

ANNUAL COMPREHENSIVE FINANCIAL REPORT

of the

Hudson County Schools of Technology

Hudson County, New Jersey

For the Fiscal Year Ended June 30, 2023

**Prepared by
Hudson County Schools of Technology
Business Office
Nicholas Fargo
School Business Administrator**

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INTRODUCTORY SECTION



February 23, 2024

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, 2023, 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 2022-2023 fiscal year with an average daily enrollment of 2,506 students, which is a -3.21% 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
2022-2023	2,506	-3.21%
2021-2022	2,589	-2.67%
2020-2021	2,660	-1.48%
2019-2020	2,700	-5.26%
2018-2019	2,850	30.26%

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.

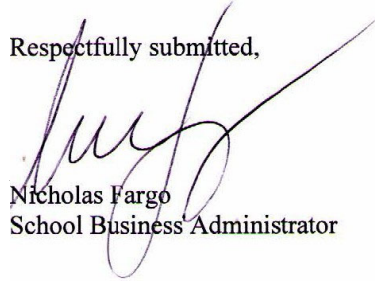
An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance of the succeeding year. The District had \$237,378 in general fund encumbrances at June 30, 2023.

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.

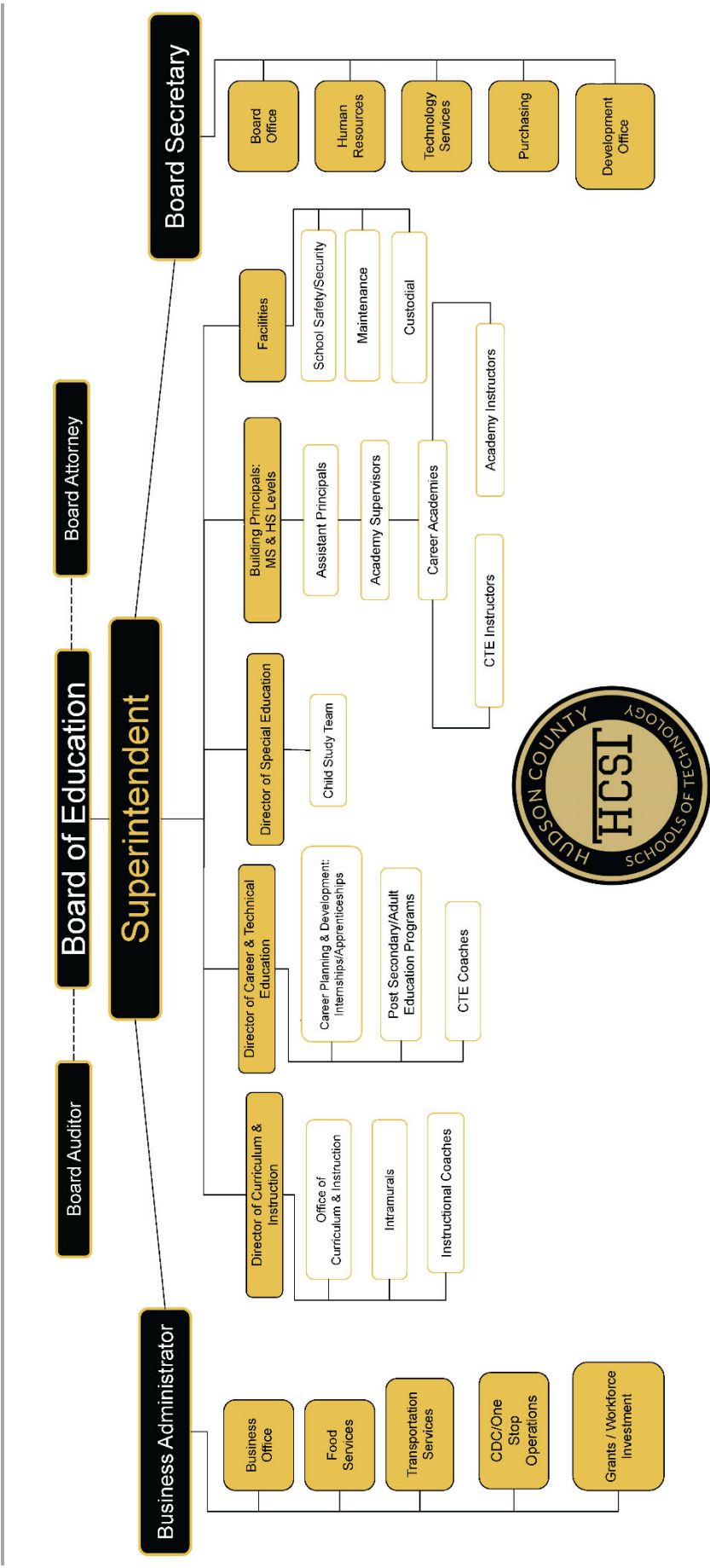
8.) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. 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. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Nicholas Fargo
School Business Administrator

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ORGANIZATIONAL CHART
JUNE 30, 2023**



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
ROSTER OF OFFICIALS
JUNE 30, 2023**

Members of the Board of Education

Craig Guy, President

Hugo D. Cabrera, Vice-President

Barbara Stamato

Geraldine Perez

John Minella

Monica Fundora

Arthur Pettigrew

Hector A. Zulueta

Keri Ann Eglentowicz

Term Expires

October 31, 2023

October 31, 2024

October 31, 2026

October 31, 2026

October 31, 2025

October 31, 2025

October 31, 2024

October 31, 2023

October 31, 2023

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, 2023**

GENERAL COUNSEL

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

SPECIAL COUNSEL

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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, 2023, 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, 2023, 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.

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 February 23, 2024, 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
February 23, 2024

REQUIRED SUPPLEMENTARY INFORMATION

PART I

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. 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 2023 and 2022 are as follows, respectively:

- In total, net position of governmental activities are \$136,370,354 and \$132,741,490. Net position of the business-type activity, which represents food service, are \$877,725 and \$1,257,431. This reflects an increase in net position of governmental activities of \$3,628,864 and a decrease in net position of the business-type activity of (\$379,706). The increase in the governmental activities net position was mainly attributed to capital grants and contributions of \$4,080,116 of which only \$2,623,068 was expended in 2023. The decrease in business-type activity net position was mainly attributed to costs incurred from operating culinary educational programs jointly with food service program.
- Total governmental revenues accounted for \$91,783,848 and \$94,519,594, respectively, which was a (\$2,735,746) or - 2.98% decrease. The county tax appropriation increased to \$36,700,000 from \$36,370,000.
- The District continues to experience stability in student enrollment. Average daily enrollment for the year ending June 30, 2023 was 2,506.

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 2023?" 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, 2023**

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 2023 and 2022, respectively.

Total assets equal \$185,576,250 and \$185,936,270. Total assets for Governmental Activities are \$184,558,767 and \$184,536,164. Total assets for Business Type Activity are \$1,017,483 and \$1,400,106.

Table 1
Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 13,587,346	\$ 11,992,010	\$ 139,758	\$ 423,587	\$ 13,727,104	\$ 12,415,597
Capital assets, net	170,971,421	172,544,154	877,725	976,519	171,849,146	173,520,673
Total assets	184,558,767	184,536,164	1,017,483	1,400,106	185,576,250	185,936,270
Deferred outflows of resources	3,109,036	2,135,925	-	-	3,109,036	2,135,925
Liabilities:						
Current and other liabilities	9,245,783	8,953,473	139,758	142,675	9,385,541	9,096,148
Long-term liabilities	14,603,050	14,412,343	-	-	14,603,050	14,412,343
Net pension liability	23,689,208	18,163,736	-	-	23,689,208	18,163,736
Total liabilities	47,538,041	41,529,552	139,758	142,675	47,677,799	41,672,227
Deferred inflows of resources	3,759,408	12,401,047	-	-	3,759,408	12,401,047
Net position:						
Net investment in capital assets	170,971,421	172,544,154	877,725	976,519	171,849,146	173,520,673
Restricted	4,679,547	3,762,547	-	-	4,679,547	3,762,547
Unrestricted	(39,280,614)	(43,565,211)	-	280,912	(39,280,614)	(43,284,299)
Total net position	\$ 136,370,354	\$ 132,741,490	\$ 877,725	\$ 1,257,431	\$ 137,248,079	\$ 133,998,921

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023 and 2022, respectively.

The total changes in net position for the fiscal years 2023 and 2022 for Governmental Activities are \$3,628,864 and (\$30,354,447). The total changes in net position for the Business-Type Activity are (\$379,706) and \$821,670. The total changes in net position are \$3,249,158 and (\$29,532,777).

Table 2
Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 8,124,827	\$ 6,699,092	\$ 1,058,560	\$ 447,641	\$ 9,183,387	\$ 7,146,733
Operating grants and contributions	41,161,675	49,502,589	984,659	1,818,026	42,146,334	51,320,615
Capital grants and contributions	4,080,116	-	-	-	4,080,116	-
Total program revenues	<u>53,366,618</u>	<u>56,201,681</u>	<u>2,043,219</u>	<u>2,265,667</u>	<u>55,409,837</u>	<u>58,467,348</u>
General revenues:						
County appropriation	36,700,000	36,370,000	-	-	36,700,000	36,370,000
Miscellaneous	1,717,230	1,947,913	-	-	1,717,230	1,947,913
Total general revenues	<u>38,417,230</u>	<u>38,317,913</u>	<u>-</u>	<u>-</u>	<u>38,417,230</u>	<u>38,317,913</u>
Total revenues	<u>91,783,848</u>	<u>94,519,594</u>	<u>2,043,219</u>	<u>2,265,667</u>	<u>93,827,067</u>	<u>96,785,261</u>
Expenses:						
Instructional services	35,821,173	38,396,287	-	-	35,821,173	38,396,287
Support services	45,157,734	50,077,993	-	-	45,157,734	50,077,993
Special schools	6,874,309	7,073,014	-	-	6,874,309	7,073,014
Service related expenses	-	-	2,724,693	2,083,704	2,724,693	2,083,704
Total expenses	<u>87,853,216</u>	<u>95,547,294</u>	<u>2,724,693</u>	<u>2,083,704</u>	<u>90,577,909</u>	<u>97,630,998</u>
(Deficit) excess before transfers and special items	3,930,632	(1,027,700)	(681,474)	181,963	3,249,158	(845,737)
Transfers	(301,768)	-	301,768	-	-	-
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	<u>3,628,864</u>	<u>(30,354,447)</u>	<u>(379,706)</u>	<u>821,670</u>	<u>3,249,158</u>	<u>(29,532,777)</u>
Net position, July 1	132,741,490	163,095,937	1,257,431	435,761	133,998,921	163,531,698
Net position, June 30	<u>\$ 136,370,354</u>	<u>\$ 132,741,490</u>	<u>\$ 877,725</u>	<u>\$ 1,257,431</u>	<u>\$ 137,248,079</u>	<u>\$ 133,998,921</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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	
	2023	2022	2023	2022
Instructional services	\$ 35,821,173	\$ 38,396,287	40.77%	40.19%
Support services	45,157,734	50,077,993	51.41%	52.41%
Special schools	6,874,309	7,073,014	7.82%	7.40%
Total expenses	<u>\$ 87,853,216</u>	<u>\$ 95,547,294</u>	<u>100.00%</u>	<u>100.00%</u>

Total expenses for governmental activities for fiscal years 2023 and 2022 were \$87,853,216 and \$95,547,294. Total operating expenses were comparable from 2023 to 2022, however there were decreases of on-behalf pension expense of (\$5,387,201) and other post-employment benefits expense of (\$3,197,605) that substantially decreased expenses and revenues for same amounts.

Business-Type Activity

Table 3b.
Business-Type Activity

	Total Cost of Services		Percent of Total	
	2023	2022	2023	2022
Revenues:				
Charges for services	\$ 1,058,560	\$ 447,641	51.81%	19.76%
Operating grants	984,659	1,818,026	48.19%	80.24%
Total revenues	<u>2,043,219</u>	<u>2,265,667</u>	<u>100.00%</u>	<u>100.00%</u>
Expenses:				
Food service	<u>2,724,693</u>	<u>2,083,704</u>	<u>100.00%</u>	<u>100.00%</u>
Total expenses	<u>2,724,693</u>	<u>2,083,704</u>	<u>100.00%</u>	<u>100.00%</u>
Excess (deficit) before transfers and special item	(681,474)	181,963		
Transfers	301,768	-		
Special item	-	639,707		
Change in net position	<u>\$ (379,706)</u>	<u>\$ 821,670</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 2023 and 2022 of and and expenses of and , respectively. Total revenues by and total expenses by mainly due to costs incurred from operating culinary educational programs jointly with food service program.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023	\$ 36,700,000	\$ 9,842,057	\$ 41,161,675	\$ 4,080,116	\$ 91,783,848
June 30, 2022	36,370,000	8,647,005	49,502,589	-	94,519,594

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 2022-2023 school year.

Total revenues decreased (\$2,735,746) mainly due to decreases of on-behalf pension expense contributions of (\$5,387,201) and other post-employment benefits contributions of (\$3,197,605) that substantially decreased revenues and expenses for same amounts. This was offset by the increase in capital grants of \$4,080,116.

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 \$86,429,849 and expenditures and other financing uses of \$88,719,469. 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 2023, 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 \$60,808,831 increased \$333,714 over the original budgeted revenues and other financing sources with additional unanticipated revenues to fund an additional appropriation for same amount. Final budgeted expenditures and other financing uses in the amount of \$61,984,457 increased \$333,714 over the original budgeted expenditures and other financing uses with additional appropriation funded by additional unanticipated revenue for same amount. 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 less than expenditures and other financing uses. This deficiency of revenues and other financing sources decreased surplus by approximately (\$244,434). At June 30, 2023 there was \$6,592,386 in unrestricted fund balance. The surplus reflects \$2,306,209 final state aid payments for June 30, 2023, 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, 2023**

Capital Assets and Depreciation

At the end of fiscal years 2023 and 2022, the District had \$170,971,421 and \$172,544,154, 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, 2022	Additions	Disposals	Balance at June 30, 2023
Governmental Activities:				
Non-depreciable	\$ 4,952,990	\$ -	\$ -	\$ 4,952,990
Depreciable	197,693,623	3,446,993	-	201,140,616
Total at historical cost	<u>202,646,613</u>	<u>3,446,993</u>	<u>-</u>	<u>206,093,606</u>
Less accumulated depreciation	<u>(30,102,459)</u>	<u>(5,019,726)</u>	<u>-</u>	<u>(35,122,185)</u>
Capital assets, net	<u>\$ 172,544,154</u>	<u>\$ (1,572,733)</u>	<u>\$ -</u>	<u>\$ 170,971,421</u>
Business-Type Activities:				
Depreciable	\$ 1,484,230	\$ -	\$ -	\$ 1,484,230
Less accumulated depreciation	<u>(507,711)</u>	<u>(98,794)</u>	<u>-</u>	<u>(606,505)</u>
Capital assets, net	<u>\$ 976,519</u>	<u>\$ (98,794)</u>	<u>\$ -</u>	<u>\$ 877,725</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, 2022	Additions	Deductions	Balance at June 30, 2023
Governmental Activities:				
Compensated absences	\$ 14,920,431	\$ 711,930	\$ 521,223	\$ 15,111,138
Net pension liability	18,163,736	5,525,472	-	23,689,208
Total long-term liabilities	<u>\$ 33,084,167</u>	<u>\$ 6,237,402</u>	<u>\$ 521,223</u>	<u>\$ 38,800,346</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, 2023**

EXHIBIT A-1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,330,160	\$ -	\$ 6,330,160
Receivables, net	5,309,161	146,095	5,455,256
Other accounts receivable	489,098	-	489,098
Internal balances	42,276	(42,276)	-
Inventory	-	35,939	35,939
Restricted assets:			
Cash and cash equivalents	1,130,653	-	1,130,653
Lease receivable - current portion	83,505	-	83,505
Capital assets, net			
Non-depreciable	4,952,990	-	4,952,990
Depreciable	166,018,431	877,725	166,896,156
Lease receivable - noncurrent portion	202,493	-	202,493
Total assets	<u>184,558,767</u>	<u>1,017,483</u>	<u>185,576,250</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	<u>3,109,036</u>	<u>-</u>	<u>3,109,036</u>
LIABILITIES			
Accounts payable	3,463,294	139,758	3,603,052
Due to grantors	130,787	-	130,787
Payroll deductions and withholdings	150,134	-	150,134
Other liability for unemployment claims	62,905	-	62,905
Unearned revenue	4,930,575	-	4,930,575
Noncurrent liabilities:			
Due within one year	508,088	-	508,088
Due beyond one year	14,603,050	-	14,603,050
Net pension liability	23,689,208	-	23,689,208
Total liabilities	<u>47,538,041</u>	<u>139,758</u>	<u>47,677,799</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pension inflows	3,473,815	-	3,473,815
Deferred lease inflows	285,593	-	285,593
	<u>3,759,408</u>	<u>-</u>	<u>3,759,408</u>
NET POSITION			
Net investment in capital assets	170,971,421	877,725	171,849,146
Restricted for:			
Excess surplus	2,075,558	-	2,075,558
Student activities	450,203	-	450,203
Capital projects	2,153,786	-	2,153,786
Unrestricted	(39,280,614)	-	(39,280,614)
Total net position	<u>\$ 136,370,354</u>	<u>\$ 877,725</u>	<u>\$ 137,248,079</u>

See Accompanying Notes to Basic Financial Statements.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 24,681,890	\$ 490,253	\$ 11,577,999	\$ -	\$ (12,613,638)	\$ -	\$ (12,613,638)
Vocational education	8,886,672	-	3,725,603	-	(5,161,069)	-	(5,161,069)
Vocational education - special	1,058,654	-	460,648	-	(598,006)	-	(598,006)
School sponsored cocurricular activities	1,193,957	-	552,099	-	(641,858)	-	(641,858)
Support services:							
Student and instruction related services	14,163,408	1,499,626	7,326,170	-	(5,337,612)	-	(5,337,612)
School administrative services	3,639,400	-	1,650,200	-	(1,989,200)	-	(1,989,200)
General and business administrative services	5,437,066	-	2,462,995	-	(2,974,071)	-	(2,974,071)
Plant operations and maintenance	10,636,771	-	7,278,616	4,080,116	721,961	-	721,961
Pupil transportation	11,281,089	4,282,696	3,641,450	-	(3,356,943)	-	(3,356,943)
Special schools	6,874,309	1,852,252	2,485,895	-	(2,536,162)	-	(2,536,162)
Total governmental activities	87,853,216	8,124,827	41,161,675	4,080,116	(34,486,598)	-	(34,486,598)
Business-type activities:							
Food service	2,724,693	1,058,560	984,659	-	-	(681,474)	(681,474)
Total business-type activities	2,724,693	1,058,560	984,659	-	-	(681,474)	(681,474)
Total primary government	\$ 90,577,909	\$ 9,183,387	\$ 42,146,334	\$ 4,080,116	(34,486,598)	(681,474)	(35,168,072)
General revenues:							
County appropriation					36,700,000	-	36,700,000
Miscellaneous income					1,717,230	-	1,717,230
Transfers					(301,768)	301,768	-
Total general revenues and transfers					38,115,462	301,768	38,417,230
Change in net position					3,628,864	(379,706)	3,249,158
Net position, July 1					132,741,490	1,257,431	133,998,921
Net position, June 30					\$ 136,370,354	\$ 877,725	\$ 137,248,079

See Accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

EXHIBIT B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,330,160	\$ -	\$ -	\$ 6,330,160
Interfund receivable	2,784,576	195,233	-	2,979,809
Receivables from other governments:				
Federal	-	393,536	-	393,536
State	77,325	160,871	-	238,196
Local	-	-	2,184,073	2,184,073
Other Accounts Receivable	489,098	-	-	489,098
Restricted assets:				
Restricted cash and cash equivalents	221,774	452,737	456,142	1,130,653
Total assets	\$ 9,902,933	\$ 1,202,377	\$ 2,640,215	\$ 13,745,525
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 876,651	\$ 462,312	\$ -	\$ 1,338,963
Payable to federal government	-	129,909	-	129,909
Payable to state government	-	878	-	878
Interfund payable	-	-	486,429	486,429
Payroll deductions and withholdings	150,134	-	-	150,134
Other liability for unemployment claims	62,905	-	-	62,905
Loan payable	-	-	-	-
Unearned revenue	4,771,500	159,075	-	4,930,575
Total liabilities	5,861,190	752,174	486,429	7,099,793
Fund balances:				
Restricted For:				
Reserve for excess surplus - designated for subsequent year's expenditures	1,917,084	-	-	1,917,084
Reserve for excess surplus	158,474	-	-	158,474
Student activities	-	450,203	-	450,203
Capital projects	-	-	2,153,786	2,153,786
Assigned to:				
Year-end encumbrances	237,378	-	-	237,378
Unassigned fund balance:				
General fund	1,728,807	-	-	1,728,807
Total fund balances	4,041,743	450,203	2,153,786	6,645,732
Total liabilities and fund balances	\$ 9,902,933	\$ 1,202,377	\$ 2,640,215	\$ 13,745,525

See Accompanying Notes to Basic Financial Statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

EXHIBIT B-1

Reconciliation of balance sheet to statement of net position:

Total fund balances - governmental funds (from Exhibit B-1)	\$ 6,645,732	
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 \$206,093,606 and the accumulated depreciation is \$35,122,185.		170,971,421
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.		285,998
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	\$ 3,109,036	
Deferred inflows of pension resources	(3,473,815)	
Deferred inflows of lease resources	<u>(285,593)</u>	(650,372)
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		(2,082,079)
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	(15,111,138)	
Net pension liability	<u>(23,689,208)</u>	<u>(38,800,346)</u>
Net position of governmental activities		<u>\$ 136,370,354</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources:				
County appropriation	\$ 36,700,000	\$ -	\$ -	\$ 36,700,000
Tuition charges	490,253	-	-	490,253
Miscellaneous	1,716,754	1,499,626	-	3,216,380
Federal sources	14,718	9,696,116	-	9,710,834
State sources	36,186,127	126,255	-	36,312,382
Total revenues	<u>75,107,852</u>	<u>11,321,997</u>	<u>-</u>	<u>86,429,849</u>
EXPENDITURES				
Instruction:				
Regular instruction	14,818,406	2,580,538	-	17,398,944
Vocational education	6,135,898	-	-	6,135,898
Vocational education - special	734,427	-	-	734,427
School sponsored cocurricular activities	909,281	-	-	909,281
Support services and undistributed costs:				
Student and instruction related services	5,701,969	5,159,373	-	10,861,342
School administrative services	2,717,803	-	-	2,717,803
Other administrative services	4,056,440	-	-	4,056,440
Operation and maintenance of plant services	6,424,477	-	-	6,424,477
Student transportation	4,447,679	-	-	4,447,679
Employee benefits	25,449,022	-	-	25,449,022
Special schools	3,482,489	-	-	3,482,489
Capital outlay	100,806	3,377,793	2,623,068	6,101,667
Total expenditures	<u>74,978,697</u>	<u>11,117,704</u>	<u>2,623,068</u>	<u>88,719,469</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>129,155</u>	<u>204,293</u>	<u>(2,623,068)</u>	<u>(2,289,620)</u>
OTHER FINANCING SOURCES (USES)				
Transfer out - contribution to food services fund	(301,768)	-	-	(301,768)
Capital outlay transfer to capital projects	(93,527)	-	93,527	-
County capital contributions:				
Improvement authorizations	-	-	4,080,116	4,080,116
Total other financing sources and (uses)	<u>(395,295)</u>	<u>-</u>	<u>4,173,643</u>	<u>3,778,348</u>
Net change in fund balance	(266,140)	204,293	1,550,575	1,488,728
Fund balance, July 1	4,307,883	245,910	603,211	5,157,004
Fund balance, June 30	<u>\$ 4,041,743</u>	<u>\$ 450,203</u>	<u>\$ 2,153,786</u>	<u>\$ 6,645,732</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, 2023**

EXHIBIT B-3

Total net change in fund balances - governmental funds (from Exhibit B-2) \$ 1,488,728

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.

Depreciation expense	\$ (5,019,726)	
Capital outlays	<u>3,446,993</u>	(1,572,733)

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	887	
Reduction in revenue from lease arrangement	<u>(411)</u>	476

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	(190,707)	
Additional PERS pension expense recognized	3,903,100	
Additional on-behalf TPAF pension expense	5,802,453	
Additional on-behalf TPAF pension contribution	(5,802,453)	
Additional on-behalf OPEB expense	(940,912)	
Additional on-behalf OPEB contribution	<u>940,912</u>	3,712,393

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>-</u>
--	--	----------

Change in net position of governmental activities (to Exhibit A-2) \$ 3,628,864

PROPRIETARY FUNDS

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

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	\$ 140,623	\$ -	\$ -	\$ -	\$ -
State	5,472	-	-	-	-
Local	-	2,031,045	-	-	2,031,045
Other accounts receivable	-	-	462,311	-	462,311
Inventory	35,939	-	-	-	-
Total current assets	<u>182,034</u>	<u>2,031,045</u>	<u>462,311</u>	<u>-</u>	<u>2,493,356</u>
Capital assets:					
Furniture, machinery and equipment	1,484,230	-	-	106,113	106,113
Less: accumulated depreciation	(606,505)	-	-	(106,113)	(106,113)
Total capital assets	<u>877,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,059,759</u>	<u>2,031,045</u>	<u>462,311</u>	<u>-</u>	<u>2,493,356</u>
LIABILITIES					
Current liabilities:					
Accounts Payable	139,758	33,192	9,060	-	42,252
Interfund payable	42,276	1,997,853	453,251	-	2,451,104
Total current liabilities	<u>182,034</u>	<u>2,031,045</u>	<u>462,311</u>	<u>-</u>	<u>2,493,356</u>
Total liabilities	<u>182,034</u>	<u>2,031,045</u>	<u>462,311</u>	<u>-</u>	<u>2,493,356</u>
NET POSITION					
Net investment in capital assets	877,725	-	-	-	-
Unrestricted	-	-	-	-	-
Total net position	<u>\$ 877,725</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, 2023**

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	\$ 1,058,560	\$ -	\$ -	\$ -	\$ -
Transportation fees from other local education agencies	-	4,282,696	-	-	4,282,696
Career development programs and fees	-	-	1,852,252	-	1,852,252
Total operating revenues	1,058,560	4,282,696	1,852,252	-	6,134,948
OPERATING EXPENSES					
Cost of sales - reimbursable programs	2,498,810	-	-	-	-
Cost of sales - non-reimbursable programs	127,089	-	-	-	-
Salaries	-	2,733,073	753,513	-	3,486,586
Employee benefits	-	-	487,073	-	487,073
Other purchased services	-	1,549,623	611,666	-	2,161,289
Depreciation	98,794	-	-	-	-
Total operating expenses	2,724,693	4,282,696	1,852,252	-	6,134,948
Operating (loss)	(1,666,133)	-	-	-	-
Nonoperating revenues:					
State sources:					
State school lunch program	23,532	-	-	-	-
State school breakfast program	4,282	-	-	-	-
Federal sources:					
National school lunch program	523,437	-	-	-	-
School breakfast program	162,083	-	-	-	-
Healthy Hunger-Free Kids Act	15,632	-	-	-	-
Summer food service program for children	5,816	-	-	-	-
TEFAP - food commodities	127,089	-	-	-	-
Supply chain assistance	122,788	-	-	-	-
Total nonoperating revenues	984,659	-	-	-	-
Income before transfers	(681,474)	-	-	-	-
Transfer in - general fund contribution	301,768	-	-	-	-
Change in net position	(379,706)	-	-	-	-
Net position, July 1	1,257,431	-	-	-	-
Net position, June 30	\$ 877,725	\$ -	\$ -	\$ -	\$ -

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, 2023**

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	\$ 1,058,560	\$ 4,430,670	\$ 1,708,098	\$ -	\$ 6,138,768
Payment for salaries and benefits	-	(2,733,073)	(1,237,431)	-	(3,970,504)
Payments to suppliers	(2,502,238)	(1,554,761)	(611,666)	-	(2,166,427)
Net cash (used) provided by operating activities	(1,443,678)	142,836	(140,999)	-	1,837
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State sources	24,753	-	-	-	-
Federal sources	829,260	-	-	-	-
Proceeds from interfund	589,665	(142,836)	140,999	-	(1,837)
Net cash provided by non-capital financing activities	1,443,678	(142,836)	140,999	-	(1,837)
Net change in cash	-	-	-	-	-
Cash, July 1	-	-	-	-	-
Cash, June 30	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income to net cash provided by operating activities:					
Operating (loss)	\$ (1,666,133)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating (loss) to net cash (used) provided by operating activities:					
Depreciation	98,794	-	-	-	-
TEFAP - food commodities	127,089	-	-	-	-
Decrease in accounts receivable	-	147,974	38,911	-	186,885
(Increase) decrease in other accounts receivable	-	-	(183,065)	-	(183,065)
(Increase) in inventory	(511)	-	-	-	-
(Decrease) increase in accounts Payable	(2,917)	(5,138)	3,155	-	(1,983)
Total adjustments	222,455	142,836	(140,999)	-	1,837
Net cash (used) by operating activities	\$ (1,443,678)	\$ 142,836	\$ (140,999)	\$ -	\$ 1,837
Noncash capital financing activities:					
Food distribution program	\$ 127,089	\$ -	\$ -	\$ -	\$ -

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, 2023**

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, 2023, of 2,506 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. During the fiscal year ended June 30, 2023, WIOA funding was not renewed, and the CDC substantially reduced program operations.

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, 2023**

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, 2023**

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, 2023**

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, 2023**

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>2022-2023</u>
Total Revenues (Budgetary Basis)	\$ 10,945,659
Adjustments:	
Add: Prior Year Encumbrances	826,779
Less: Current Year Encumbrances	<u>(450,441)</u>
Total Revenues (GAAP) Basis	<u>\$ 11,321,997</u>
Total Expenditures (Budgetary Basis)	\$ 10,741,366
Adjustments:	
Add: Prior Year Encumbrances	826,779
Less: Current Year Encumbrances	<u>(450,441)</u>
Total Expenditures (GAAP Basis)	<u>\$ 11,117,704</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, 2023**

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 2022- 2023 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, 2023, 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.

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (Continued):

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.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Compensated Absences (Continued):

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 \$15,111,138 at June 30, 2023, 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.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 audited excess surplus that is required to be appropriated in the 2024-2025 original budget approved by Board of School Estimates.

Excess Surplus – Prior Year – Designated for Subsequent Year’s Budget - This reserve was created to represent the June 30, 2023 audited excess surplus that will be appropriated in the 2023-2024 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Equity Classifications (Continued):

Governmental Fund Statements (Continued)

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 2023-2024 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.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. Expenditures/Expenses (Continued):

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

Effective for fiscal year ended June 30, 2023, the District adopted Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The objective of Statement No. 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The District adopted GASB Statement No. 96 effective July 1, 2022, however, management determined that there were no material SBITA that required capitalization for the year ended June 30, 2023.

Recently Issued Accounting Pronouncements to be implemented in future years

The District is currently reviewing the following for applicability and potential impact on the financial statements:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Effective Date: The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

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, 2023, none of the District’s bank balances totaling \$7,460,813 were exposed to custodial credit risk as follows:

Insured - FDIC	\$	250,000
Insured - GUDPA		7,210,813
		7,460,813
		7,460,813
Reconciliation to Government-wide Statement of		
Net Position		
Unrestricted Cash	\$	6,330,160
Restricted Cash		1,130,653
		7,460,813
		7,460,813

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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, 2023, 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.

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, 2023, 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 \$77,325 are comprised from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$554,407 are comprised of \$393,536 from federal sources and \$160,871 from state sources.

Receivables from other governments as reported on the capital fund balance sheet amounting to \$2,184,073 are comprised from local sources.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Governmental activities:				
Non-depreciable:				
Land	\$ 4,952,990	\$ -	\$ -	\$ 4,952,990
Depreciable:				
Buildings and improvements	184,109,962	2,211,207	-	186,321,169
Machinery and equipment	<u>13,583,661</u>	<u>1,235,786</u>	-	<u>14,819,447</u>
Total at historical cost	<u>197,693,623</u>	<u>3,446,993</u>	-	<u>201,140,616</u>
Less: accumulated depreciation:				
Buildings and improvements	(22,201,886)	(3,705,813)	-	(25,907,699)
Machinery and equipment	<u>(7,900,573)</u>	<u>(1,313,913)</u>	-	<u>(9,214,486)</u>
Total accumulated depreciation	<u>(30,102,459)</u>	<u>(5,019,726) *</u>	-	<u>(35,122,185)</u>
Depreciable capital assets, net	<u>167,591,164</u>	<u>(1,572,733)</u>	-	<u>166,018,431</u>
Governmental activities capital assets, net	<u>\$ 172,544,154</u>	<u>\$ (1,572,733)</u>	<u>\$ -</u>	<u>\$ 170,971,421</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5. CAPITAL ASSETS AND DEPRECIATION (Continued)

* Depreciation expense was charged to Governmental Activities for the year fiscal year ended June 30, 2023 as follows:

Instruction:	
Regular instruction	\$ 1,472,069
Vocational education	519,139
Vocational education - special	62,138
School sponsored cocurricular activities	76,931
Total instruction	<u>2,130,277</u>
Support services and undistributed costs:	
Student and instruction related services	918,943
School administrative services	229,945
Other administrative services	343,202
Operation and maintenance of plant services	543,554
Student transportation	507,412
Total support services and undistributed costs	<u>2,543,056</u>
Special schools	<u>346,393</u>
Total depreciation expense	<u>\$ 5,019,726</u>

Capital asset activity for business-type activity for the year ended June 30, 2023, was as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2023</u>
Business-type activity:				
Depreciable:				
Machinery and equipment	\$ 1,484,230	\$ -	\$ -	\$ 1,484,230
Less: accumulated depreciation:				
Machinery and equipment	<u>(507,711)</u>	<u>(98,794)</u>	<u>-</u>	<u>(606,505)</u>
Business-type activity capital assets, net	<u>\$ 976,519</u>	<u>\$ (98,794)</u>	<u>\$ -</u>	<u>\$ 877,725</u>

NOTE 6. LONG-TERM OBLIGATIONS

Changes in Long-Term Obligations

During the year ended June 30, 2023, the following changes occurred in governmental activities long-term obligations:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>	<u>Amounts Due Within One Year</u>	<u>Long-Term Portion</u>
Governmental activities:						
Compensated absences	\$ 14,920,431	\$ 711,930	\$ 521,223	\$ 15,111,138	\$ 508,088	\$ 14,603,050
Net Pension Liability	18,163,736	5,525,472	-	23,689,208	-	23,689,208
Total Governmental Activities Long-Term Liabilities	<u>\$ 33,084,167</u>	<u>\$ 6,237,402</u>	<u>\$ 521,223</u>	<u>\$ 38,800,346</u>	<u>\$ 508,088</u>	<u>\$ 38,292,258</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, 2023**

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, 2023, the County of Hudson on behalf of District’s projects had outstanding bonds in the amount of \$59,795,000. 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, 2023 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
09/08/22	530-9-2022	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, 2023, the County of Hudson on behalf of the District’s School project had an outstanding financed purchase in the amount of \$149,065,000, 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, 2023, the District recognized \$1,189,589 in lease revenue and \$887 in interest income related to leases. During the fiscal year ended June 30, 2023, 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, 2023**

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, 2023 were as follows:

Tower Position	Discount Rate	Lease Terms		Average Annual Lease Payment	At June 30, 2023		
					Receivable	(Unearned) Revenue	Deferred (Inflows) of Resources
Tower Position 120 feet	0.20%	12/01/21	11/30/26	\$ 36,000	\$ 122,571	\$ -	\$ (122,397)
Tower Position 130 feet	0.20%	12/01/21	11/30/26	48,000	163,427	-	(163,196)
Tower Position 140 feet	0.20%	07/01/21	06/30/26	302,000	-	(906,000)	-
Tower Position 150 and 60 feet	0.20%	05/01/21	04/30/26	804,000	-	(2,278,000)	-
				<u>\$ 1,190,000</u>	<u>\$ 285,998</u>	<u>\$ (3,184,000)</u>	<u>\$ (285,593)</u>

The amortization of the lease payments expected to be received for the remainder of the lease terms at June 30, 2023 is as follows:

Year Ending June 30,	Principal	Interest	Total
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>\$ 285,998</u>	<u>\$ 1,002</u>	<u>\$ 287,000</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, 2023**

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, 2023**

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 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, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91%. The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the July 1, 2021 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 2023.

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, 2023 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, 2023, 2022 and 2021 the District paid the required contributions to PERS of \$1,979,490, \$1,795,623 and \$1,658,880, respectively.

During the year ended June 30, 2023 and 2022 and 2021 the District paid the required contributions to DCRP of \$1,838, \$5,373 and \$21,285, 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 \$0 during the year ended June 30, 2023, 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, 2023**

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, 2022. 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, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023 the District reported in the statement of net position (accrual basis) a liability of \$23,689,208 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the District's PERS proportion was 0.1570%, which was an increase of 0.0036% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized in the government-wide statement of activities (accrual basis) pension expense (benefit) of (\$1,923,610) for PERS. The pension contribution made by the District during the current 2022-2023 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, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. 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, 2023 for contributions made subsequent to the current fiscal year end. At June 30, 2023, 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	\$ 20,200	\$ -
Changes in assumptions	-	3,473,815
Net differences between projected and actual		
investment earnings on pension plan investments	980,475	-
Changes in proportion	26,282	-
District contributions subsequent to measurement date	2,082,079	-
Total	<u>\$ 3,109,036</u>	<u>\$ 3,473,815</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

\$2,082,079 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, 2024. 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,	
2024	\$ (2,287,331)
2025	(1,083,228)
2026	(327,736)
2027	1,248,352
2027	<u>3,085</u>
	<u>\$ (2,446,858)</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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	2.75 – 6.55%
	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022) 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, 2022) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023**

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, 2022, 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	\$ 30,433,693	\$ 23,689,208	\$ 17,949,380

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2022. 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, 2023 the District reported accounts payable to the PERS of \$2,082,079 for the required actuarially determined contribution to PERS for the year ended June 30, 2023.

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, 2022). 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, 2022), 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, 2023**

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, 2023 the State’s net pension liability for TPAF associated with the District was \$107,805,091. 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, 2022. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. At June 30, 2022, the State’s proportionate share of the TPAF net pension liability associated with the District was 0.2089%, which was an increase of 0.0070% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023 the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$2,901,336 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, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022) 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF’s target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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.

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, 2022, 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	\$ 126,403,760	\$ 107,805,091	\$ 92,138,049

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District at June 30, 2022. 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

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 State Health Benefit Local Education Retired Employees Plan (Local Education Retired Other Post-Employment Benefits Plan) is a multiple-employer defined benefit other post-employment benefit (OPEB) plan with a special funding situation. The Local Education Retired OPEB Plan is administered 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 OPEB 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 this law, 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.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$60,007,650,970 for this special funding situation.

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).

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting (Continued)

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, 2022 is \$50.6 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, 2021 which were rolled forward to June 30, 2022.

Actuarial Methods and Assumptions

In the June 30, 2021 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 \$1.9 billion to the OPEB plan in fiscal year 2022.

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, 2023, 2022, and 2021 were \$2,286,464, \$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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2022. 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, 2023, the District recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$3,227,376. 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, 2023, the State's proportionate share of the OPEB liability attributable to the District is \$88,466,909. 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, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 2022, the State’s share of the OPEB liability attributable to the District was 0.1747% which was an increase of 0.0021% from its proportion measured as of June 30, 2021 of 0.1726%.

Actuarial Assumptions

The OPEB liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:	2.75 – 4.25% based on service years	2.75 – 6.75% 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 for current disabled retirees.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreased to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

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, 2023, (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 measurement date	\$ 103,584,254
Changes reconized for the fiscal year:	
Service cost	4,824,956
Interest on the total OPEB liability	2,344,471
Changes in assumptions	(23,732,042)
Difference between expected and actual experience	3,693,039
Changes of Benefit Terms	-
Gross benefit payments	(2,322,268)
Contributions from the member	74,499
Net changes	<u>(15,117,345)</u>
Balance, June 30, 2022 measurement date	<u>\$ 88,466,909</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, 2022. 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, 2022 was not provided by the pension system.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 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 3.54%, 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 (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 103,983,546	\$ 88,466,909	\$ 76,031,100

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, 2023, 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:

	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 73,123,308	\$ 88,466,909	\$ 108,621,661

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022, were not provided by the pension system.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2023:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 2,784,576	\$ -
Special Revenue	195,233	-
Capital Projects	-	486,429
Enterprise Fund:		
Food Service Fund	-	42,276
Internal Service Funds:		
Transportation	-	1,997,853
Career Development Center	-	453,251
	<u> </u>	<u> </u>
Total	<u>\$ 2,979,809</u>	<u>\$ 2,979,809</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 \$93,527 to the capital project fund for the costs of improving a building recently acquired and \$0 to food service enterprise fund to prevent a deficit in net position.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023. 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:

<u>Year Ending</u>	<u>Employee Contributions</u>	<u>Claims Incurred</u>	<u>Ending Balance</u>
June 30, 2023	\$ 266,952	\$ 483,126	\$ 62,905
June 30, 2022	687	687	279,079
June 30, 2021	493,807	234,253	279,079

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.

NOTE 16. FUND BALANCE APPROPRIATED

Fund Statements:

General Fund – Of the \$4,041,743 General Fund fund balance at June 30, 2023, \$2,075,558 is restricted as excess surplus in accordance with N.J.S.A.18A:7F-7 (of the total restricted \$1,917,084 has been appropriated and included as anticipated revenue for the year ended June 30, 2024); \$237,378 is assigned to year-end encumbrances; and a balance of \$1,728,807 is unassigned.

Special Revenue Fund – The \$450,203 Special Revenue Fund fund balance at June 30, 2023 is fully restricted for student activities.

Capital Projects Fund – The \$2,153,786 Capital Projects Fund balance at June 30, 2023 is fully restricted for ongoing capital projects.

The total Governmental Funds fund balance is \$6,645,732.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 16. FUND BALANCE APPROPRIATED (Continued)

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:

	Governmental Activities	Business-Type Activity	Total
Total Fund Balance/Net Position	\$ 6,645,732	\$ 877,725	\$ 7,523,457
Add:			
Internal Service Fund Net Position	-	-	-
Capital Assets, Net of			
Accumulated Depreciation	170,971,421	-	170,971,421
Lease receivable	285,998	-	285,998
Deferred Outflows of Pension Resources	3,109,036	-	3,109,036
Less:			
Additional Accounts Payable	(2,082,079)	-	(2,082,079)
Compensated Absences Liability	(15,111,138)	-	(15,111,138)
Net Pension Liability	(23,689,208)	-	(23,689,208)
Deferred Inflows of Pension Resources	(3,473,815)	-	(3,473,815)
Deferred Inflows of Lease Resources	(285,593)	-	(285,593)
Total Net Position	\$ 136,370,354	\$ 877,725	\$ 137,248,079

NOTE 17. DEFICIT FUND BALANCES

The District has a fund balance of \$4,041,743 in the General Fund as of June 30, 2023, 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.

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 \$4,041,743 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, 2023 is \$2,075,558.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 19. SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023, through February 23, 2024, 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, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Local sources:					
County tax levy	\$ 36,700,000	\$ -	\$ 36,700,000	\$ 36,700,000	\$ -
Tuition	-	-	-	490,253	490,253
Miscellaneous	639,806	333,714	973,520	1,716,754	743,234
Total - local sources	<u>37,339,806</u>	<u>333,714</u>	<u>37,673,520</u>	<u>38,907,007</u>	<u>1,233,487</u>
Federal sources:					
Special Education Medicare Reimbursement Initiative	10,194	-	10,194	14,718	4,524
Total - federal sources	<u>10,194</u>	<u>-</u>	<u>10,194</u>	<u>14,718</u>	<u>4,524</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	1,902,728	-	1,902,728	1,902,728	-
Security categorical aid	632,290	-	632,290	632,290	-
Supplemental stabilization aid	-	-	-	297,779	297,779
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	8,703,789	8,703,789
Post-retirement medical contributions	-	-	-	2,286,464	2,286,464
Long term disability insurance premium	-	-	-	2,670	2,670
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	1,792,014	1,792,014
Total - state sources	<u>23,125,117</u>	<u>-</u>	<u>23,125,117</u>	<u>36,207,833</u>	<u>13,082,716</u>
Total revenues	<u>60,475,117</u>	<u>333,714</u>	<u>60,808,831</u>	<u>75,129,558</u>	<u>14,320,727</u>
EXPENDITURES -					
CURRENT EXPENSE					
Regular programs - instruction:					
Salaries of teachers	13,825,000	650,000	14,475,000	14,466,004	8,996
Tuition reimbursement	59,000	53,000	112,000	111,896	104
Travel	12,000	(3,000)	9,000	7,050	1,950
General supplies	207,520	(49,613)	157,907	126,259	31,648
Textbooks	50,966	9,035	60,001	59,889	112
Other Objects	46,373	6,589	52,962	47,308	5,654
Total regular programs - instruction	<u>14,200,859</u>	<u>666,011</u>	<u>14,866,870</u>	<u>14,818,406</u>	<u>48,464</u>
Total regular programs	<u>14,200,859</u>	<u>666,011</u>	<u>14,866,870</u>	<u>14,818,406</u>	<u>48,464</u>
Vocational programs - local - instruction:					
Salaries of teachers	4,660,000	525,000	5,185,000	5,182,988	2,012
Other salaries for instruction	555,000	338,234	893,234	892,621	613
General supplies	82,390	(54,532)	27,858	8,799	19,059
Textbooks	25,000	-	25,000	25,000	-
Other objects	51,159	(13,000)	38,159	26,490	11,669
Total vocational programs - local - instruction	<u>5,373,549</u>	<u>795,702</u>	<u>6,169,251</u>	<u>6,135,898</u>	<u>33,353</u>
Special vocational programs - local - instruction:					
Salaries of teachers	865,000	(150,000)	715,000	713,533	1,467
Purchased professional - educational services	50,000	(50,000)	-	-	-
General supplies	25,498	(18,000)	7,498	6,998	500
Textbooks	10,000	-	10,000	10,000	-
Other objects	10,601	-	10,601	3,896	6,705
Total special vocational programs - local - instruction	<u>961,099</u>	<u>(218,000)</u>	<u>743,099</u>	<u>734,427</u>	<u>8,672</u>
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	350,000	174,245	524,245	522,907	1,338
Other Objects	-	333,714	333,714	333,714	-
School-sponsored athletics:					
Salaries	-	43,042	43,042	42,676	366
Supplies and materials	10,000	-	10,000	9,762	238
Other objects	10,000	(5,878)	4,122	222	3,900
Total other instructional	<u>370,000</u>	<u>545,123</u>	<u>915,123</u>	<u>909,281</u>	<u>5,842</u>
Total - instruction	<u>20,905,507</u>	<u>1,788,836</u>	<u>22,694,343</u>	<u>22,598,012</u>	<u>96,331</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Attendance and social work services:					
Salaries	\$ 325,000	\$ -	\$ 325,000	\$ 325,000	\$ -
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>(2,000)</u>	<u>327,000</u>	<u>327,000</u>	<u>-</u>
Health services:					
Salaries	531,000	-	531,000	531,000	-
Supplies and materials	14,977	(2,219)	12,758	12,758	-
Other objects	10,000	(6,715)	3,285	3,165	120
Total health services	<u>555,977</u>	<u>(8,934)</u>	<u>547,043</u>	<u>546,923</u>	<u>120</u>
Other support services - students-regular:					
Salaries of other professional staff	1,240,000	-	1,240,000	1,240,000	-
Salaries of secretarial and clerical assistants	550,000	147,915	697,915	697,560	355
Supplies and materials	5,000	-	5,000	1,534	3,466
Total other support services - students-regular	<u>1,795,000</u>	<u>147,915</u>	<u>1,942,915</u>	<u>1,939,094</u>	<u>3,821</u>
Other support services - students - special services:					
Salaries of other professional staff	1,100,000	(80,000)	1,020,000	1,017,441	2,559
Salaries of secretarial and clerical assistants	-	2,000	2,000	1,717	283
Supplies and materials	2,000	-	2,000	2,000	-
Other objects	2,000	-	2,000	2,000	-
Total other support services - students-special services	<u>1,104,000</u>	<u>(78,000)</u>	<u>1,026,000</u>	<u>1,023,158</u>	<u>2,842</u>
Improvement of instructional services:					
Salaries of supervisors of instructions	67,000	-	67,000	67,000	-
Salaries of other professional staff	145,000	98,521	243,521	242,821	700
Other salaries	115,000	14,078	129,078	129,005	73
Other objects	2,000	-	2,000	1,968	32
Total improvement of instructional services	<u>329,000</u>	<u>112,599</u>	<u>441,599</u>	<u>440,794</u>	<u>805</u>
Educational media services/school library:					
Salaries	1,425,000	-	1,425,000	1,425,000	-
Other objects	3,000	(2,200)	800	-	800
Total educational media services/school library	<u>1,428,000</u>	<u>(2,200)</u>	<u>1,425,800</u>	<u>1,425,000</u>	<u>800</u>
Support services - general administration:					
Salaries	915,000	111,000	1,026,000	1,025,537	463
Legal services	260,877	147,650	408,527	384,076	24,451
Audit Fees	90,000	(70,000)	20,000	20,000	-
Other purchased professional services	67,574	52,037	119,611	116,713	2,898
Purchased Technical services	8,125	309,230	317,355	254,864	62,491
Communications/telephone	500,188	414,374	914,562	852,193	62,369
Miscellaneous purchased services	5,627	(900)	4,727	4,282	445
General Supplies	13,425	2,587	16,012	16,002	10
In-House Training/Meeting Supplies	10,000	(7,900)	2,100	2,100	-
Judgments against the school district	5,000	(5,000)	-	-	-
Miscellaneous expenditures	20,000	7,252	27,252	20,747	6,505
Board of education membership dues and fees	30,000	(8,711)	21,289	21,289	-
Total support services - general administration	<u>1,925,816</u>	<u>951,619</u>	<u>2,877,435</u>	<u>2,717,803</u>	<u>159,632</u>
Support services - school administration:					
Salaries of principals/assistant principals	1,100,000	231,525	1,331,525	1,330,726	799
Salaries of other professional staff	310,000	79,800	389,800	389,259	541
Salaries of secretarial and clerical assistants	-	11,015	11,015	10,085	930
Supplies and materials	26,399	1,000	27,399	25,080	2,319
Other objects	40,445	51,227	91,672	89,691	1,981
Total support services - school administration	<u>1,476,844</u>	<u>374,567</u>	<u>1,851,411</u>	<u>1,844,841</u>	<u>6,570</u>
Central services:					
Salaries	1,805,000	(6,000)	1,799,000	1,798,842	158
Supplies and materials	25,000	(17,000)	8,000	7,244	756
Miscellaneous expenditures	25,000	5,000	30,000	30,000	-
Total central services:	<u>1,855,000</u>	<u>(18,000)</u>	<u>1,837,000</u>	<u>1,836,086</u>	<u>914</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Administrative Information Technology:					
Purchased profession services	\$ -	\$ -	\$ -	\$ 337,258	\$ (337,258)
General supplies	50,000	(33,145)	16,855	16,852	3
Other objects	175,000	(153,536)	21,464	21,403	61
Total administrative information technology:	225,000	(186,681)	38,319	375,513	(337,194)
Required maintenance for school facilities:					
Salaries	500,000	(340,000)	160,000	158,798	1,202
Cleaning, repair and maintenance services	150,000	(40,895)	109,105	107,113	1,992
General supplies	100,000	(11,677)	88,323	69,537	18,786
Other objects	225,000	(100,513)	124,487	96,719	27,768
Total required maintenance for school facilities	975,000	(493,085)	481,915	432,167	49,748
Other operating and maintenance of plant services:					
Salaries	3,000,000	(306,000)	2,694,000	2,601,987	92,013
Cleaning, repair and maintenance services	225,000	(21,995)	203,005	199,515	3,490
Rental of land and buildings other than lease purchase	50,000	(33,644)	16,356	14,255	2,101
Other purchased property	13,283	(9,482)	3,801	-	3,801
Insurance	1,300,500	21,273	1,321,773	1,321,041	732
General supplies	102,120	3,592	105,712	90,781	14,931
Natural gas	1,725,000	(2,500)	1,722,500	1,710,948	11,552
Other objects	50,000	7,226	57,226	53,783	3,443
Total other operating and maintenance of plant services:	6,465,903	(341,530)	6,124,373	5,992,310	132,063
Student transportation services:					
Salaries for pupil transportation - (between home and school) - regular	2,100,000	(105,000)	1,995,000	1,992,974	2,026
Salaries for pupil transportation - (between home and school) - special	750,000	88,273	838,273	836,820	1,453
Salaries for pupil transportation - (other than bet. home & school)	150,000	(150,000)	-	-	-
Miscellaneous purchased services - transportation	86,106	(75,000)	11,106	1,575,969	(1,564,863)
General supplies	50,000	(50,000)	-	-	-
Transportation supplies	75,000	(74,909)	91	-	91
Other objects	85,000	(39,129)	45,871	41,916	3,955
Total student transportation services	3,296,106	(405,765)	2,890,341	4,447,679	(1,557,338)
Unallocated employee benefits:					
Social Security contribution	1,645,752	275,962	1,921,714	1,919,776	1,938
TPAF contribution - ERIP	490,000	(45,949)	444,051	443,133	918
Other retirement contributions - regular	1,825,000	-	1,825,000	1,825,000	-
Other retirement contributions - ERIP	90,000	(90,000)	-	-	-
Unemployment compensation	90,000	-	90,000	90,000	-
Health benefits	11,450,000	(1,798,990)	9,651,010	8,386,176	1,264,834
Total unallocated employee benefits	15,590,752	(1,658,977)	13,931,775	12,664,085	1,267,690
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	8,703,789	(8,703,789)
Post-retirement medical contributions	-	-	-	2,286,464	(2,286,464)
Long term disability insurance premium	-	-	-	2,670	(2,670)
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	1,792,014	(1,792,014)
Total on-behalf contributions	-	-	-	12,784,937	(12,784,937)
Total undistributed expenditures	37,351,398	(1,608,472)	35,742,926	48,797,390	(13,054,464)
Total expenditures - current expense	58,256,905	180,364	58,437,269	71,395,402	(12,958,133)
CAPITAL OUTLAY					
Facilities acquisition and construction services:					
Other objects	-	-	-	97,028	(97,028)
Assessment for debt service on SDA funding	3,778	-	3,778	3,778	-
Total facilities acquisition and construction services	3,778	-	3,778	100,806	(97,028)
Total capital outlay	3,778	-	3,778	100,806	(97,028)

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
SPECIAL SCHOOLS					
Post-secondary programs - instruction:					
Salaries of teachers	\$ -	\$ 5,075	\$ 5,075	\$ 4,695	\$ 380
Other salaries - instruction	414,000	150,592	564,592	564,050	542
Travel	-	7,000	7,000	-	7,000
General supplies	35,000	12,000	47,000	37,877	9,123
Textbooks	35,000	13,000	48,000	47,964	36
Other expenses	34,060	(6,975)	27,085	21,168	5,917
Total post-secondary programs - instruction	<u>518,060</u>	<u>180,692</u>	<u>698,752</u>	<u>675,754</u>	<u>22,998</u>
Accredited evening/adult high school - instruction:					
Salaries of teachers	-	60,052	60,052	58,279	1,773
Other salaries for instruction	1,277,000	(211,440)	1,065,560	1,061,563	3,997
Purchased professional and technical services	25,000	(1,733)	23,267	19,725	3,542
General supplies	25,000	55,535	80,535	53,375	27,160
Textbooks	25,000	-	25,000	25,000	-
Other expenses	20,000	10,421	30,421	28,970	1,451
Total accredited evening/adult high school - instruction	<u>1,372,000</u>	<u>(87,165)</u>	<u>1,284,835</u>	<u>1,246,912</u>	<u>37,923</u>
Accredited evening/adult high school - support services:					
Salaries	1,500,000	59,823	1,559,823	1,559,823	-
Total accredited evening/adult high school - support services	<u>1,500,000</u>	<u>59,823</u>	<u>1,559,823</u>	<u>1,559,823</u>	<u>-</u>
Total special schools	<u>3,390,060</u>	<u>153,350</u>	<u>3,543,410</u>	<u>3,482,489</u>	<u>60,921</u>
Total expenditures	<u>61,650,743</u>	<u>333,714</u>	<u>61,984,457</u>	<u>74,978,697</u>	<u>(12,994,240)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,175,626)</u>	<u>-</u>	<u>(1,175,626)</u>	<u>150,861</u>	<u>1,326,487</u>
OTHER FINANCING SOURCES (USES)					
Transfer out - contribution to food services fund	-	-	-	(301,768)	(301,768)
Capital outlay transfer to capital projects	-	-	-	(93,527)	(93,527)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(395,295)</u>	<u>(395,295)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,175,626)</u>	<u>-</u>	<u>(1,175,626)</u>	<u>(244,434)</u>	<u>931,192</u>
Fund balances, July 1	<u>1,175,626</u>	<u>-</u>	<u>1,175,626</u>	<u>6,592,386</u>	<u>5,416,760</u>
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,347,952</u>	<u>\$ 6,347,952</u>
Recapitulation:					
Restricted fund balance:					
Excess surplus - prior year - designated for subsequent year's expenditures				\$ 1,917,084	
Excess surplus - current year				158,474	
Assigned fund balance:					
Year-end encumbrances				237,378	
Unassigned				<u>4,035,016</u>	
				6,347,952	
Reconciliation to governmental funds statements (GAAP)					
Last two state aid payments not recognized on GAAP basis				<u>(2,306,209)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 4,041,743</u>	

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES					
Federal sources	\$ 3,064,672	\$ 7,005,913	\$ 10,070,585	\$ 9,344,966	\$ (725,619)
State sources	-	-	-	101,067	101,067
Private sources	-	1,499,626	1,499,626	1,499,626	-
Total revenues	<u>3,064,672</u>	<u>8,505,539</u>	<u>11,570,211</u>	<u>10,945,659</u>	<u>(624,552)</u>
EXPENDITURES					
Current:					
Instruction:					
Salaries of teachers	961,615	402,103	1,363,718	1,354,051	9,667
Purchased professional and technical services	65,779	4,032	69,811	38,419	31,392
Other purchased services	16,232	138,462	154,694	154,694	-
Supplies and materials	5,000	-	5,000	-	5,000
General supplies	639,952	(4,295)	635,657	565,493	70,164
Other objects	7,000	-	7,000	7,000	-
Total instruction	<u>1,695,578</u>	<u>540,302</u>	<u>2,235,880</u>	<u>2,119,657</u>	<u>116,223</u>
Support services:					
Salaries	57,973	-	57,973	57,973	-
Salaries of supervisors of instructions	152,947	-	152,947	152,947	-
Salaries of other professional staff	-	1,000,000	1,000,000	753,513	246,487
Personal services - employee benefits	578,691	1,303,789	1,882,480	1,867,033	15,447
Purchased professional and technical services	52,244	-	52,244	31,593	20,651
Purchased professional -educational services	191,722	-	191,722	166,940	24,782
Purchased property services	14,808	-	14,808	8,832	5,976
Rental of land and buildings	-	75,000	75,000	57,960	17,040
Other purchased services	94,055	-	94,055	15,818	78,237
Vendor training	-	550,000	550,000	514,007	35,993
Travel	2,510	-	2,510	1,000	1,510
Supplies and materials	2,708	-	2,708	1,089	1,619
General supplies	14,854	50,000	64,854	54,553	10,301
Other objects	14,490	-	14,490	7,501	6,989
Student activities	245,910	1,499,626	1,745,536	1,295,333	450,203
Total support services	<u>1,422,912</u>	<u>4,478,415</u>	<u>5,901,327</u>	<u>4,986,092</u>	<u>915,235</u>
Capital outlay:					
General supplies	-	1,686,559	1,686,559	1,686,559	-
Instructional equipment	192,092	1,800,263	1,992,355	1,949,058	43,297
Total capital outlay	<u>192,092</u>	<u>3,486,822</u>	<u>3,678,914</u>	<u>3,635,617</u>	<u>43,297</u>
Total expenditures	<u>3,310,582</u>	<u>8,505,539</u>	<u>11,816,121</u>	<u>10,741,366</u>	<u>1,074,755</u>
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	(245,910)	-	(245,910)	204,293	450,203
Fund balance, July 1	245,910	-	245,910	245,910	-
Fund balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,203</u>	<u>450,203</u>
<u>Recapitulation:</u>					
Restricted for:					
Student activities				<u>\$ 450,203</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, 2023**

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] \$ 75,129,558	[C-2] \$ 10,945,659
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	-	(450,441)
Prior	-	826,779
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	2,284,503	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	<u>(2,306,209)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 75,107,852</u>	[B-2] <u>\$ 11,321,997</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 74,978,697	[C-2] \$ 10,741,366
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	-	(450,441)
Prior	<u>-</u>	<u>826,779</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 74,978,697</u>	[B-2] <u>\$ 11,117,704</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 NINE FISCAL YEARS**

EXHIBIT L-1

	June 30, 2023	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	0.1569718175%	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	\$ 23,689,208	\$ 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	\$ 11,862,716	\$ 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	199.69%	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	62.91%	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 NINE FISCAL YEARS

EXHIBIT L-2

	June 30, 2023	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	\$ 1,979,490	\$ 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	1,979,490	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	\$ 11,862,716	\$ 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	16.69%	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 NINE FISCAL YEARS

EXHIBIT L-3

	June 30, 2023	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%	0.000%
State's proportion of the net pension liability associated with the District	0.2089%	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	\$ 107,805,091	\$ 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	\$ 25,569,821	\$ 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%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	32.29%	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 SIX FISCAL YEARS***

EXHIBIT L-4

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
OPEB liability, July 1	\$ 103,584,254	\$ 116,867,422	\$ 71,351,574	\$ 76,905,172	\$ 90,553,269	\$ 97,055,980
Changes recognized for the fiscal year:						
Service cost	4,824,956	5,552,481	3,129,021	3,107,973	3,446,422	4,132,276
Interest on the total OPEB liability	2,344,471	2,687,085	2,572,592	3,055,773	3,329,964	2,855,280
Changes in assumptions	(23,732,042)	102,194	21,347,662	1,063,858	(8,825,253)	(11,470,093)
Difference between expected and actual experience	3,693,039	(19,466,701)	20,439,471	(10,655,847)	(9,613,886)	-
Changes of Benefit Terms	-	(110,253)	-	-	-	-
Gross benefit payments	(2,322,268)	(2,116,670)	(2,034,566)	(2,190,281)	(2,056,417)	(2,097,406)
Contributions from the member	74,499	68,696	61,668	64,926	71,073	77,232
Net changes	(15,117,345)	(13,283,168)	45,515,848	(5,553,598)	(13,648,097)	(6,502,711)
OPEB liability, June 30	\$ 88,466,909	\$ 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	\$ 88,466,909	\$ 103,584,254	\$ 116,867,422	\$ 71,351,574	\$ 76,905,172	\$ 90,553,269
Total OPEB liability	\$ 88,466,909	\$ 103,584,254	\$ 116,867,422	\$ 71,351,574	\$ 76,905,172	\$ 90,553,269
District's covered employee payroll	\$ 37,432,537	\$ 24,603,007	\$ 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%	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, 2023**

	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, 2022	7.00%	7.00%	3.54%
As of June 30, 2021	7.00%	7.00%	2.21%
Municipal bond rate:			
As of June 30, 2022	3.54%	3.54%	3.54%
As of June 30, 2021	2.21%	2.21%	2.21%
Inflation rate:			
As of June 30, 2022			2.50%
Price	2.75%	2.75%	
Wage	3.25%	3.25%	
As of June 30, 2021			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, 2022	7.00%	7.00%	Not Applicable
As of June 30, 2021	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, 2023

EXHIBIT E-1

	Elementary and Secondary Education Act						Totals
	Total Brought Forward (Ex.E-1a)	Title I - Part A	Title I - SIA Part A	Title II - Part A	Title IV - Part A	I.D.E.A. Part B Basic	
REVENUES							
Federal sources	\$ 7,328,027	\$ 1,197,241	\$ 19,732	\$ 60,569	\$ 66,799	\$ 542,088	\$ 130,510
State sources	101,067	-	-	-	-	-	-
Private sources	1,499,626	-	-	-	-	-	-
Total revenues	8,928,720	1,197,241	19,732	60,569	66,799	542,088	130,510
EXPENDITURES							
Current:							
Instruction:							
Salaries of teachers	409,436	747,115	3,500	-	28,140	165,860	-
Purchased professional and technical services	29,966	-	-	-	8,453	-	-
Other purchased services	138,462	-	16,232	-	-	-	-
General supplies	513,446	40,047	-	-	-	12,000	-
Other objects	-	-	-	-	-	7,000	-
Total instruction	1,091,310	787,162	19,732	-	36,593	184,860	-
Support services:							
Salaries	-	47,973	-	-	10,000	-	-
Salaries of supervisors of instructions	-	-	-	-	-	152,947	-
Salaries of other professional staff	753,513	-	-	-	-	-	-
Personal services - employee benefits	1,288,610	362,106	-	-	2,919	82,888	130,510
Purchased professional and technical services	31,593	-	-	-	-	-	-
Purchased professional - educational services	-	-	-	59,656	16,198	91,086	-
Purchased property services	8,832	-	-	-	-	-	-
Rental of land and buildings	57,960	-	-	-	-	-	-
Other purchased services	1,495	-	-	595	-	13,728	-
Vendor training	514,007	-	-	-	-	-	-
Travel	1,000	-	-	-	-	-	-
Supplies and materials	-	-	-	-	1,089	-	-
General supplies	39,699	-	-	-	-	14,854	-
Other objects	5,458	-	-	318	-	1,725	-
Student activities	1,295,333	-	-	-	-	-	-
Total support services	3,997,500	410,079	-	60,569	30,206	357,228	130,510
Capital outlay:							
General supplies	1,686,559	-	-	-	-	-	-
Instructional equipment	1,949,058	-	-	-	-	-	-
Total capital outlay	3,635,617	-	-	-	-	-	-
Total expenditures	8,724,427	1,197,241	19,732	60,569	66,799	542,088	130,510
Total Outflows	8,724,427	1,197,241	19,732	60,569	66,799	542,088	130,510
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	204,293	-	-	-	-	-	-
Fund balance, July 1	245,910	-	-	-	-	-	-
Fund balance, June 30	\$ 450,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SPECIAL REVENUE FUND
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT E-1a

	Total Brought Forward (Ex.E-1b)	Career and Technical Education Perkins -		CARES Education Stabilization Fund II	ARP ESSER	Workforce Innovative and Opportunity Act (WIOA)		Total Carried Forward (Ex.E-1)
		Secondary	Post-Secondary			Adult	Youth	
REVENUES								
Federal sources	533,616	\$ 671,733	\$ 76,448	\$ 801,537	\$ 4,027,124	\$ 536,634	\$ 680,935	7,328,027
State sources	101,067	-	-	-	-	-	-	101,067
Private sources	1,499,626	-	-	-	-	-	-	1,499,626
Total revenues	2,134,309	671,733	76,448	801,537	4,027,124	536,634	680,935	8,928,720
EXPENDITURES								
Current:								
Instruction:								
Salaries of teachers	-	7,333	-	-	402,103	-	-	409,436
Purchased professional and technical services	-	24,510	5,456	-	-	-	-	29,966
Other purchased services	-	-	-	-	138,462	-	-	138,462
General supplies	-	447,391	66,055	-	-	-	-	513,446
Other objects	-	-	-	-	-	-	-	-
Total instruction	-	479,234	71,511	-	540,565	-	-	1,091,310
Support services:								
Salaries	-	-	-	-	-	-	-	-
Salaries of supervisors of instructions	-	-	-	-	-	-	-	-
Salaries of other professional staff	297,620	-	-	-	-	275,244	180,649	753,513
Personal services - employee benefits	227,220	-	-	801,537	-	191,638	68,215	1,288,610
Purchased professional and technical services	-	31,593	-	-	-	-	-	31,593
Purchased professional-educational services	-	-	-	-	-	-	-	-
Purchased property services	-	8,832	-	-	-	-	-	8,832
Rental of land and buildings	19,578	-	-	-	-	18,047	20,335	57,960
Other purchased services	-	1,495	-	-	-	-	-	1,495
Vendor training	72,896	-	-	-	-	39,361	401,750	514,007
Travel	-	1,000	-	-	-	-	-	1,000
Supplies and materials	-	-	-	-	-	-	-	-
General supplies	17,369	-	-	-	-	12,344	9,986	39,699
Other objects	-	5,458	-	-	-	-	-	5,458
Student activities	1,295,333	-	-	-	-	-	-	1,295,333
Total support services	1,930,016	48,378	-	801,537	-	536,634	680,935	3,997,500
Capital outlay:								
General supplies	-	-	-	-	1,686,559	-	-	1,686,559
Instructional equipment	-	144,121	4,937	-	1,800,000	-	-	1,949,058
Total capital outlay	-	144,121	4,937	-	3,486,559	-	-	3,635,617
Total expenditures	1,930,016	671,733	76,448	801,537	4,027,124	536,634	680,935	8,724,427
Total Outflows	1,930,016	671,733	76,448	801,537	4,027,124	536,634	680,935	8,724,427
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	204,293	-	-	-	-	-	-	204,293
Fund balance, July 1	245,910	-	-	-	-	-	-	245,910
Fund balance, June 30	\$ 450,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,203

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SPECIAL REVENUE FUND
 COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	WIOA Dislocated Worker	Workforce Learning Link	Student Activities	Total Carried Forward (Ex.E-1a)
REVENUES				
Federal sources	\$ 533,616	\$ -	\$ -	\$ 533,616
State sources	-	101,067	-	101,067
Private sources	-	-	1,499,626	1,499,626
Total revenues	<u>533,616</u>	<u>101,067</u>	<u>1,499,626</u>	<u>2,134,309</u>
EXPENDITURES				
Current:				
Instruction:				
Salaries of teachers	-	-	-	-
Purchased professional and technical services	-	-	-	-
Other purchased services	-	-	-	-
General supplies	-	-	-	-
Other objects	-	-	-	-
Total instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services:				
Salaries	-	-	-	-
Salaries of supervisors of instructions	-	-	-	-
Salaries of other professional staff	236,802	60,818	-	297,620
Personal services - employee benefits	197,032	30,188	-	227,220
Purchased professional and technical services	-	-	-	-
Purchased professional -educational services	-	-	-	-
Purchased property services	-	-	-	-
Rental of land and buildings	17,757	1,821	-	19,578
Other purchased services	-	-	-	-
Vendor training	68,226	4,670	-	72,896
Travel	-	-	-	-
Supplies and materials	-	-	-	-
General supplies	13,799	3,570	-	17,369
Other objects	-	-	-	-
Student activities	-	-	1,295,333	1,295,333
Total support services	<u>533,616</u>	<u>101,067</u>	<u>1,295,333</u>	<u>1,930,016</u>
Capital outlay:				
General supplies	-	-	-	-
Instructional equipment	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>533,616</u>	<u>101,067</u>	<u>1,295,333</u>	<u>1,930,016</u>
Total Outflows	533,616	101,067	1,295,333	1,930,016
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	-	204,293	204,293
Fund balance, July 1	-	-	245,910	245,910
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,203</u>	<u>\$ 450,203</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, 2023**

EXHIBIT F-1

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Balance June 30, 2023
			Prior Years	Current Year	
County of Hudson Improvement Authorizations:					
Improvements and Acquisition of Various Equipment (356-6-2019)	06/01/19	\$ 5,000,000	\$ 5,000,000	\$ (170,424)	\$ 170,424
Improvements and Acquisition of Various Equipment (453-7-2020)	07/01/20	2,782,097	1,550,154	1,187,405	44,538
Acquisition of Building - Explore Middle School	2020	9,247,870	9,181,143	31,088	35,639
Acquisition of Land, Improvements and Acquisition of Various Equipment	04/29/21	3,298,019	2,846,635	305,713	145,671
Liberty Science Center Preliminary	*	26,800	-	26,800	-
Improvements and Acquisition of Various Equipment (530-9-2022)	09/08/22	3,000,000	-	1,242,486	1,757,514
		<u>\$ 23,354,786</u>	<u>\$ 18,577,932</u>	<u>\$ 2,623,068</u>	<u>\$ 2,153,786</u>

* - Information not available

**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, 2023**

EXHIBIT F-2

Revenues and other financing sources:	
County capital contributions:	
Improvement authorizations	\$ 4,080,116
General fund contribution	<u>93,527</u>
Total revenues and other financing sources	<u>4,173,643</u>
 Expenditures and other financing uses:	
Building improvements and equipment purchases	2,596,268
Professional services	<u>26,800</u>
Total expenditures and other financing uses	<u><u>2,623,068</u></u>
 Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	 1,550,575
 Fund balance, July 1	 <u>603,211</u>
Fund balance, June 30	<u><u>\$ 2,153,786</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, 2023**

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	5,000,000	(170,424)	4,829,576	4,829,576
Total expenditures and other financing uses	<u>5,000,000</u>	<u>(170,424)</u>	<u>4,829,576</u>	<u>4,829,576</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 170,424</u>	<u>\$ 170,424</u>	<u>\$ 170,424</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, 2023**

EXHIBIT F-2b

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 2,000,000	\$ 782,097	\$ 2,782,097	\$ 2,782,097
Total revenues and other financing sources	<u>2,000,000</u>	<u>782,097</u>	<u>2,782,097</u>	<u>2,782,097</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	1,550,154	1,187,405	2,737,559	2,782,097
Total expenditures and other financing uses	<u>1,550,154</u>	<u>1,187,405</u>	<u>2,737,559</u>	<u>2,782,097</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 449,846</u>	<u>\$ (405,308)</u>	<u>\$ 44,538</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	\$ 782,097			
Revised authorized cost	\$ 2,782,097			
Percentage increase over original authorized cost	39%			
Percentage completion	98%			
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, 2023**

EXHIBIT F-2c

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
General fund contribution	\$ 9,181,143	\$ 66,727	\$ 9,247,870	\$ 9,247,870
Total revenues and other financing sources	<u>9,181,143</u>	<u>66,727</u>	<u>9,247,870</u>	<u>9,247,870</u>
Expenditures and other financing uses:				
Building acquisition	9,181,143	31,088	9,212,231	9,247,870
Total expenditures and other financing uses	<u>9,181,143</u>	<u>31,088</u>	<u>9,212,231</u>	<u>9,247,870</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 35,639</u>	<u>\$ 35,639</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	\$ 2,521,617			
Revised authorized cost	\$ 9,247,870			
Percentage increase over original authorized cost		37%		
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, 2023**

EXHIBIT F-2d

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 3,000,000	\$ 298,019	\$ 3,298,019	\$ 3,298,019
Total revenues and other financing sources	<u>3,000,000</u>	<u>298,019</u>	<u>3,298,019</u>	<u>3,298,019</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	2,846,635	305,713	3,152,348	3,298,019
Total expenditures and other financing uses	<u>2,846,635</u>	<u>305,713</u>	<u>3,152,348</u>	<u>3,298,019</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 153,365</u>	<u>\$ (7,694)</u>	<u>\$ 145,671</u>	<u>\$ -</u>
Additional project information:				
Project number	264-4-2021			
Grant date/letter of notification	04/29/21			
Original authorized cost	\$ 3,000,000			
Additional authorized cost	\$ 298,019			
Revised authorized cost	\$ 3,298,019			
Percentage increase over original authorized cost	10%			
Percentage completion	96%			
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
LIBERTY SCIENCE CENTER PRELIMINARY
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT F-2e

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
General fund contribution	\$ -	\$ 26,800	\$ 26,800	\$ 26,800
Total revenues and other financing sources	<u>-</u>	<u>26,800</u>	<u>26,800</u>	<u>26,800</u>
Expenditures and other financing uses:				
Professional services	-	26,800	26,800	26,800
Total expenditures and other financing uses	<u>-</u>	<u>26,800</u>	<u>26,800</u>	<u>26,800</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project number		N/A		
Grant date/letter of notification		N/A		
Original authorized cost	\$ 26,800			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 26,800			
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, 2023**

EXHIBIT F-2f

	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>-</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	-	1,242,486	1,242,486	3,000,000
Total expenditures and other financing uses	<u>-</u>	<u>1,242,486</u>	<u>1,242,486</u>	<u>3,000,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,757,514</u>	<u>\$ 1,757,514</u>	<u>\$ -</u>
Additional project information:				
Project number		530-9-2022		
Grant date/letter of notification		09/08/22		
Original authorized cost		\$ 3,000,000		
Additional authorized cost		\$ -		
Revised authorized cost		\$ 3,000,000		
Percentage increase over original authorized cost		0%		
Percentage completion		41%		
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, 2023**

EXHIBIT G-1

	<u>Food Service</u>
ASSETS	
Current assets:	
Intergovernmental accounts receivable:	
Federal	\$ 140,623
State	5,472
Inventory	35,939
Total current assets	<u>182,034</u>
Capital assets:	
Furniture, machinery and equipment	1,484,230
Less: accumulated depreciation	<u>(606,505)</u>
Total capital assets	<u>877,725</u>
Total assets	<u>1,059,759</u>
LIABILITIES	
Current liabilities:	
Accounts payable	139,758
Interfund payable	<u>42,276</u>
Total current liabilities	<u>182,034</u>
Total liabilities	<u>182,034</u>
NET POSITION	
Net investment in capital assets	877,725
Unrestricted	<u>-</u>
Total net position	<u>\$ 877,725</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, 2023**

EXHIBIT G-2

	<u>Food Service</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - non-reimbursable programs	\$ 1,058,560
OPERATING EXPENSES	
Cost of sales - reimbursable programs	2,498,810
Cost of sales - non-reimbursable programs	127,089
Depreciation	98,794
Total operating expenses	<u>2,724,693</u>
Operating (loss)	(1,666,133)
Nonoperating revenues:	
State sources:	
State school lunch program	23,532
State school breakfast program	4,282
Federal sources:	
National school lunch program	523,437
School breakfast program	162,083
Healthy Hunger-Free Kids Act	15,632
Summer food service program for children	5,816
TEFAP - food commodities	127,089
Supply chain assistance	122,788
Total nonoperating revenues	<u>984,659</u>
Change in net position before transfer	(681,474)
Transfer from general fund - contribution	<u>301,768</u>
Change in net position	(379,706)
Net position, July 1	1,257,431
Net position, June 30	<u><u>\$ 877,725</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT G-3

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,058,560
Payments to suppliers and employees	<u>(2,502,238)</u>
Net cash (used) by operating activities	<u>(1,443,678)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State sources	24,753
Federal sources	829,260
Proceeds from interfund	<u>589,665</u>
Net cash provided by non-capital financing activities	<u>1,443,678</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)	\$ (1,666,133)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	98,794
TEFAP - food commodities	127,089
(Increase) in inventory	(511)
(Decrease) in accounts payable	<u>(2,917)</u>
Total adjustments	<u>222,455</u>
Net cash (used) by operating activities	<u><u>\$ (1,443,678)</u></u>
Noncash capital financing activities:	
TEFAP - food commodities	<u><u>\$ 127,089</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT G-4

	Transportation Consortium	Career Development Center	Youth House Services	Total Internal Service Fund
ASSETS				
Current assets:				
Intergovernmental accounts receivable:				
Local	\$ 2,031,045	\$ -	\$ -	\$ 2,031,045
Other accounts receivable	-	462,311	-	462,311
Total current assets	<u>2,031,045</u>	<u>462,311</u>	<u>-</u>	<u>2,493,356</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>2,031,045</u>	<u>462,311</u>	<u>-</u>	<u>2,493,356</u>
LIABILITIES				
Current liabilities:				
Accounts Payable	33,192	9,060	-	42,252
Interfund payable	<u>1,997,853</u>	<u>453,251</u>	<u>-</u>	<u>2,451,104</u>
Total current liabilities	<u>2,031,045</u>	<u>462,311</u>	<u>-</u>	<u>2,493,356</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, 2023**

	Transportation Consortium	Career Development Center	Youth House Services	Total Internal Service Fund
OPERATING REVENUES				
Charges for services:				
Transportation fees from other local education agencies	\$ 4,282,696	\$ -	\$ -	\$ 4,282,696
Career development programs and fees	-	1,852,252	-	1,852,252
Total operating revenues	<u>4,282,696</u>	<u>1,852,252</u>	<u>-</u>	<u>6,134,948</u>
OPERATING EXPENSES				
Salaries	2,733,073	753,513	-	3,486,586
Employee benefits	-	487,073	-	487,073
Other purchased services	1,549,623	611,666	-	2,161,289
Total operating expenses	<u>4,282,696</u>	<u>1,852,252</u>	<u>-</u>	<u>6,134,948</u>
Change in net position	-	-	-	-
Net position, July 1	-	-	-	-
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, 2023**

EXHIBIT G-6

	Transportation Consortium	Career Development Center	Youth House Services	Total Internal Service Fund
Cash flows from operating activities:				
Receipts from customers	\$ 4,430,670	\$ 1,708,098	\$ -	\$ 6,138,768
Payment for salaries and benefits	(2,733,073)	(1,237,431)	-	(3,970,504)
Payments to suppliers	(1,554,761)	(611,666)	-	(2,166,427)
Net cash provided (used) by operating activities	<u>142,836</u>	<u>(140,999)</u>	<u>-</u>	<u>1,837</u>
Cash Flows from Non-capital Financing				
Interfund proceeds	<u>(142,836)</u>	<u>140,999</u>	<u>-</u>	<u>(1,837)</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 (loss)	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Decrease in intergovernmental accounts receivable	147,974	38,911	-	186,885
(Increase) in other accounts receivable	-	(183,065)	-	(183,065)
(Decrease) increase in accounts payable	(5,138)	3,155	-	(1,983)
Total adjustments	<u>142,836</u>	<u>(140,999)</u>	<u>-</u>	<u>1,837</u>
Net cash (used) by operating activities	<u>\$ 142,836</u>	<u>\$ (140,999)</u>	<u>\$ -</u>	<u>\$ 1,837</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.	88 - 93
Revenue Capacity Not Applicable	94 - 97
Debt Capacity Not Applicable	98 - 101
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.	102 - 103
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.	104 - 109

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,									
	2014	2015 ⁽¹⁾	2016	2017	2018	2019	2020	2021	2022	2023
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	\$ 170,971,421
Restricted	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	4,679,547
Unrestricted	(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)	(39,280,614)
Total governmental activities net position	\$ 36,526,196	\$ 15,333,289	\$ 18,157,364	\$ (5,472,775)	\$ 153,849,283	\$ 150,450,291	\$ 152,995,533	\$ 162,098,524	\$ 132,741,490	\$ 136,370,354
Business-type activity:										
Net investment in capital assets	65,151	50,151	35,151	692,901	628,616	564,331	564,331	435,761	976,519	877,725
Unrestricted	(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	\$ 877,725
Government-wide:										
Net investment in capital assets	46,113,243	54,163,538	58,013,905	30,104,413	203,009,520	201,796,723	195,380,991	205,200,177	173,320,673	171,849,146
Restricted	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	4,679,547
Unrestricted	(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)	(39,280,614)
Total government-wide net position	\$ 36,526,196	\$ 15,333,289	\$ 18,157,364	\$ (4,772,874)	\$ 154,478,896	\$ 150,942,248	\$ 153,259,937	\$ 162,535,285	\$ 133,998,921	\$ 137,248,079

Source:
District Records

Notes:
(1) 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 the Year Ended June 30,									
	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽¹⁾	2019	2020	2021 ⁽¹⁾	2022	2023
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 24,681,890
Vocational	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	9,945,326
School sponsored cocurricular activities	396,935	468,942	401,329	651,546	415,023	518,420	514,633	326,238	565,896	1,193,957
Support services:										
Student and instruction related services	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	14,163,408
School administrative services	3,009,309	3,117,769	1,023,735	3,033,343	1,291,737	1,644,427	1,798,923	3,674,196	3,402,147	3,639,400
General and business administration services	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	5,437,066
Plant operations and maintenance	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	10,636,771
Pupil transportation	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	11,281,089
Special Schools	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	6,874,309
Unallocated depreciation	1,822,526	1,454,799	3,627,858	1,834,284	1,886,771	11,155,403	11,425,168	-	-	-
Capital expenditures not capitalized	-	-	650,142	-	-	-	-	-	-	-
Unallocated Benefits	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	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	87,853,216
Business-type Activity:										
Food service	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	2,724,693
Total business-type activity expense	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	2,724,693
Total expenses	\$ 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	\$ 90,577,909
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	569,000	-	771,775	944,955	729,045	795,836	419,963	473,393	273,817	490,253
Student and instruction related services	-	-	-	-	-	-	-	-	810,647	1,499,626
Pupil transportation	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	4,282,696
Special schools	-	-	-	852,364	2,499,999	2,290,833	1,870,422	2,231,268	1,987,938	1,852,252
Operating grants and contributions	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	41,161,675
Capital grants and contributions	10,199,148	9,000,000	8,000,000	9,783,521	163,156,294	8,000,000	5,000,000	5,000,000	-	4,080,116
Governmental activities program revenues	21,225,571	13,041,974	18,543,373	35,089,265	193,868,304	32,442,846	26,325,335	44,087,689	56,201,681	53,366,618
Business-type activities										
Charges for services:										
Food service	287,417	270,468	384,709	667,334	944,337	1,171,211	902,865	52,609	447,641	1,058,560
Operating grants and contributions	450,780	438,848	539,250	643,542	698,998	671,462	495,666	148,252	1,818,026	984,659
Total Business-type Activities Program Revenues	738,197	709,316	923,959	1,310,876	1,643,335	1,842,673	1,398,531	200,861	2,265,667	2,043,219
Total program revenues	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	55,409,837
Net (expense)/operating revenues:										
Governmental activities	(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)	(34,486,598)
Business-type activity	(353,007)	(357,398)	(426,198)	(349,821)	(63,288)	(137,650)	(227,553)	(377,134)	181,963	(681,474)
Total net (expense) operating revenues	\$ (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)	\$ (35,168,072)

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

EXHIBIT J-2

	Fiscal the Year Ended June 30,									
	2014	2015 ⁽¹⁾	2016	2017	2018 ⁽²⁾	2019	2020	2021 ⁽³⁾	2022	2023
General Revenues, Transfers and Special Items:										
Governmental activities:										
Property taxes, contributed by										
County of Hudson - net	\$ 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	\$ 36,700,000
Unrestricted grants and contributions	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	652,219	670,751	-	-	-	-	-	-	-	-
Interest earnings	4,669	6,785	5,590	-	-	-	-	-	-	-
Miscellaneous income	210,185	784,831	412,244	650,679	649,372	3,682,521	10,156,932	812,925	1,947,913	1,717,230
Transfers	(353,007)	(357,398)	(426,198)	(320,585)	-	-	-	(548,491)	-	(301,768)
Special items	-	-	-	(24,003,273)	(146,191)	(97,760)	-	-	(29,326,747)	-
Total Governmental Activities	\$ 47,896,272	\$ 53,914,182	\$ 53,339,970	\$ 24,653,653	\$ 51,160,591	\$ 55,986,740	\$ 65,498,579	\$ 46,602,383	\$ 8,991,166	\$ 38,115,462
Business-type activities:										
Miscellaneous income	-	-	-	102	-	-	-	-	-	-
Transfers	353,007	357,398	426,198	320,585	-	-	-	548,491	-	301,768
Special items	-	-	-	722,035	-	-	-	-	639,707	-
Total business-type activities	\$ 353,007	\$ 357,398	\$ 426,198	\$ 1,042,722	\$ -	\$ -	\$ -	\$ 548,491	\$ 639,707	\$ 301,768
Total general revenues, transfers and special items	\$ 48,249,279	\$ 54,271,580	\$ 53,766,168	\$ 25,696,375	\$ 51,160,591	\$ 55,986,740	\$ 65,498,579	\$ 47,150,874	\$ 9,630,873	\$ 38,417,230
Change in net position:										
Governmental activities	9,026,923	8,748,056	1,924,075	(23,630,139)	159,327,058	(3,398,992)	2,545,242	9,685,614	(30,354,447)	3,628,864
Business-type activities	-	-	-	692,901	(63,288)	(137,656)	(227,553)	171,357	821,670	(379,706)
Total change in net position	\$ 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)	\$ 3,249,158

Source:
 District Records

Notes:

- (1) GASB 68 was implemented in the 2015 fiscal year where additional on-behalf TPAF pension expense and offsetting contribution is reported.
- (2) GASB 75 was implemented in the 2018 fiscal year, where additional on-behalf OPEB expense and offsetting contribution is reported.
- (3) 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,									
	2014	2015	2016	2017	2018	2019	2020	2021 ⁽¹⁾	2022	2023
General fund:										
Restricted	\$ 849,723	\$ 2,400,221	\$ 1,300,623	\$ -	\$ -	\$ -	\$ -	\$ 996,413	\$ 2,913,497	\$ 2,075,558
Assigned	631,076	695,577	131,422	(1,850,107)	(2,108,814)	(1,769,700)	(338,523)	315,208	179,213	237,378
Unassigned	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	1,728,807
Total general fund	\$ 1,961,598	\$ 6,191,596	\$ 2,864,090	\$ (1,850,107)	\$ (2,108,814)	\$ (1,769,700)	\$ (677,046)	\$ 1,327,468	\$ 4,307,883	\$ 4,041,743
All other governmental funds:										
Restricted:										
Special revenue fund - student activities	\$ 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	\$ 450,203
Capital projects fund								4,749,448	603,211	2,153,786
Total all other governmental funds	\$ 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	\$ 2,603,989

Source:
 District Records

Notes:

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

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

	Fiscal the Year Ended June 30,										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Revenues:											
County tax levy	\$ 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	\$ 36,700,000	
Tuition charges	652,219	670,751	771,775	944,955	729,045	795,836	419,963	473,393	273,817	490,253	
Miscellaneous	214,854	791,616	461,137	650,679	649,372	3,682,521	1,015,932	1,403,743	2,758,631	3,216,380	
State sources	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	36,312,382	
Federal sources	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	9,710,834	
Total Revenues	55,763,322	58,448,427	60,628,925	60,691,582	64,587,922	69,409,852	78,538,273	74,221,504	85,193,772	86,429,849	
Expenditures:											
Instruction:											
Regular instruction	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	17,398,944	
Vocational education	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	6,870,325	
School sponsored cocurricular activities	396,935	468,942	401,329	651,546	415,023	518,420	514,633	199,881	365,048	909,281	
Support services:											
Student and instruction related services	4,262,441	4,622,168	7,906,756	7,612,807	9,260,448	8,253,306	8,604,217	9,493,891	12,042,782	10,861,342	
School administrative services	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	2,717,803	
Other administrative services	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	4,056,440	
Plant operations and maintenance	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	6,424,477	
Pupil transportation	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	4,447,679	
Unallocated benefits	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	25,449,022	
Special schools	6,722,010	6,360,773	6,588,467	5,981,605	5,219,866	4,325,669	3,494,464	3,260,560	3,349,103	3,482,489	
Capital outlay	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	6,101,667	
Total Expenditures	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	88,719,469	
Excess (deficiency) of revenues over (under) expenditures	(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)	(2,289,620)	
Other financing sources (uses):											
County capital contributions	10,000,000	9,000,000	8,900,000	9,783,321	163,156,294	8,000,000	5,000,000	5,000,000	-	4,080,116	
Transfers in	-	-	-	722,387	-	-	-	10,632	-	-	93,527
Transfers out	(353,007)	(357,398)	(469,501)	(320,585)	(583,343)	(520,621)	(108,339)	(548,491)	(1,158,085)	(395,295)	
Total other financing sources (uses)	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)	3,778,348	
Net change in fund balances	\$ 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)	\$ 1,488,728	
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 the Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund:										
Interest on investments	\$ 4,669	\$ 6,785	\$ 5,590	\$ 10,473	\$ 13,438	\$ 12,428	\$ 56,306	\$ 75,422	\$ 29,577	\$ 33,285
Health benefits refunds	-	72,077	31,582	-	-	-	-	46,311	79,057	111,479
Tuition	652,219	670,751	771,775	944,955	729,045	795,836	419,963	473,393	273,817	165,570
In and Out of School programs	-	-	129,000	-	-	-	-	-	-	-
E-Rate vendors refund	17,292	-	-	-	-	-	-	-	-	147,868
State share of capital project previously cancelled	-	-	-	-	-	2,700,000	-	-	-	-
Sale of capital asset, net proceeds	-	-	-	-	-	-	9,492,435	-	-	-
Lease revenue	-	-	-	-	-	-	-	-	1,289,000	-
Solar Panel Rebate	-	-	-	-	-	-	-	-	-	1,190,000
Other	192,893	712,754	294,965	649,954	635,933	970,093	608,191	737,503	629,407	53,960
Total General Fund	\$ 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	\$ 1,882,324

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

Year Ended June 30,	Hudson County Population	Hudson County Personal Income	Total Per Capita Income	Unemployment Rate
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	703,366	36,066,498,382	51,277	7.60%
2023	*	*	*	4.50%

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:	For the Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	138	137	147	147	147	160	163	162	166	166
Vocational	48	52	54	54	54	60	61	60	55	55
Student and instruction related services										
General administration	37	37	38	38	38	39	39	40	39	39
School administrative services	10	10	10	10	10	10	10	11	18	18
Central services	20	20	20	20	20	19	19	21	13	13
Plant operations and maintenance	39	36	44	44	44	39	40	42	21	21
Pupil transportation	53	55	63	63	63	63	61	60	43	43
Other support services	27	27	30	30	30	29	29	31	49	49
Media services technology	12	16	16	16	16	12	12	12	14	14
Total	394	400	432	432	432	442	447	453	483	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	17,010	-10.52%	186	17.0	2,960	2,827	-0.50%	95.51%
2015	3,170	56,476,030	17,816	4.74%	189	16.8	3,170	2,985	7.09%	94.16%
2016	3,188	55,775,498	17,495	-1.80%	204	15.6	2,008	2,005	-4.70%	99.87%
2017	3,421	59,114,955	17,280	-1.23%	201	17.0	2,188	2,063	5.53%	94.29%
2018	3,471	58,178,493	16,761	-3.00%	220	15.8	2,717	2,562	1.44%	94.28%
2019	3,217	63,615,239	19,775	17.98%	220	14.6	2,850	2,695	4.90%	94.56%
2020	3,496	65,292,615	18,676	8.08%	224	15.6	2,700	2,556	-5.26%	94.67%
2021	2,743	63,346,126	23,094	37.78%	222	12.4	2,660	2,575	-6.67%	96.80%
2022	2,638	69,402,775	26,309	56.96%	221	11.9	2,589	2,440	-2.67%	94.24%
2023	2,525	74,877,891	29,655	49.96%	221	11.4	2,507	2,344	-3.19%	93.50%

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>North Hudson Campus</u>										
Square feet	91,500	91,500	91,500	91,500	91,500	-	-	-	-	-
Capacity (students)	3,519	3,519	3,519	3,519	3,519	-	-	-	-	-
Enrollment	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	350,000
Capacity (students)	-	-	-	-	-	4,200	4,200	4,200	4,200	4,200
Enrollment	-	-	-	-	-	1,712	1,712	1,712	1,310	1,282
<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	1,471	1,471	1,471	935	921
<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	155	145

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⁾	For the Fiscal Year Ended,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
North Hudson Campus	\$ 223,931	\$ 379,411	\$ 291,318	\$ 612,974	\$ 579,519	\$ -	\$ -	\$ -	\$ -	\$ -
High Tech High School	-	-	-	-	-	527,860	527,860	436,044	617,378	234,509
County Prep High School	587,361	338,178	419,310	589,527	534,940	382,245	382,245	299,002	423,345	160,806
Explore Middle School	-	-	-	-	-	-	-	68,521	97,016	36,852
	<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>	<u>\$ 432,167</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)

	<u>Coverage</u>	<u>Deductible</u>
New Jersey Schools 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 each claim	
Article I - Property:		
Blanket Real & Personal Property	500,000,000 per occurrence NJSIG limit	5,000 per occurrence
Blanket Extra Expense	50,000,000 per occurrence NJSIG limit	5,000 per occurrence
Blanket Valuable Papers and Records	10,000,000 per occurrence NJSIG limit	5,000 per occurrence
Loss of Rents	750,000 per occurrence NJSIG limit	
Loss of Business Income/Tuition	250,000 per occurrence	
Limited Builders Risk	10,000,000 per occurrence NJSIG limit	
Fire Department Service Charge	10,000 per occurrence	
Arson Reward	10,000 per occurrence	
Pollutant Cleanup and Removal	250,000 per occurrence / NJSIG annual	
Fine Arts	Not Covered	
Sublimits: Special Flood Hazard Area Flood Zones	25,000,000 per occurrence / NJSIG annual	500,000 per building
		500,000 per building contents
Accounts Receivable	250,000 per occurrence / annual aggr.	
Flood (All Flood Zones)	75,000,000 per occurrence / NJSIG annual	10,000 per member / per occurrence
Earthquake	50,000,000 per occurrence / NJSIG annual	
Terrorism	1,000,000 per occurrence / NJSIG annual	
Article II - Electronic Data Processing:		
Data Processing Equipment Including Data and Media, Extra Expense, Business Income, Duplicates, Transit and Debris Removal	500,000,000 per occurrence NJSIG limit	1,000 per occurrence
Computer Virus	250,000 (\$10,000,000 NJSIG annual aggr.)	
Article III - Equipment Breakdown:		
Combined Single Limit per Accident for Property Damage and Business Income	100,000,000	25,000 per accident
Sublimits:		
Off Premises Property Damage	1,000,000	
Extra Expense	10,000,000	
Service Interruption	10,000,000	
Perishable Goods	1,000,000	
Data Restoration	1,000,000	
Contingent Business Income	1,000,000	
Demolition	1,000,000	
Ordinance or Law	1,000,000	
Expediting Expenses	1,000,000	
Hazardous Substances	1,000,000	
Newly Acquired Locations (120 days' notice)	1,000,000	
Article IV - Crime:		
Faithful Performance	500,000	1,000
Forgery or Alteration	500,000	1,000
Moneys & Securities	100,000	500
Money Orders & Counterfeit	100,000	500
Computer Fraud	500,000	1,000

	<u>Coverage</u>	<u>Deductible</u>
New Jersey Schools Insurance Group:		
Article V - Comprehensive General Liability:		
Bodily Injury and Property Damage	\$ 16,000,000 per occurrence	
Products and Completed Operations	16,000,000 annual aggregate	
Sexual Abuse	15,000,000 per occurrence	
	15,000,000 per member annual aggregate	
	27,000,000 annual NJSIG aggregate	
Personal Injury and Advertising Injury	16,000,000 per occurrence / annual aggregate	
Employee Benefits Liability	16,000,000 per occurrence / annual aggregate	\$ 1,000 each claim
Premises Medical Payments	10,000 per accident	
	5,000 limit per person	
Article VI - Automobile:		
Combined Single Limit	16,000,000 per accident	
Uninsured/Underinsured Motorist	1,000,000 per accident	
Uninsured/Underinsured Motorist - All Other Vehicles	15,000 Bodily Injury - Per Person	
	30,000 Bodily Injury - Per Accident	
	5,000 Property Damage Per Accident	
Personal Injury Protection (Including pedestrians)	250,000	
Medical Payments	10,000 Private Passenger Vehicles	
	5,000 All Other Vehicles	
Auto Physical Damage:	Scheduled Vehicles Only	
Comprehensive		1,000
Collision		1,000
Hired Car Physical Damage (\$110,000 Limit)		1,000
Replacement Cost		1,000
Bonds:		
Board Administrator	150,000	1,000
Board Secretary	150,000	1,000

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, 2023, 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 February 23, 2024.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2023-001 and 2023-002 that we consider to be significant deficiencies.

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 an instance of noncompliance or other matter that is 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 and which is described in the accompanying schedule of findings and questioned costs as finding 2023-001.

We noted certain matters that we reported to management of the Hudson County Schools of Technology in a separate auditor's management report dated February 23, 2024 as required by the Division of Finance, Department of Education, State of New Jersey.

Hudson County Schools of Technology's Responses to Findings

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

Purpose of this Report

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



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



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

Secaucus, New Jersey
February 23, 2024

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, 2023. 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, 2023.

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
February 23, 2024

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT K-3
SCHEDULE A

Federal Assistance Listing	FUND	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR BALANCE	BALANCE AT JUNE 30, 2023		CUMULATIVE EXPENDITURES
										(ACCOUNTS RECEIVABLE)	UNEARNED INCOME	
ENTERPRISE FUND												
U.S. DEPARTMENT OF AGRICULTURE												
PASSED-THROUGH STATE OF NEW JERSEY												
DEPARTMENT OF AGRICULTURE:												
Child Nutrition Cluster:												
10.553	231NJ04N1099	School Breakfast Program	\$ 162,083	07/01/22 06/30/23	\$ -	\$ 126,586	\$ (162,083)	\$ -	\$ -	\$ (35,497)	\$ -	\$ (162,083)
10.553	221NJ04N1099	School Breakfast Program	336,021	07/01/21 06/30/22	(35,363)	35,363	-	-	-	-	-	(356,021)
10.555	231NJ04N1099	National School Lunch Program	523,437	07/01/22 06/30/23	(104,764)	421,299	(523,437)	-	-	(102,138)	-	(523,437)
10.555	221NJ04N1099	National School Lunch Program	1,309,541	07/01/21 06/30/22	-	104,764	-	-	-	(2,988)	-	(1,309,541)
10.555	221NJ04N1099	Healthy Hunger-Free Kids Act	15,632	07/01/22 06/30/23	-	12,644	(15,632)	-	-	-	-	(15,632)
10.555	221NJ344N8903	Supply Chain Assistance Program	122,788	07/01/22 06/30/23	-	122,788	(122,788)	-	-	-	-	(122,788)
10.559	231NJ304N1099	Summer Food Service Program for Children	5,816	07/01/22 06/30/23	(140,127)	829,260	(829,756)	-	-	(140,623)	-	(5,816)
		Total Child Nutrition Cluster										
10.569	*	TEFAP - Food Commodities	127,089	07/01/22 06/30/23	-	127,089	(127,089)	-	-	-	-	(127,089)
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	C8220COVID19		232,754	03/13/20 09/30/22	15,019	-	-	-	-	-	15,019	(217,735)
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	S010A220030		1,216,969	07/01/22 09/30/23	-	1,216,969	(1,197,241)	-	-	-	19,728	(1,197,241)
84.010A	S010A190030		64,524	07/01/20 09/30/21	833	-	-	-	(853)	-	-	(65,671)
84.010A	S010A220030		20,000	07/01/22 09/30/23	(11,300)	11,300	(19,732)	-	-	(19,732)	-	(19,732)
84.010A	S010A210030		11,300	07/01/21 09/30/22	(10,447)	1,228,269	(1,216,973)	-	-	(19,732)	19,728	(11,300)
U.S. DEPARTMENT OF EDUCATION												
DEPARTMENT OF EDUCATION:												
Title II - Part A Teacher & Principal Training												
84.367A	S367A220029		132,568	07/01/22 09/30/23	(25,700)	132,568	(60,569)	-	-	-	71,999	(60,569)
84.367A	S367A210029		136,587	07/01/21 09/30/22	(25,700)	25,700	-	-	-	-	71,999	(136,587)
U.S. DEPARTMENT OF EDUCATION												
DEPARTMENT OF EDUCATION:												
Title IV - Part A English Language Acquisition												
84.424A	S424A220031		99,540	07/01/22 09/30/23	-	99,540	(66,799)	-	-	-	32,741	(66,799)
84.424A	S424A210031		70,943	07/01/21 09/30/22	(9,376)	9,376	-	-	-	-	32,741	(70,943)
U.S. DEPARTMENT OF EDUCATION												
DEPARTMENT OF EDUCATION:												
Title I - School Improvement Act - Part A												
84.027	H027A220100		552,549	07/01/22 09/30/23	-	552,549	(542,088)	-	-	-	10,461	(542,088)
84.027	H027A210100		546,122	07/01/21 09/30/22	14,128	-	-	6,530	-	-	-	(539,592)
84.027X	H027X210100		130,510	07/01/21 09/30/22	14,128	130,510	(130,510)	-	(14,128)	-	-	(535,620)
U.S. DEPARTMENT OF EDUCATION												
DEPARTMENT OF EDUCATION:												
Title I - School Improvement Act - Part B												
84.048A	V048A220030		829,128	07/01/22 06/30/23	-	309,799	(671,733)	-	-	(361,934)	-	(671,733)
84.048A	V048A210030		870,719	07/01/21 06/30/22	33,070	-	-	23,535	(56,229)	-	56,605	(814,114)
84.048A	V048A200030		836,483	07/01/20 06/30/21	56,229	-	-	-	-	-	-	(780,254)
84.048A	V048A220030		83,408	07/01/22 06/30/23	-	76,448	(76,448)	-	-	-	-	(76,448)
84.048A	V048A210030		114,381	07/01/21 06/30/22	12,848	-	-	9,682	-	-	22,530	(91,851)
84.048A	V048A200030		116,100	07/01/20 06/30/21	1,265	-	-	-	(1,265)	-	-	(114,835)
U.S. DEPARTMENT OF EDUCATION												
DEPARTMENT OF EDUCATION:												
Elementary and Secondary School Emergency Relief Fund:												
84.425D	S425D200027		797,790	03/13/20 09/30/22	49,855	-	-	(20,630)	-	-	29,225	(708,565)
84.425D	S425D200027	CARES Emergency Relief Grant	3,435,151	03/13/20 09/30/23	(67,300)	803,789	(801,537)	-	-	-	24,112	(3,343,739)
84.425D	S425D200027	ARRS - ESSER II	7,589,608	03/13/20 09/30/24	115,282	3,911,842	(4,027,124)	34	-	-	34	(7,589,574)
		ARR ESSER	97,837		97,837	4,715,631	(4,828,661)	68,564	-	-	24,146	-
TOTAL U.S. DEPARTMENT OF EDUCATION												
			169,854		169,854	7,280,390	(7,593,781)	108,311	(72,475)	(381,666)	159,075	114,890

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, 2023

EXHIBIT K-3
 SCHEDULE A

Federal Assistance Listing	FAIN	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR BALANCE	BALANCE AT JUNE 30, 2023		CUMULATIVE EXPENDITURES
			FROM	TO						(ACCOUNTS RECEIVABLE)	UNEARNED INCOME	
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)												
17.258	AA309521755A34	\$ 829,132	07/01/22	06/30/23	\$ -	\$ 232,756	\$ (232,756)	\$ -	\$ -	\$ -	\$ -	\$ (232,756)
17.258	AA309521755A34	647,388	07/01/21	06/30/22	(52,168)	356,046	(303,878)	-	-	-	-	(647,388)
17.258	AA309521755A34	1,144,767	07/01/13	06/30/14	2,248	-	-	(2,248)	-	-	-	(1,142,519)
					(493,920)	588,802	(536,634)	-	-	-	-	-
17.259	AA309521755A34	1,040,000	07/01/22	06/30/23	-	111,113	(115,936)	-	-	(4,823)	-	(115,936)
17.259	AA309521755A34	789,525	07/01/21	06/30/22	(31,517)	139,028	(564,999)	-	-	(457,488)	-	(789,525)
					(31,517)	250,141	(680,935)	-	-	(462,311)	-	-
17.278	AA309521755A34	710,653	07/01/22	06/30/23	-	294,744	(294,744)	-	-	-	-	(294,744)
17.278	AA309521755A34	845,000	07/01/21	06/30/22	(51,902)	290,774	(238,872)	-	-	-	-	(845,000)
					(51,902)	585,518	(653,616)	-	-	-	-	-
					(133,339)	1,424,461	(1,751,185)	(2,248)	-	(462,311)	-	-
					(133,339)	1,424,461	(1,751,185)	(2,248)	-	(462,311)	-	-
					51,534	8,704,851	(9,344,966)	106,063	(72,475)	(843,977)	159,075	129,909
Total Workforce Innovative and Opportunity Act (WIOA) Cluster												
TOTAL U.S. DEPARTMENT OF LABOR												
TOTAL SPECIAL REVENUE FUND												
GENERAL FUND												
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES												
PASSED-THROUGH STATE OF NEW JERSEY												
DEPARTMENT OF HUMAN SERVICES												
Special Education Medicaid Initiative ("SEMI")												
93.778	2005N5MAP	\$ 14,718	07/01/22	06/30/23	-	14,718	(14,718)	-	-	-	-	(14,718)
					-	14,718	(14,718)	-	-	-	-	-
					-	14,718	(14,718)	-	-	-	-	-
					\$ (88,593)	\$ 9,675,918	\$ (10,316,529)	\$ 106,063	\$ (72,475)	\$ (984,600)	\$ 159,075	\$ 129,909
TOTAL FEDERAL AWARDS												
(A) - Prior Year Encumbrances Cancelled												
(B) - Prior Year Encumbrances Added												
* - Information not available.												
Note - No Expenditures were passed through to subrecipients.												

HUDSON COUNTY SCHOOLS OF TECHNOLOGY
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT K-4
 SCHEDULE B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2023 (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE EXPENDITURES
GENERAL FUND											
STATE DEPARTMENT OF EDUCATION											
State Aid Cluster:											
Equalization Aid	23-495-034-5120-078	\$ 19,771,331	07/01/22 06/30/23	\$ -	\$ 19,771,331	\$ (19,771,331)	\$ -	\$ -	\$ -	\$ (1,970,830)	\$ (19,771,331)
Special Education Aid	23-495-034-5120-089	1,902,728	07/01/22 06/30/23	-	1,902,728	(1,902,728)	-	-	-	(190,273)	(1,902,728)
Security Categorical Aid	23-495-034-5120-084	632,290	07/01/22 06/30/23	-	632,290	(632,290)	-	-	-	(63,229)	(632,290)
Supplemental Stabilization Aid	22-495-034-5120-128	297,779	07/01/22 06/30/23	-	297,779	(297,779)	-	-	-	-	(297,779)
Total State Aid Cluster				-	22,604,128	(22,604,128)	-	-	-	(2,224,332)	-
Transportation Aid	23-495-034-5120-014	818,768	07/01/22 06/30/23	-	818,768	(818,768)	-	-	-	(81,877)	(818,768)
On-behalf TPAF Pension Contribution	23-495-034-5094-002	8,703,789	07/01/22 06/30/23	-	8,703,789	(8,703,789)	-	-	-	-	(8,703,789)
On-behalf TPAF Post Retirement Medical Contribution	23-495-034-5094-001	2,286,464	07/01/22 06/30/23	-	2,286,464	(2,286,464)	-	-	-	-	(2,286,464)
On behalf TPAF Long Term Disability Insurance Contribution	23-495-034-5094-004	2,670	07/01/22 06/30/23	-	2,670	(2,670)	-	-	-	-	(2,670)
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	1,792,014	07/01/22 06/30/23	-	1,714,689	(1,792,014)	-	(77,325)	-	-	(1,792,014)
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	1,718,285	07/01/21 06/30/22	(74,893)	74,893	(1,792,014)	-	(77,325)	-	-	(1,718,285)
				(74,893)	1,789,582	(1,792,014)	-	(77,325)	-	-	-
TOTAL GENERAL FUND				(74,893)	36,205,401	(36,207,833)	-	(77,325)	-	(2,306,209)	-
SPECIAL REVENUE FUND											
Apprenticeship Coordinator	22-100-034-5062-032	100,000	07/01/21 06/30/22	(37,666)	37,904	-	640 ^(A)	-	878	-	(49,818)
Apprenticeship Coordinator	21-100-034-5062-032	84,259	07/01/20 06/30/21	(18,957)	-	-	18,957 ^(A)	-	-	-	(82,160)
				(36,623)	37,904	-	19,597	-	878	-	-
School Security Grant	*	184,057	07/01/21 06/30/22	(133,983)	-	-	-	(133,983)	-	-	(133,983)
				(133,983)	-	-	-	(133,983)	-	-	-
TOTAL STATE DEPARTMENT OF EDUCATION				(265,499)	36,243,305	(36,207,833)	19,597	(211,308)	878	(2,306,209)	-
STATE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT											
PASSED-THROUGH COUNTY OF HUDSON											
Workforce Learning Link - Literacy	23-062-4545-767-003	61,584	07/01/22 06/30/23	-	42,083	(42,083)	-	-	-	-	(42,083)
Workforce Learning Link - Literacy	22-062-4545-767-003	206,000	07/01/21 06/30/22	(4,409)	63,393	(58,984)	-	-	-	-	(187,879)
Workforce Learning Link - Literacy	21-062-4545-767-003	267,000	07/01/20 06/30/21	(4,409)	105,476	(101,067)	-	-	-	-	(161,000)
				(4,409)	105,476	(101,067)	-	-	-	-	-
New Jersey Endures	*	43,953	11/01/20 02/28/22	(26,888)	-	-	-	(26,888)	-	-	(43,953)
TOTAL SPECIAL REVENUE FUND				(221,903)	143,380	(101,067)	19,597	(160,871)	878	-	-
TOTAL STATE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT				(31,297)	105,476	(101,067)	-	(26,888)	-	-	-

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, 2023

EXHIBIT K-4
 SCHEDULE B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD FROM TO	BALANCE AT JUNE 30, 2022	CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	BALANCE AT JUNE 30, 2023 (ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	MEMO	
										BUDGETARY RECEIVABLE	CUMULATIVE EXPENDITURES
ENTERPRISE FUND											
STATE DEPARTMENT OF AGRICULTURE											
National School Lunch Program (State Share)	23-100-010-3360-067	\$ 23,532	07/01/22 06/30/23	\$ -	\$ 18,963	\$ (23,532)	\$ -	\$ (4,569)	\$ -	\$ -	\$ (23,532)
National School Lunch Program (State Share)	22-100-010-3360-067	28,395	07/01/21 06/30/22	(2,411)	2,411	-	-	-	-	-	(28,395)
School Breakfast Program (State Share)	23-100-010-3360-067	4,282	07/01/22 06/30/23	-	3,379	(4,282)	-	(903)	-	-	(4,282)
TOTAL ENTERPRISE FUND				<u>(2,411)</u>	<u>24,753</u>	<u>(27,814)</u>	<u>-</u>	<u>(5,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL STATE DEPARTMENT OF AGRICULTURE				<u>(2,411)</u>	<u>24,753</u>	<u>(27,814)</u>	<u>-</u>	<u>(5,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (299,207)</u>	<u>\$ 36,373,534</u>	<u>(36,336,714)</u>	<u>\$ 19,597</u>	<u>\$ (243,668)</u>	<u>\$ 878</u>	<u>\$ (2,306,209)</u>	
LESS:											
On-behalf TPAF Pension Contribution						8,703,789					
On-behalf TPAF Post Retirement Medical Contribution						2,286,464					
On-behalf TPAF Long Term Disability Insurance Contribution						2,670					
TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT						<u>\$ (25,343,791)</u>					

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

**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, 2023**

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 \$21,706 for the General Fund and (\$376,338) 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	\$ 14,718	\$ 36,186,127	\$ 36,200,845
Special Revenue Fund	9,696,116	126,255	9,822,371
Food Service Fund	956,845	27,814	984,659
Total Awards and Financial Assistance	<u>\$ 10,667,679</u>	<u>\$ 36,340,196</u>	<u>\$ 47,007,875</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 \$8,703,789 reported as TPAF pension contribution, \$2,670 reported as TPAF Long-Term Disability Insurance, and \$2,286,464 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, 2023. TPAF Social Security Contributions in the amount of \$1,792,014 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, 2023.

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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT K-6

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
	2023-001	2023-002
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>Federal Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	231NJ304N1099	Child Nutrition Cluster: School Breakfast Program National School Lunch Program Healthy Hunger-Free Kids Act Supply Chain Assistance Program Summer Food Service Program for Children
10.555	231NJ304N1099	
10.555	231NJ304N1099	
10.555	221NJ344N8903	
10.559	231NJ304N1099	
84.048A	V048A220030	Carl D. Perkins P.L. 109-270 Vocational Education: Secondary Post Secondary
84.048A	V048A220030	
84.425D	S425D200027	Elementary and Secondary School Emergency Relief Fund (ESSERF): CARES Emergency Relief Grant CRRSA - ESSERF II ARP ESSERF
84.425D	S425D200027	
84.425D	S425D200027	

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. \$750,000
- K) Auditee qualified as low-risk auditee? ✓ Yes No
- L) Internal Control over major programs:
- 1) Material weakness(es) identified? Yes ✓ No
- 2) Significant deficiency(ies) identified? Yes ✓ None reported
- M) Type of auditor's report on compliance for major programs: Unmodified
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08 as applicable? Yes ✓ 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 Supplemental Stabilization Aid
495-034-5120-089	
495-034-5120-084	
45-034-5120-128	
495-034-5120-014	Transportation Aid

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 2023-001

- Significant Deficiency in Internal Controls over Financial Reporting and Noncompliance

Condition:

The general fund incurred liabilities and expenditures without budget appropriations.

Criteria:

N.J.A.C. 6A:23A-16.10(a) requires implementation of controls over budgeted appropriations to only approve an encumbrance or expenditure (liability or payment) that, when added to the total of existing encumbrances and expenditures, does not exceed the amount appropriated in the applicable budget line item. Amounts may be transferred from line-item accounts with available appropriation balances to permit the approval of encumbrances or expenditures otherwise prohibited. These transfers are to be made prior to the approval of such encumbrances or expenditures.

Context:

The general fund incurred the following liabilities and expenditures without sufficient budget appropriations:

- \$337,258 for an information technology emergency
- \$97,028 for cell tower expenses
- \$93,527 contribution to the capital projects fund to prevent deficits in project appropriations.
- \$1,575,577 for transportation costs unfunded in transportation consortium.
- \$301,768 to the enterprise fund for food service to fund deficit operations in net position.

Cause:

- Cell tower lease revenues are being utilized to fund expenditures without formally establishing an internal service fund, whereby expenditures for information technology emergency and cell tower expenses defaulted to general fund without sufficient budget appropriations.
- The capital projects fund had underfunded appropriations in prior periods that were corrected in current year.
- The transportation consortium costs related to District transportation were not billed or transferred to the general fund.
- Food service operations include nonprogram costs associated with educational programs that can be either expended in general fund or funded with a general fund contribution. Nonprogram costs were not monitored or reasonably projected for potential of generating a deficit in operations.

Effect:

Expenditures without budget appropriations are occurring and not being corrected with budget additions and transfers in a timely manner for approval by the governing board. The required budget appropriation process is being overridden by management and not being corrected with approval and oversight by the governing body of the District.

Questioned Costs:

None

Recommendation:

Cell tower lease revenues only be utilized through formal general fund budget appropriations. Appropriations for capital projects be monitored for adequate funding and any deficit be funded with a timely general fund contribution. Operations in transportation consortium and food service be monitored and any deficit funded with a timely general fund contribution.

View of Responsible Official and Planned Corrective Actions:

The District will only utilize cell tower lease revenues through formal general fund budget appropriations. Operations in capital projects fund, transportation consortium, and food service will be monitored to prevent any deficits.

Section II - Financial Statement Findings

Finding 2023-002

- Material Weakness 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. This finding is repeated from prior year.

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 is no longer operating the Career Development Center (CDC).

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, 2023**

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

Finding 2022-001

- Material Weakness 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. This finding is repeated from prior year.

Current Year Status:

This finding is repeated in current year as finding 2023-002.

FEDERAL AWARDS

No matters were reported in prior year.

STATE FINANCIAL ASSISTANCE

No matters were reported in prior year.