENUE FUND												
U.S. DEPARTMENT OF TREASURY												
PASSED-THROUGH STATE OF NEW JERSEY												
DEPARTMENT OF EDUCATION:												
Coronavirus Relief Fund												
	21.019	*	232,754	03/13/20 09/30/22	-	-	-	15,019 ^(a)	-	-	15,019	-
TOTAL U.S. DEPARTMENT OF TREASURY												
U.S. DEPARTMENT OF EDUCATION												
PASSED-THROUGH STATE OF NEW JERSEY												
DEPARTMENT OF EDUCATION:												
Elementary and Secondary Education Act:												
Title I - Part A Basic	84.010A	S010A210030	1,162,813	07/01/21 09/30/22	-	1,162,813	(1,162,813)	-	-	-	-	(1,162,813)
Title I - Reallocated	84.010A	S010A210030	64,524	07/01/21 09/30/22	(64,524)	64,524	-	853 ^(a)	-	-	853	(64,524)
Title I - School Improvement Act - Part A	84.010A	S010A200050	11,500	07/01/20 09/30/21	(10,000)	10,000	(11,300)	-	-	(11,300)	-	(11,300)
Title I - School Improvement Act - Part A	84.010A	S010A200050	11,500	07/01/20 09/30/21	(74,524)	1,237,337	(1,174,113)	853	-	(11,300)	853	(10,000)
Title II - Part A Teacher & Principal Training	84.367A	S367A210029	136,587	07/01/21 09/30/22	-	110,887	(136,587)	-	-	(25,700)	-	(136,587)
Title IV - Part A English Language Acquisition	84.424A	S424A210031	70,943	07/01/21 09/30/22	-	61,567	(70,943)	-	-	(9,376)	-	(70,943)
I.D.E.A. Part B Basic	84.027	H027A210100	546,122	07/01/21 09/30/22	-	546,122	(546,122)	-	-	-	-	(546,122)
I.D.E.A. Part B Basic	84.027	H027A200100	549,748	07/01/20 09/30/21	(42,805)	42,806	-	14,127 ^(a)	-	-	14,128	(549,747)
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A210030	870,719	07/01/21 09/30/22	-	707,819	(674,749)	-	-	-	33,070	(674,749)
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A200030	836,483	07/01/20 06/30/21	(55,300)	99,201	-	12,328 ^(a)	-	-	56,229	(663,824)
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A190030	756,028	07/01/19 06/30/20	20,653	-	-	-	(20,653)	-	-	(735,375)
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A180030	602,640	07/01/18 06/30/19	3,865	-	-	-	-	-	-	(598,775)
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A160030	114,927	07/01/16 06/30/17	3,689	-	-	-	-	-	-	(111,238)
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048A	V048A210030	114,381	07/01/21 09/30/22	-	103,623	(90,775)	-	-	-	12,848	(90,775)
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048A	V048A200030	116,100	07/01/20 06/30/21	(2,428)	2,428	-	1,265 ^(a)	-	-	1,265	(114,835)
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048A	V048A130030	68,328	07/01/13 06/30/14	(29,520)	913,071	(765,524)	13,592 ^(a)	(28,207)	-	103,412	(68,328)
Elementary and Secondary School Emergency Relief Fund:												
CARRS - ESSER II	84.425D	S425D200027	797,790	03/13/20 09/30/22	5,488	-	-	44,367 ^(a)	-	-	49,855	(747,935)
ARR ESSER	84.425D	S425D200027	3,435,151	03/13/20 09/30/23	(67,300)	2,631,362	(2,631,362)	-	-	(67,300)	-	(2,631,362)
ARR ESSER	84.425D	S425D200027	7,589,608	03/13/20 09/30/24	(61,812)	6,309,128	(6,193,846)	44,367 ^(a)	-	(67,300)	165,137	(3,562,484)
TOTAL U.S. DEPARTMENT OF EDUCATION												
					(208,661)	9,220,918	(8,887,135)	72,939	(28,207)	(113,676)	283,530	

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXHIBIT K-3
 SCHEDULE A

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FAL NO.	FAIN	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR BALANCE	BALANCE AT JUNE 30, 2022		CUMULATIVE EXPENDITURES
				FROM	TO						(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	
SPECIAL REVENUE FUND (Continued)													
U.S. DEPARTMENT OF LABOR													
PASSED-THROUGH STATE OF NEW JERSEY													
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT													
PASSED-THROUGH COUNTY OF HUDSON:													
Workforce Innovative and Opportunity Act (WIOA) Cluster:													
Workforce Innovative and Opportunity Act (WIOA)													
Adult	17,258	AA309521755A34	\$ 647,388	07/01/21	06/30/22	\$ -	\$ 291,342	\$ (343,510)	\$ -	\$ -	\$ (52,168)	\$ -	\$ (343,510)
Adult	17,258	AA309521755A34	607,336	07/01/20	06/30/21	(8,934)	236,606	(227,672)	-	-	-	-	(648,064)
Adult	17,258	AA309521755A34	804,004	07/01/19	06/30/20	(60,343)	-	-	60,343 ^(c)	-	-	-	(513,248)
Adult	17,258	AA309521755A34	1,144,767	07/01/13	06/30/14	2,248	-	-	-	-	-	2,248	(1,142,519)
						(67,029)	527,948	(571,182)	60,343	-	(52,168)	2,248	2,248
Youth	17,259	AA309521755A34	789,525	07/01/21	06/30/22	-	193,009	(224,526)	-	-	(31,517)	-	(224,526)
Youth	17,259	AA309521755A34	576,107	07/01/20	06/30/21	(2,203)	284,971	(282,768)	-	-	-	-	(594,858)
Youth	17,259	AA309521755A34	714,815	07/01/19	06/30/20	(401,751)	-	-	401,751 ^(c)	-	-	-	(711,189)
						(403,954)	477,980	(507,294)	401,751	-	(31,517)	-	-
Dislocated Worker	17,278	AA309521755A34	845,000	07/01/21	06/30/22	-	554,226	(606,128)	-	-	(51,902)	-	(606,128)
Dislocated Worker	17,278	AA309521755A34	577,021	07/01/20	06/30/21	(3,981)	120,541	(117,702)	1,142 ^(c)	-	-	-	(117,702)
Dislocated Worker	17,278	AA309521755A34	691,627	07/01/19	06/30/20	(83,504)	-	-	83,504 ^(c)	-	-	-	(602,948)
Dislocated Worker	17,278	AA309521755A34	715,657	07/01/18	06/30/19	-	-	-	-	-	-	-	(715,657)
						(87,485)	674,767	(723,830)	84,646	-	(51,902)	-	-
Total Workforce Innovative and Opportunity Act (WIOA) Cluster						(558,468)	1,680,695	(1,802,306)	546,740	-	(135,587)	2,248	-
TOTAL U.S. DEPARTMENT OF LABOR						(558,468)	1,680,695	(1,802,306)	546,740	-	(135,587)	2,248	-
TOTAL SPECIAL REVENUE FUND						(767,129)	10,901,613	(10,689,441)	634,698	(28,207)	(249,263)	300,797	-
GENERAL FUND													
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES													
PASSED-THROUGH STATE OF NEW JERSEY													
DEPARTMENT OF HUMAN SERVICES													
Special Education Medicaid Initiative ("SEMIT")													
	93,778	2105NJSMAP	\$ 11,378	07/01/21	06/30/22	-	11,378	(11,378)	-	-	-	-	(11,378)
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						-	11,378	(11,378)	-	-	-	-	-
TOTAL GENERAL FUND						-	11,378	(11,378)	-	-	-	-	-
TOTAL FEDERAL AWARDS						\$ (810,613)	\$ 12,605,979	\$ (12,490,450)	\$ 634,698	\$ (28,207)	\$ (389,390)	\$ 300,797	-

(A) - Prior Year Encumbrances Cancelled
 (B) - Rounding Difference Adjustment
 (C) - Prior Year Accounts Receivable Cancelled

Note - No Expenditures were passed through to subrecipients.

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXHIBIT K-4
 SCHEDULE B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2022	MEMO	
			FROM	TO						BUDGETARY RECEIVABLE	CUMULATIVE EXPENDITURES
GENERAL FUND											
STATE DEPARTMENT OF EDUCATION											
State Aid Cluster:											
Equalization Aid	22-495-034-5120-078	\$ 19,771,331	07/01/21	06/30/22	\$ -	\$ 19,771,331	\$ (19,771,331)	\$ -	\$ -	\$ (1,974,554)	\$ (19,771,331)
Special Education Aid	22-495-034-5120-089	1,648,427	07/01/21	06/30/22	-	1,648,427	(1,648,427)	-	-	(164,843)	(1,648,427)
Security Categorical Aid	22-495-034-5120-084	632,290	07/01/21	06/30/22	-	632,290	(632,290)	-	-	(63,229)	(632,290)
Total State Aid Cluster					-	22,052,048	(22,052,048)	-	-	(2,202,626)	
Transportation Aid	22-495-034-5120-014	818,768	07/01/21	06/30/22	-	818,768	(818,768)	-	-	(81,877)	(818,768)
On-behalf TPAF Pension Contribution	22-495-034-5094-002	8,722,996	07/01/21	06/30/22	-	8,722,996	(8,722,996)	-	-	-	(8,722,996)
On-behalf TPAF Post Retirement Medical Contribution	22-495-034-5094-001	2,038,044	07/01/21	06/30/22	-	2,038,044	(2,038,044)	-	-	-	(2,038,044)
On behalf TPAF Long Term Disability Insurance Contribution	22-495-034-5094-004	2,538	07/01/21	06/30/22	-	2,538	(2,538)	-	-	-	(2,538)
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	1,718,285	07/01/21	06/30/22	-	1,718,285	(1,718,285)	-	-	-	(1,718,285)
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	1,662,342	07/01/20	06/30/21	(245,477)	1,963,762	(1,718,285)	-	-	-	(1,662,342)
TOTAL GENERAL FUND					(245,477)	35,598,156	(35,352,679)	-	-	(2,284,503)	
SPECIAL REVENUE FUND											
Apprenticeship Coordinator											
Apprenticeship Coordinator	22-100-034-5062-032	100,000	07/01/21	06/30/22	-	12,152	(49,818)	-	(37,666)	-	(49,818)
Apprenticeship Coordinator	21-100-034-5062-032	84,259	07/01/20	06/30/21	(25,696)	4,640	-	2,099	(18,957)	-	(82,160)
School Security Grant	*	184,057	07/01/21	06/30/22	-	16,792	(49,818)	2,099	(56,623)	-	(133,983)
TOTAL STATE DEPARTMENT OF EDUCATION					(271,173)	35,614,948	(35,536,480)	2,099	(190,606)	(2,284,503)	
STATE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT											
PASSED-THROUGH COUNTY OF HUDSON											
Workforce Learning Link - Literacy	22-062-4545-767-003	142,919	07/01/21	06/30/22	-	121,219	(128,895)	3,267	(4,409)	-	(128,895)
Workforce Learning Link - Literacy	21-062-4545-767-003	267,000	07/01/20	06/30/21	-	6,912	(668)	(6,244)	-	-	(161,000)
Workforce Learning Link - Literacy	20-062-4545-767-003	247,000	07/01/19	06/30/20	(2,977)	-	-	2,977	-	-	(217,555)
New Jersey Endures	*	43,953	11/01/20	02/28/22	-	128,131	(129,563)	-	(4,409)	-	(43,953)
TOTAL SPECIAL REVENUE FUND					(28,673)	161,988	(357,317)	2,099	(221,903)	-	
TOTAL STATE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT					(2,977)	145,196	(173,516)	-	(31,297)	-	

See Accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

EXHIBIT K-4
 SCHEDULE B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2021	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2022	MEMO	
			FROM	TO						BUDGETARY RECEIVABLE	CUMULATIVE EXPENDITURES
ENTERPRISE FUND											
STATE DEPARTMENT OF AGRICULTURE											
National School Lunch Program (State Share)	22-100-010-3360-067	\$ 28,395	7/1/21/	06/30/22	\$ -	\$ 25,984	\$ (28,395)	\$ -	\$ (2,411)	\$ -	\$ (28,395)
National School Lunch Program (State Share)	21-100-010-3360-067	3,559	07/01/20	06/30/21	(2,115)	2,115	-	-	-	-	(3,559)
TOTAL ENTERPRISE FUND					(2,115)	28,099	(28,395)	-	(2,411)	-	-
TOTAL STATE DEPARTMENT OF AGRICULTURE					(2,115)	28,099	(28,395)	-	(2,411)	-	-
TOTAL STATE FINANCIAL ASSISTANCE					<u>\$ (276,265)</u>	<u>\$ 35,788,243</u>	<u>(35,738,391)</u>	<u>\$ 2,099</u>	<u>\$ (224,314)</u>	<u>\$ (2,284,503)</u>	
LESS:											
On-behalf TPAF Pension Contribution							8,722,996				
On-behalf TPAF Post Retirement Medical Contribution							2,038,044				
On behalf TPAF Long Term Disability Insurance Contribution							2,538				
TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT							<u>\$ (24,974,813)</u>				

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT K-5

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 “District”). The District is defined in Note 1 to the District’s basic financial statements. All federal awards and state financial assistance 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 Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards 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 District’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) and New Jersey OMB Circular 15-08. 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. INDIRECT COST RATE

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

NOTE 4. EXPENDITURES PASSED THROUGH TO SUBRECIPIENTS

The District did not pass through any expenditures of federal awards to subrecipients.

NOTE 5. 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.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$7,568 for the General Fund and \$611,923 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the District’s basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General Fund	\$ 11,378	\$ 35,345,111	\$ 35,356,489
Special Revenue Fund	10,072,988	361,847	10,434,835
Food Service Fund	1,789,631	28,395	1,818,026
Total Awards and Financial Assistance	<u>\$ 11,873,997</u>	<u>\$ 35,735,353</u>	<u>\$ 47,609,350</u>

NOTE 6. 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 7. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount of \$8,722,996 reported as TPAF pension contribution, \$2,538 reported as TPAF Long-Term Disability Insurance, and \$2,038,044 reported as TPAF Pension and Medical Contributions represent the amount paid by the State on behalf of the District for the year ended June 30, 2022. TPAF Social Security Contributions in the amount of \$1,718,285 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, 2022.

NOTE 8. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf expenditures for the District 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.

Section I - Summary of Auditors' Results

FINANCIAL STATEMENT SECTION

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

FEDERAL AWARDS SECTION

D) Internal Control over major programs:		
1) Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u> No
2) Significant deficiency(ies) identified?	<u> </u> Yes	<u> ✓ </u> None reported
E) Type of auditor's report on compliance for major program	<u>Unmodified</u>	
F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> ✓ </u> No

G) Identification of major programs:

<u>FAL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D	S425D200027	Elementary and Secondary School Emergency Relief Fund (ESSERF)
84.425D	S425D200027	CRRSA - ESSERF II
		ARP ESSERF
84.010A	S010A210030	Elementary and Secondary Education Act:
84.010A	S010A210030	Title I - Part A Basic
		Title I - School Improvement Act - Part A
84.027	H027A210100	I.D.E.A. Part B Basic

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

Section I - Summary of Auditors' Results

STATE FINANCIAL ASSISTANCE SECTION

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

<u>GMIS/Program Number</u>	<u>Name of State Program or Cluster</u>
495-034-5120-078	General State Aid Cluster: Equalization Aid Special Education Aid Security Aid
495-034-5120-089	
495-034-5120-084	
<u>495-034-5095-002</u>	<u>T.P.A.F. Social Security</u>

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 2022-001

- Significant Deficiency in Internal Controls over Financial Reporting

Condition:

The Career Development Center (CDC), which administers the Workforce Investment and Opportunity Act (WIOA) grants, does not monitor, or perform closing procedures to agree general ledger balances to bank reconciliations and grant worksheets used for grant reporting.

Criteria:

Internal controls of monitoring allow for management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Context:

As a result of the independent financial statement audit, the general ledger was substantially adjusted to agree balances to bank reconciliations and grant worksheets without adequate audit trail.

Cause:

The general ledger is not being adequately maintained nor are compensating controls operating to ensure accuracy and completeness of financial reporting. Furthermore, grant expenditures are not being accounted for in respective program years, whereby convoluting the audit trail among program years.

Effect:

Management or employees, in the normal course of performing their assigned functions did not prevent, or detect and correct, significant misstatements on a timely basis.

Questioned Costs:

None.

Recommendation:

The Career Development Center (CDC), which administers the Workforce Investment and Opportunity Act (WIOA) grants, regularly agree general ledger balances to bank reconciliations and grant worksheets used for grant reporting. Grant expenditures be accounted for in respective program years to provide adequate audit trail among program years.

View of Responsible Official and Planned Corrective Action:

The District will assign a qualified staff members the control function of monitoring the Career Development Center (CDC) general ledger for accuracy and completeness.

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 New Jersey OMB Circular Letter 15-08, as applicable.]

FEDERAL AWARDS

No matters were reported.

STATE FINANCIAL ASSISTANCE

No matters were reported.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT K-7

(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, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (§1.511 (a)(b)) and New Jersey OMB Circular 15-08, as applicable.)

STATUS OF PRIOR YEAR FINDINGS

BASIC FINANCIAL STATEMENTS

No matters were reported in prior year.

FEDERAL AWARDS

No matters were reported in prior year.

STATE FINANCIAL ASSISTANCE

No matters were reported in prior year.