

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**of the**

**Hudson County Schools of Technology**

**Hudson County, New Jersey**

**For the Fiscal Year Ended June 30, 2024**

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

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

---

<u>Exhibit No.</u>	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal.....	1 - 3
Organizational Chart.....	4
Roster of Officials.....	5
Consultants, Independent Auditors and Advisors.....	6
FINANCIAL SECTION	
Independent Auditor's Report.....	7 - 9
Required Supplementary Information - Part I	
Management's Discussion and Analysis.....	10 - 16
Basic Financial Statements	
A Government-Wide Financial Statements:	
A-1 ..... Statement of Net Position.....	17
A-2 ..... Statement of Activities.....	18
B Fund Financial Statements:	
Governmental Funds:	
B-1 ..... Balance Sheet.....	19 - 20
B-2 ..... Statement of Revenues, Expenditures, and Changes in Fund Balance.....	21
B-3 ..... Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Proprietary Fund:	
B-4 ..... Statement of Net Position.....	23
B-5 ..... Statement of Revenues, Expenses, and Changes in Fund Net Position.....	24
B-6 ..... Statement of Cash Flows.....	25
Notes to the Basic Financial Statements.....	26 - 61
Required Supplementary Information - Part II:	
C Budgetary Comparison Schedules:	
C-1 ..... Budgetary Comparison Schedule - General Fund.....	62 - 65
C-2 ..... Budgetary Comparison Schedule - Special Revenue Fund.....	66
Notes to Required Supplementary Information - Part II:	
C-3 ..... Budget to GAAP Reconciliation.....	67

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Exhibit No.</u>	<u>Page(s)</u>
<b>FINANCIAL SECTION (Continued)</b>	
Required Supplementary Information - Part III:	
L	Other Post-Retirement Benefits Information:
L-1	Schedule of the District Proportionate Share of the Net Pension Liability - Public Employees Retirement System (PERS)..... 68
L-2	Schedule of District Contributions - Public Employees Retirement System (PERS)..... 69
L-3	Schedule of the District Proportionate Share of the Net Pension Liability - Teachers Pension Annuity Fund (TPAF)..... 70
L-4	Schedule of changes in the State Proportionate Share of OPEB Liability Attributable to the District and Related Ratios..... 71
	Notes to Required Supplementary Information - Part III..... 72
Other Supplementary Information:	
E	Special Revenue Fund:
E-1	Combining Schedules of Program Revenues and Expenditures Special Revenue Fund - Budgetary Basis..... 73 - 74
F	Capital Projects Fund:
F-1	Summary Schedule of Project Expenditures..... 75
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis..... 76
F-2a-g	Schedules of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis..... 77 - 83
G	Proprietary Funds:
	Enterprise Fund:
G-1	Statement of Net Position..... 84
G-2	Statement of Revenues, Expenses, and Changes in Net Position..... 85
G-3	Statement of Cash Flows..... 86
	Internal Service Fund:
G-4	Combining Statement of Net Position..... 87
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position..... 88
G-6	Combining Statement of Cash Flows..... 89

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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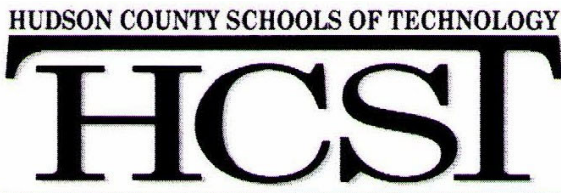
<u>Exhibit No.</u>	<u>Page(s)</u>
<b>STATISTICAL SECTION (Unaudited)</b>	
Introduction to the Statistical Section (Unaudited)	
Financial Trends:	
J-1 ..... Net Position by Component.....	90
J-2 ..... Changes in Net Position.....	91 - 92
J-3 ..... Fund Balances, Governmental Funds.....	93
J-4 ..... Changes in Fund Balance, Governmental Funds.....	94
J-5 ..... General Fund Other Local Revenue by Source (NJ).....	95
Revenue Capacity:	
J-6 ..... Assessed Value and Estimated Actual Value of Taxable Property.....	96
J-7 ..... Direct and Overlapping Property Taxes per \$100.00 of Assessed Valuation.....	97
J-8 ..... Principal Property Taxpayers.....	98
J-9 ..... Property Tax Levies and Collections.....	99
Debt Capacity:	
J-10 ..... Ratios of Outstanding Debt by Type.....	100
J-11 ..... Ratio of General Bonded Debt Outstanding.....	101
J-12 ..... Direct and Overlapping Governmental Activities Debt.....	102
J-13 ..... Legal Debt Margin Information.....	103
Demographic and Economic Information:	
J-14 ..... Demographic and Economic Statistics.....	104
J-15 ..... Principal Employer.....	105
Operating Information:	
J-16 ..... Full-Time Equivalent District Employees by Function/Program.....	106
J-17 ..... Operating Statistics.....	107
J-18 ..... School Building Information.....	108
J-19 ..... Schedule of Allowable Maintenance Expenditures by School Facility (NJ).....	109
J-20 ..... Insurance Schedule.....	110 - 111
<b>SINGLE AUDIT SECTION</b>	
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 <i>Government Auditing Standards</i> .....	112 - 113
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.....	114 - 116
K-3 ..... Schedule of Expenditures of Federal Awards, Schedule A.....	117 - 118
K-4 ..... Schedule of Expenditures of State Financial Assistance, Schedule B.....	119 - 120

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**TABLE OF CONTENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

---

<u>Exhibit No.</u>		<u>Page(s)</u>
	SINGLE AUDIT SECTION (Continued)	
K-5	Notes to the Schedules of Federal Awards and State Financial Assistance.....	121 - 122
K-6	Schedule of Findings and Questioned Costs:	
	Section I - Summary of Auditors' Results.....	123 - 124
	Section II - Financial Statement Findings.....	125 - 127
	Section III - Federal Awardss and State Financial Assistance Findings.....	128
K-7	Summary Schedule of Prior Audit Findings.....	129

## **INTRODUCTORY SECTION**



February 14, 2025

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, 2024, 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 2023-2024 fiscal year with an average daily enrollment of 2,508 students, which is a 0.08% student increase from the previous year's enrollment.

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

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2023-2024	2,508	0.08%
2022-2023	2,506	-3.21%
2021-2022	2,589	-2.67%
2020-2021	2,660	-1.48%
2019-2020	2,700	-5.26%

**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.

**3.) MAJOR INITIATIVES:** The Hudson County Schools of Technology currently has three campuses. A new trades academy on the campus of the Bayonne Board of Education is on target for a September 2025 opening. 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 2026 with completion by 2027.

**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 \$21,195 in general fund encumbrances at June 30, 2024.

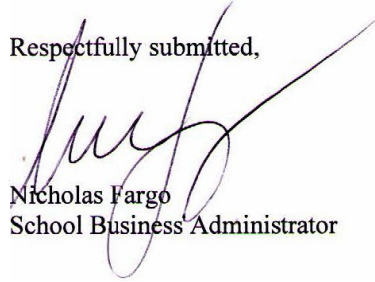
**6.) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards District (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds 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.



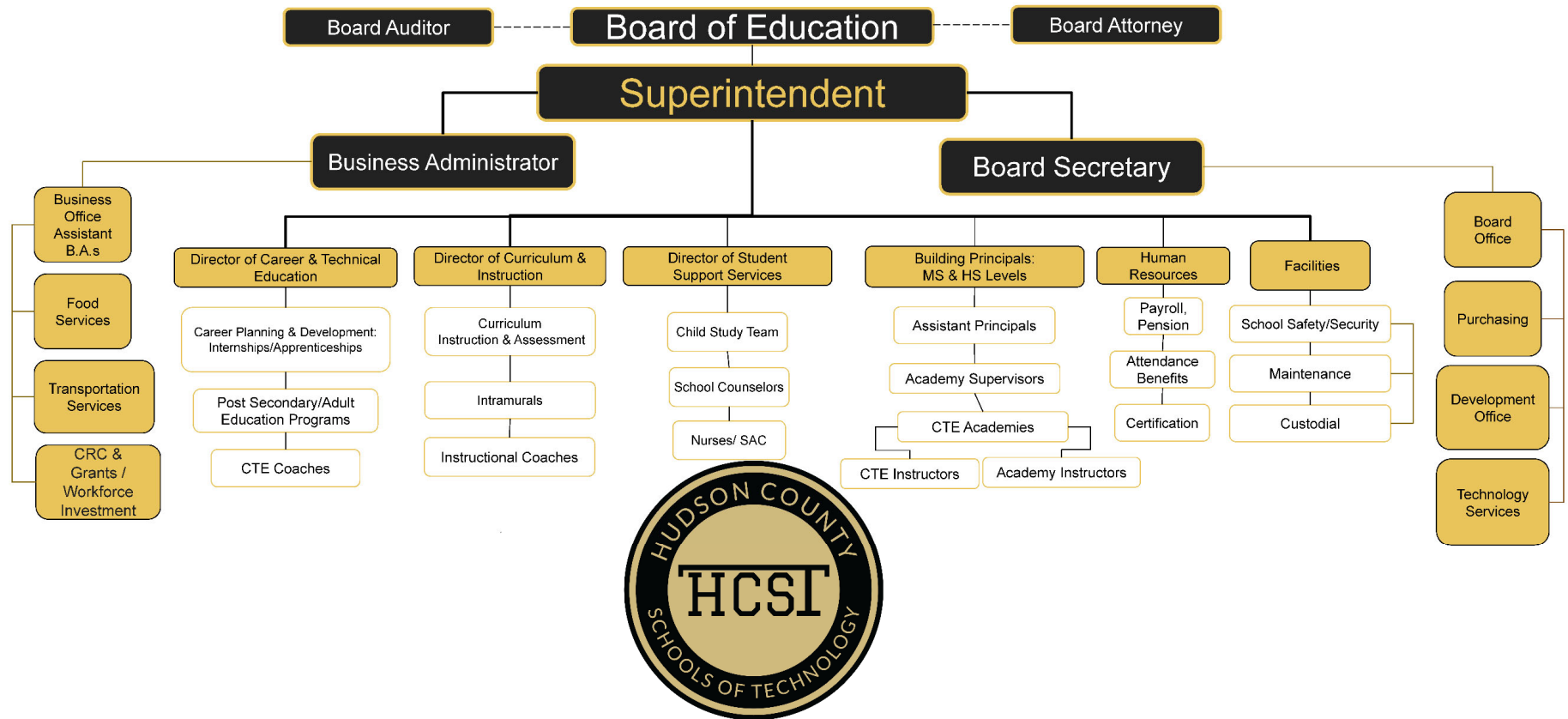
**8.) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial 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 blue ink, appearing to read 'Nicholas Fargo', is written over a light blue rectangular background.

Nicholas Fargo  
School Business Administrator

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
ORGANIZATIONAL CHART  
JUNE 30, 2024**



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
ROSTER OF OFFICIALS  
JUNE 30, 2024**

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**Members of the Board of Education**

John Minella, President

Hugo D. Cabrera, Vice-President

Barbara Stamato

Geraldine Perez

Monica Fundora

Arthur Pettigrew

Hector A. Zulueta

Julietta Vogt

Joseph Cossolini

**Term Expires**

October 31, 2025

October 31, 2024

October 31, 2026

October 31, 2026

October 31, 2025

October 31, 2024

October 31, 2023

June 30, 2024

October 31, 2027

**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, 2024**

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**GENERAL COUNSEL**

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Jersey City, NJ 07306

**LABOR & SPECIAL COUNSEL**

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**ARCHITECT**

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

**INDEPENDENT AUDITOR**

Donohue, Gironda, 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, 2024, 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, 2024, 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.

**Emphasis of Matter**

As explained in note 17, the general fund unassigned fund balance of \$257,747 at June 30, 2024 compared to an adjusted budget of \$66,995,741 indicates that the District is approaching a deficit in fund balance. N.J.S.A. 18A:7A-57, requires a forensic audit by the Office of the State Auditor if a district has a year-end general fund deficit and also meets one of the criteria for a state monitor of an adverse or qualified audit opinion, repeat audit findings, material weaknesses and late submission of the audit.

***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 16, pages 62 through 67, and pages 68 through 72 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 14, 2025, 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 14, 2025



# **REQUIRED SUPPLEMENTARY INFORMATION**

## **PART I**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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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, 2024. 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 2024 and 2023 are as follows, respectively:

- In total, net position of governmental activities are \$131,320,520 and \$136,370,354. Net position of the business-type activity, which represents food service, are \$952,344 and \$877,725. This reflects a decrease in net position of governmental activities of (\$5,049,834) and an increase in net position of the business-type activity of \$74,619. The decrease in the governmental activities net position was mainly attributed to an increase in expenses without capital outlay of \$2,141,612 and a decrease in revenues from federal sources of (\$4,548,402) as pandemic relief funding has ended. The increase in business-type activity net position only attributed to depreciation reducing net position for net investment in capital assets. The business-type activities had a deficit in operations of (\$573,289) before contribution transferred from general fund mainly attributed to additional costs incurred for culinary educational programs jointly with food service program.
- Total governmental revenues accounted for \$92,493,236 and \$91,783,848, respectively, which was a \$709,388 or 0.77% increase. The county tax appropriation increased to \$38,100,000 from \$36,700,000.
- The District continues to experience stability in student enrollment. Average daily enrollment for the year ending June 30, 2024 was 2,508.

**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 2024?" 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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**Reporting the District as a Whole (Continued)**

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.

**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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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 2024 and 2023, respectively.

Total assets equal \$179,233,924 and \$185,576,250. Total assets for Governmental Activities are \$178,149,117 and \$184,558,767. Total assets for Business Type Activity are \$1,084,807 and \$1,017,483.

Table 1  
Net Position

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 8,802,327	\$ 13,587,346	\$ 132,463	\$ 139,758	\$ 8,934,790	\$ 13,727,104
Capital assets, net	169,346,790	170,971,421	952,344	877,725	170,299,134	171,849,146
Total assets	178,149,117	184,558,767	1,084,807	1,017,483	179,233,924	185,576,250
Deferred outflows of resources	2,394,899	3,109,036	-	-	2,394,899	3,109,036
Liabilities:						
Current and other liabilities	10,085,219	9,245,783	132,463	139,758	10,217,682	9,385,541
Long-term liabilities	15,054,224	14,603,050	-	-	15,054,224	14,603,050
Net pension liability	22,564,135	23,689,208	-	-	22,564,135	23,689,208
Total liabilities	47,703,578	47,538,041	132,463	139,758	47,836,041	47,677,799
Deferred inflows of resources	1,519,918	3,759,408	-	-	1,519,918	3,759,408
Net position:						
Net investment in capital assets	169,346,790	170,971,421	952,344	877,725	170,299,134	171,849,146
Restricted	1,395,833	4,679,547	-	-	1,395,833	4,679,547
Unrestricted	(39,422,103)	(39,280,614)	-	-	(39,422,103)	(39,280,614)
Total net position	\$ 131,320,520	\$ 136,370,354	\$ 952,344	\$ 877,725	\$ 132,272,864	\$ 137,248,079

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 Government Accounting Standards Board (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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**The District as a Whole (Continued)**

Table 2 reflects the change in net position for fiscal years 2024 and 2023, respectively.

The total changes in net position for the fiscal years 2024 and 2023 for Governmental Activities are (\$5,049,834) and \$3,628,864 . The total changes in net position for the Business-Type Activity are \$74,619 and (\$379,706). The total changes in net position are (\$4,975,215) and \$3,249,158 .

Table 2  
Net Position

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 6,538,383	\$ 8,124,827	\$ 1,106,601	\$ 1,058,560	\$ 7,644,984	\$ 9,183,387
Operating grants and contributions	42,357,741	41,161,675	989,458	984,659	43,347,199	42,146,334
Capital grants and contributions	3,000,000	4,080,116	-	-	3,000,000	4,080,116
Total program revenues	51,896,124	53,366,618	2,096,059	2,043,219	53,992,183	55,409,837
General revenues:						
County appropriation	38,100,000	36,700,000	-	-	38,100,000	36,700,000
Miscellaneous	2,497,112	1,717,230	-	-	2,497,112	1,717,230
Total general revenues	40,597,112	38,417,230	-	-	40,597,112	38,417,230
Total revenues	92,493,236	91,783,848	2,096,059	2,043,219	94,589,295	93,827,067
Expenses:						
Instructional services	39,758,857	35,821,173	-	-	39,758,857	35,821,173
Support services	51,038,603	45,157,734	-	-	51,038,603	45,157,734
Special schools	6,097,702	6,874,309	-	-	6,097,702	6,874,309
Service related expenses	-	-	2,669,348	2,724,693	2,669,348	2,724,693
Total expenses	96,895,162	87,853,216	2,669,348	2,724,693	99,564,510	90,577,909
(Deficit) excess before transfers	(4,401,926)	3,930,632	(573,289)	(681,474)	(4,975,215)	3,249,158
Transfers	(647,908)	(301,768)	647,908	301,768	-	-
Change in net position	(5,049,834)	3,628,864	74,619	(379,706)	(4,975,215)	3,249,158
Net position, July 1	136,370,354	132,741,490	877,725	1,257,431	137,248,079	133,998,921
Net position, June 30	\$ 131,320,520	\$ 136,370,354	\$ 952,344	\$ 877,725	\$ 132,272,864	\$ 137,248,079

**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	
	2024	2023	2024	2023
Instructional services	\$ 39,758,857	\$ 35,821,173	41.03%	40.77%
Support services	51,038,603	45,157,734	52.68%	51.41%
Special schools	6,097,702	6,874,309	6.29%	7.82%
Total expenses	\$ 96,895,162	\$ 87,853,216	100.00%	100.00%

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Governmental Activities (Continued)**

Total expenses for governmental activities for fiscal years 2024 and 2023 were \$96,895,162 and \$87,853,216. Total operating expenses increased \$1,912,565 from 2023 to 2024, however pension and other post-employment benefits expenses (benefits) increased \$7,129,381, of which \$5,830,104 are on-behalf whereby revenues increased for same amounts.

**Business-Type Activity**

Table 3b.  
Business-Type Activity

	Total Cost of Services		Percent of Total	
	2024	2023	2024	2023
Revenues:				
Charges for services	\$ 1,106,601	\$ 1,058,560	52.79%	51.81%
Operating grants	989,458	984,659	47.21%	48.19%
Total revenues	2,096,059	2,043,219	100.00%	100.00%
Expenses:				
Food service	2,669,348	2,724,693	100.00%	100.00%
Total expenses	2,669,348	2,724,693	100.00%	100.00%
(Deficit) before transfers	(573,289)	(681,474)		
Transfers	647,908	301,768		
Change in net position	\$ 74,619	\$ (379,706)		

The business-type activity of the Hudson County Schools of Technology is the food service operation. This program had revenues for the fiscal years 2024 and 2023 of \$2,096,059 and \$2,043,219, and expenses of \$2,669,348 and \$2,724,693, respectively. Total revenues increased by \$52,840 and total expenses decreased by -\$55,345 mainly due to costs incurred from operating culinary educational programs jointly with food service program.

**Sources of Revenue**

Table 4  
Sources of Revenue

Year Ending	Local Tax Levy	Other Local Revenue	Operating Grants	Capital Grants	Total
June 30, 2024	\$ 38,100,000	\$ 9,035,495	\$ 42,357,741	\$ 3,000,000	\$ 92,493,236
June 30, 2023	36,700,000	9,842,057	41,161,675	4,080,116	91,783,848

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 2023-2024 school year.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**Sources of Revenue (Continued)**

Total revenues increased \$709,388 mainly due to an increase of on-behalf pension expense contributions of \$6,358,276 and decrease other post-employment benefits contributions of (\$528,172) that substantially increased revenues and expenses for same amounts. This was offset by a substantial decrease in revenue from federal sources of (\$4,548,402) due to end of pandemic relief funding and decrease in capital grants of (\$1,080,116).

**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 \$86,947,289 and expenditures and other financing uses of \$92,470,727. 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 2024, 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 \$61,874,694 did not change from the original budgeted revenues and other financing sources. Final budgeted expenditures and other financing uses in the amount of \$64,029,156 did not change from the original budgeted expenditures and other financing uses. Significant budgetary variations throughout the General Fund budget for salaries of teachers are attributed to the transfers of teachers to different programs throughout the year and reallocation of those budgetary funds are not made unless necessary.

General Fund revenues and other financing sources were substantially less than expenditures and other financing uses. This deficiency of revenues and other financing sources decreased surplus by approximately (\$4,203,027). At June 30, 2024 there was \$2,144,925 in fund balance. The surplus reflects \$2,259,990 final state aid payments for June 30, 2024, 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, 2024**

**Capital Assets and Depreciation**

At the end of fiscal years 2024 and 2023, the District had \$169,346,790 and \$170,971,421, 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, 2023	Additions	Disposals	Balance at June 30, 2024
Governmental Activities:				
Non-depreciable	\$ 4,952,990	\$ -	\$ -	\$ 4,952,990
Depreciable	201,140,616	3,607,712	-	204,748,328
Total at historical cost	206,093,606	3,607,712	-	209,701,318
Less accumulated depreciation	(35,122,185)	(5,232,343)	-	(40,354,528)
Capital assets, net	<u>\$ 170,971,421</u>	<u>\$ (1,624,631)</u>	<u>\$ -</u>	<u>\$ 169,346,790</u>
Business-Type Activities:				
Depreciable	\$ 1,484,230	\$ 179,063	\$ -	\$ 1,663,293
Less accumulated depreciation	(606,505)	(104,444)	-	(710,949)
Capital assets, net	<u>\$ 877,725</u>	<u>\$ 74,619</u>	<u>\$ -</u>	<u>\$ 952,344</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, 2023	Additions	Deductions	Balance at June 30, 2024
Governmental Activities:				
Compensated absences	\$ 15,111,138	\$ 1,057,227	\$ 551,555	\$ 15,616,810
Net pension liability	23,689,208	-	1,125,073	22,564,135
Total long-term liabilities	<u>\$ 38,800,346</u>	<u>\$ 1,057,227</u>	<u>\$ 1,676,628</u>	<u>\$ 38,180,945</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, 2024**

**EXHIBIT A-1**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,941,195	\$ -	\$ 2,941,195
Receivables, net	3,602,592	132,631	3,735,223
Other accounts receivable	1,092,686	-	1,092,686
Internal balances	19,178	(19,178)	-
Inventory	-	19,010	19,010
Restricted assets:			
Cash and cash equivalents	944,183	-	944,183
Lease receivable - current portion	83,671	-	83,671
Capital assets, net			
Non-depreciable	4,952,990	-	4,952,990
Depreciable	164,393,800	952,344	165,346,144
Lease receivable - noncurrent portion	118,822	-	118,822
Total assets	<u>178,149,117</u>	<u>1,084,807</u>	<u>179,233,924</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension outflows	<u>2,394,899</u>	<u>-</u>	<u>2,394,899</u>
<b>LIABILITIES</b>			
Accounts payable	5,031,598	132,463	5,164,061
Due to grantors	83,686	-	83,686
Payroll deductions and withholdings	159,734	-	159,734
Other liability for unemployment claims	16,367	-	16,367
Unearned revenue	4,231,248	-	4,231,248
Noncurrent liabilities:			
Due within one year	562,586	-	562,586
Due beyond one year	15,054,224	-	15,054,224
Net pension liability	<u>22,564,135</u>	<u>-</u>	<u>22,564,135</u>
Total liabilities	<u>47,703,578</u>	<u>132,463</u>	<u>47,836,041</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred pension inflows	1,317,914	-	1,317,914
Deferred lease inflows	<u>202,004</u>	<u>-</u>	<u>202,004</u>
	<u>1,519,918</u>	<u>-</u>	<u>1,519,918</u>
<b>NET POSITION</b>			
Net investment in capital assets	169,346,790	952,344	170,299,134
Restricted for:			
Excess surplus	158,474	-	158,474
Student activities	717,935	-	717,935
Capital projects	519,424	-	519,424
Unrestricted	<u>(39,422,103)</u>	<u>-</u>	<u>(39,422,103)</u>
Total net position	<u>\$ 131,320,520</u>	<u>\$ 952,344</u>	<u>\$ 132,272,864</u>

See Accompanying Notes to Basic Financial Statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT A-2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 26,745,973	\$ 591,237	\$ 12,090,883	\$ -	\$ (14,063,853)	\$ -	\$ (14,063,853)
Vocational education	10,939,777	-	4,621,688	-	(6,318,089)	-	(6,318,089)
Vocational education - special	1,495,027	-	640,665	-	(854,362)	-	(854,362)
School sponsored cocurricular activities	578,080	-	244,126	-	(333,954)	-	(333,954)
Support services:							
Student and instruction related services	14,517,610	1,369,846	7,141,240	-	(6,006,524)	-	(6,006,524)
School administrative services	5,032,701	-	2,515,369	-	(2,517,332)	-	(2,517,332)
General and business administrative services	5,710,921	-	2,631,097	-	(3,079,824)	-	(3,079,824)
Plant operations and maintenance	12,665,307	-	6,236,862	3,000,000	(3,428,445)	-	(3,428,445)
Pupil transportation	13,112,064	4,577,300	3,624,542	-	(4,910,222)	-	(4,910,222)
Special schools	6,097,702	-	2,611,269	-	(3,486,433)	-	(3,486,433)
Total governmental activities	<u>96,895,162</u>	<u>6,538,383</u>	<u>42,357,741</u>	<u>3,000,000</u>	<u>(44,999,038)</u>	<u>-</u>	<u>(44,999,038)</u>
Business-type activities:							
Food service	<u>2,669,348</u>	<u>1,106,601</u>	<u>989,458</u>	<u>-</u>	<u>-</u>	<u>(573,289)</u>	<u>(573,289)</u>
Total business-type activities	<u>2,669,348</u>	<u>1,106,601</u>	<u>989,458</u>	<u>-</u>	<u>-</u>	<u>(573,289)</u>	<u>(573,289)</u>
Total primary government	<u>\$ 99,564,510</u>	<u>\$ 7,644,984</u>	<u>\$ 43,347,199</u>	<u>\$ 3,000,000</u>	<u>(44,999,038)</u>	<u>(573,289)</u>	<u>(45,572,327)</u>
General revenues:							
County appropriation					38,100,000	-	38,100,000
Miscellaneous income					2,497,112	-	2,497,112
Transfers					(647,908)	647,908	-
Total general revenues and transfers					<u>39,949,204</u>	<u>647,908</u>	<u>40,597,112</u>
Change in net position					(5,049,834)	74,619	(4,975,215)
Net position, July 1					<u>136,370,354</u>	<u>877,725</u>	<u>137,248,079</u>
Net position, June 30					<u>\$ 131,320,520</u>	<u>\$ 952,344</u>	<u>\$ 132,272,864</u>

See Accompanying Notes to Basic Financial Statements.

## **FUND FINANCIAL STATEMENTS**

<b>GOVERNMENTAL FUNDS</b>
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**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

**EXHIBIT B-1**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,941,195	\$ -	\$ -	\$ 2,941,195
Interfund receivable	2,833,031	-	-	2,833,031
Receivables from other governments:				
Federal	16	413,178	-	413,194
State	85,012	133,983	-	218,995
Local	-	-	866,800	866,800
Other Accounts Receivable	1,092,686	-	-	1,092,686
Restricted assets:				
Restricted cash and cash equivalents	191,371	717,935	34,877	944,183
Total assets	<u>\$ 7,143,311</u>	<u>\$ 1,265,096</u>	<u>\$ 901,677</u>	<u>\$ 9,310,084</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,854,275	\$ 99,159	\$ -	\$ 2,953,434
Payable to federal government	-	82,808	-	82,808
Payable to state government	-	878	-	878
Interfund payable	-	361,068	382,253	743,321
Payroll deductions and withholdings	159,734	-	-	159,734
Other liability for unemployment claims	16,367	-	-	16,367
Unearned revenue	4,228,000	3,248	-	4,231,248
Total liabilities	<u>7,258,376</u>	<u>547,161</u>	<u>382,253</u>	<u>8,187,790</u>
Fund balances:				
Restricted For:				
Reserve for excess surplus - designated for subsequent year's expenditures	158,474	-	-	158,474
Student activities	-	717,935	-	717,935
Capital projects	-	-	519,424	519,424
Assigned to:				
Year-end encumbrances	21,195	-	-	21,195
Unassigned fund balance:				
General fund	(294,734)	-	-	(294,734)
Total fund balances	<u>(115,065)</u>	<u>717,935</u>	<u>519,424</u>	<u>1,122,294</u>
Total liabilities and fund balances	<u>\$ 7,143,311</u>	<u>\$ 1,265,096</u>	<u>\$ 901,677</u>	<u>\$ 9,310,084</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

**EXHIBIT B-1**

Reconciliation of balance sheet to statement of net position:

Total fund balances - governmental funds (from Exhibit B-1)	\$ 1,122,294
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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 \$209,701,318 and the accumulated depreciation is \$40,354,528.	169,346,790
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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.	202,493
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Certain amounts resulting from the measurement of the net pension liability and lease arrangements are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred outflows of pension resources	\$ 2,394,899	
Deferred inflows of pension resources	(1,317,914)	
Deferred inflows of lease resources	<u>(202,004)</u>	874,981

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	-
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Additional accounts payable for pension contribution offset by deferred outflow for pension liabilities.

Accounts payable pension liabilities	(2,045,093)
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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	(15,616,810)	
Net pension liability	<u>(22,564,135)</u>	<u>(38,180,945)</u>

Net position of governmental activities	<u><u>\$ 131,320,520</u></u>
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**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT B-2**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>				
Local sources:				
County appropriation	\$ 38,100,000	\$ -	\$ -	\$ 38,100,000
Tuition charges	591,237	-	-	591,237
Miscellaneous	2,497,028	1,369,846	-	3,866,874
Federal sources	3,919	5,147,714	-	5,151,633
State sources	36,237,545	-	-	36,237,545
Total revenues	77,429,729	6,517,560	-	83,947,289
<b>EXPENDITURES</b>				
Instruction:				
Regular instruction	14,983,993	1,698,870	-	16,682,863
Vocational education	6,663,901	-	-	6,663,901
Vocational education - special	918,108	-	-	918,108
School sponsored cocurricular activities	352,000	-	-	352,000
Support services and undistributed costs:				
Student and instruction related services	6,195,537	3,946,495	-	10,142,032
School administrative services	3,626,849	-	-	3,626,849
Other administrative services	3,793,715	-	-	3,793,715
Operation and maintenance of plant services	8,121,219	-	-	8,121,219
Student transportation	3,758,687	-	-	3,758,687
Employee benefits	28,349,701	-	-	28,349,701
Special schools	3,765,125	-	-	3,765,125
Capital outlay	-	604,463	4,618,658	5,223,121
Total expenditures	80,528,835	6,249,828	4,618,658	91,397,321
Excess (Deficiency) of revenues over (under) expenditures	(3,099,106)	267,732	(4,618,658)	(7,450,032)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out - contribution to food services fund	(647,908)	-	-	(647,908)
Return of Capital outlay transfer from capital projects	15,704	-	(15,704)	-
Transfer out - contribution to internal service fund	(425,498)	-	-	(425,498)
County capital contributions:				
Improvement authorizations	-	-	3,000,000	3,000,000
Total other financing sources and (uses)	(1,057,702)	-	2,984,296	1,926,594
Net change in fund balance	(4,156,808)	267,732	(1,634,362)	(5,523,438)
Fund balance, July 1	4,041,743	450,203	2,153,786	6,645,732
Fund balance, June 30	\$ (115,065)	\$ 717,935	\$ 519,424	\$ 1,122,294

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, 2024**

**EXHIBIT B-3**

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Total net change in fund balances - governmental funds (from Exhibit B-2)	\$ (5,523,438)
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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	\$ (5,232,343)	
Capital outlays	<u>3,607,712</u>	(1,624,631)

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 there 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	495	
Reduction in revenue from lease arrangement	<u>(411)</u>	84

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	(505,672)	
Additional PERS pension expense recognized	2,603,823	
Additional on-behalf TPAF pension expense	(555,823)	
Additional on-behalf TPAF pension contribution	555,823	
Additional on-behalf OPEB expense	(412,740)	
Additional on-behalf OPEB contribution	<u>412,740</u>	2,098,151

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>	
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Change in net position of governmental activities (to Exhibit A-2)	<u>\$ (5,049,834)</u>
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<b>PROPRIETARY FUNDS</b>
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HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

EXHIBIT B-4

	Business-type Activity - Enterprise Fund	Governmental Activities - Internal Service Funds		
	Food Service	Transportation Consortium	Career Development Center	Total Internal Service Funds
<b>ASSETS</b>				
Current Assets:				
Intergovernmental accounts receivable:				
Federal	\$ 124,732	\$ -	\$ -	\$ -
State	7,899	-	-	-
Local	-	2,103,603	-	2,103,603
Inventory	19,010	-	-	-
Total current assets	151,641	2,103,603	-	2,103,603
Capital assets:				
Furniture, machinery and equipment	1,663,293	-	-	-
Less: accumulated depreciation	(710,949)	-	-	-
Total capital assets	952,344	-	-	-
Total assets	1,103,985	2,103,603	-	2,103,603
<b>LIABILITIES</b>				
Current liabilities:				
Accounts Payable	132,463	33,071	-	33,071
Interfund payable	19,178	2,070,532	-	2,070,532
Total current liabilities	151,641	2,103,603	-	2,103,603
Total liabilities	151,641	2,103,603	-	2,103,603
<b>NET POSITION</b>				
Net investment in capital assets	952,344	-	-	-
Unrestricted	-	-	-	-
Total net position	\$ 952,344	\$ -	\$ -	\$ -

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, 2024**

**EXHIBIT B-5**

	Business-type Activity - Enterprise Fund	Governmental Activities - Internal Service Funds		
	Food Service	Transportation Consortium	Career Development Center	Total Internal Service Funds
<b>OPERATING REVENUES</b>				
Charges for services:				
Daily sales - non-reimbursable programs	\$ 1,106,601	\$ -	\$ -	\$ -
Transportation fees from other local education agencies	-	4,577,300	-	4,577,300
Career development programs and fees	-	-	-	-
Total operating revenues	<u>1,106,601</u>	<u>4,577,300</u>	<u>-</u>	<u>4,577,300</u>
<b>OPERATING EXPENSES</b>				
Cost of sales - reimbursable programs	2,394,102	-	-	-
Cost of sales - non-reimbursable programs	170,802	-	-	-
Salaries	-	3,535,346	-	3,535,346
Other purchased services	-	1,467,452	-	1,467,452
Depreciation	104,444	-	-	-
Total operating expenses	<u>2,669,348</u>	<u>5,002,798</u>	<u>-</u>	<u>5,002,798</u>
Operating (loss)	(1,562,747)	(425,498)	-	(425,498)
<b>Nonoperating revenues:</b>				
State sources:				
State school lunch program	36,314	-	-	-
State school breakfast program	7,653	-	-	-
Federal sources:				
National school lunch program	507,569	-	-	-
School breakfast program	173,983	-	-	-
Healthy Hunger-Free Kids Act	16,408	-	-	-
Supply chain assistance	57,814	-	-	-
Summer food service program for children	18,915	-	-	-
Fresh Fruits and Vegetables	35,770	-	-	-
TEFAP - food commodities	135,032	-	-	-
Total nonoperating revenues	<u>989,458</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position before transfer	(573,289)	(425,498)	-	(425,498)
Transfer in - general fund contribution	<u>647,908</u>	<u>425,498</u>	<u>-</u>	<u>425,498</u>
Change in net position	74,619	-	-	-
Net position, July 1	877,725	-	-	-
Net position, June 30	<u>\$ 952,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Basic Financial Statements.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT B-6**

	Business-type Activity - Enterprise Fund	Governmental Activities - Internal Service Funds		
	Food Service	Transportation Consortium	Career Development Center	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 1,106,601	\$ 4,504,742	\$ 462,311	\$ 4,967,053
Payment for salaries and benefits	-	(3,535,346)	(9,060)	(3,544,406)
Payments to suppliers	(2,420,238)	(1,467,573)	-	(1,467,573)
Net cash (used) provided by operating activities	(1,313,637)	(498,177)	453,251	(44,926)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
State sources	41,540	-	-	-
Federal sources	826,350	-	-	-
Proceeds from interfund	624,810	498,177	(453,251)	44,926
Net cash provided by non-capital financing activities	1,492,700	498,177	(453,251)	44,926
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(179,063)	-	-	-
Net change in cash	-	-	-	-
Cash, July 1	-	-	-	-
Cash, June 30	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating (loss)	\$ (1,562,747)	\$ (425,498)	\$ -	\$ (425,498)
Adjustments to reconcile operating (loss) to net cash (used) provided by operating activities:				
Depreciation	104,444	-	-	-
TEFAP - food commodities	135,032	-	-	-
(Increase) in accounts receivable	-	(72,558)	-	(72,558)
Decrease in other accounts receivable	-	-	462,311	462,311
Decrease in inventory	16,929	-	-	-
(Decrease) in accounts Payable	(7,295)	(121)	(9,060)	(9,181)
Total adjustments	249,110	(72,679)	453,251	380,572
Net cash (used) provided by operating activities	\$ (1,313,637)	\$ (498,177)	\$ 453,251	\$ (44,926)
<b>Noncash capital financing activities:</b>				
Food distribution program	\$ 135,032	\$ -	\$ -	\$ -

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, 2024**

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**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 6-12 and to provide adult and alternative education. The District had an approximate enrollment at June 30, 2024, of 2,508 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 had 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 was 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 discontinued and program operations for remaining youth program are operated through the special revenue fund of the District.

**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, 2024**

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**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, 2024**

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**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 career development/ employment training and for transportation services provided by the District for use by various other school districts within the County of Hudson. Operations for career development/ employment training were discontinued as an internal service fund during the fiscal year 2022-2023 and transferred to the governmental fund for special revenue and any remaining balances were liquidated during the fiscal year 2023-2024.

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, 2024**

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**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, 2024**

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**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>2023-2024</u>
Total Revenues (Budgetary Basis)	\$ 6,203,435
Adjustments:	
Add: Prior Year Encumbrances	450,441
Less: Current Year Encumbrances	<u>(136,316)</u>
Total Revenues (GAAP) Basis	<u><u>\$ 6,517,560</u></u>
 Total Expenditures (Budgetary Basis)	 \$ 5,935,703
Adjustments:	
Add: Prior Year Encumbrances	450,441
Less: Current Year Encumbrances	<u>(136,316)</u>
Total Expenditures (GAAP Basis)	<u><u>\$ 6,249,828</u></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, 2024**

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**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 year 2023- 2024 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, 2024, 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, 2024**

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**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, 2024**

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**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 \$15,616,810 at June 30, 2024, 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, 2024

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**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, 2024 audited excess surplus that is required to be appropriated in the 2025-2026 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, 2024 audited excess surplus that will be appropriated in the 2024-2025 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, 2024

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**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 2024-2025 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, 2024**

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**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 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.

GASB Statement No. 102, *Certain Risk Disclosures*. This Statement establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints.

Effective Date: The requirements of this Statement are effective for periods beginning after June 15, 2024.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**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, 2024, none of the District’s bank balances totaling \$3,885,378 were exposed to custodial credit risk as follows:

Insured - FDIC	\$ 250,000
Insured - GUDPA	<u>3,635,378</u>
	<u>\$ 3,885,378</u>
Reconciliation to Government-wide Statement of	
Net Position	
Unrestricted Cash	\$ 2,941,195
Restricted Cash	<u>944,183</u>
	<u>\$ 3,885,378</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**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, 2024, 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 (N.J.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, 2024, 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 \$85,028 are comprised of \$16 from federal sources and \$85,012 from state sources.

Receivables from other governments as reported on the special revenue fund balance sheet amounting to \$547,161 are comprised of \$413,178 from federal sources and \$133,983 from state sources.

Receivables from other governments as reported on the capital fund balance sheet amounting to \$866,800 are comprised from local sources.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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, 2024:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Governmental activities:				
Non-depreciable:				
Land	\$ 4,952,990	\$ -	\$ -	\$ 4,952,990
Depreciable:				
Buildings and improvements	186,321,169	2,237,058	-	188,558,227
Machinery and equipment	14,819,447	1,370,654	-	16,190,101
Total at historical cost	201,140,616	3,607,712	-	204,748,328
Less: accumulated depreciation:				
Buildings and improvements	(25,907,699)	(3,774,939)	-	(29,682,638)
Machinery and equipment	(9,214,486)	(1,457,404)	-	(10,671,890)
Total accumulated depreciation	(35,122,185)	(5,232,343) *	-	(40,354,528)
Depreciable capital assets, net	166,018,431	(1,624,631)	-	164,393,800
Governmental activities capital assets, net	\$ 170,971,421	\$ (1,624,631)	\$ -	\$ 169,346,790

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5. CAPITAL ASSETS AND DEPRECIATION (Continued)**

\* Depreciation expense was charged to Governmental Activities for the year fiscal year ended June 30, 2024 as follows:

Instruction:	
Regular instruction	\$ 1,472,215
Vocational education	588,070
Vocational education - special	81,020
School sponsored cocurricular activities	31,063
Total instruction	<u>2,172,368</u>
Support services and undistributed costs:	
Student and instruction related services	895,005
School administrative services	320,059
Other administrative services	334,784
Operation and maintenance of plant services	716,674
Student transportation	461,192
Total support services and undistributed costs	<u>2,727,714</u>
Special schools	<u>332,261</u>
Total depreciation expense	<u>\$ 5,232,343</u>

Capital asset activity for business-type activity for the year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Business-type activity:				
Depreciable:				
Machinery and equipment	\$ 1,484,230	\$ 179,063	\$ -	\$ 1,663,293
Less: accumulated depreciation:				
Machinery and equipment	<u>(606,505)</u>	<u>(104,444)</u>	<u>-</u>	<u>(710,949)</u>
Business-type activity capital assets, net	<u>\$ 877,725</u>	<u>\$ 74,619</u>	<u>\$ -</u>	<u>\$ 952,344</u>

**NOTE 6. LONG-TERM OBLIGATIONS**

**Changes in Long-Term Obligations**

During the year ended June 30, 2024, the following changes occurred in governmental activities long-term obligations:

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year	Long-Term Portion
Governmental activities:						
Compensated absences	\$ 15,111,138	\$ 1,057,227	\$ 551,555	\$ 15,616,810	\$ 562,586	\$ 15,054,224
Net Pension Liability	23,689,208	-	1,125,073	22,564,135	-	22,564,135
Total Governmental Activities Long-Term Liabilities	<u>\$ 38,800,346</u>	<u>\$ 1,057,227</u>	<u>\$ 1,676,628</u>	<u>\$ 38,180,945</u>	<u>\$ 562,586</u>	<u>\$ 37,618,359</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, 2024**

**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, 2024, the County of Hudson on behalf of District's projects had outstanding bonds in the amount of \$58,575,000. These bonds are paid by the County of Hudson.

**Bonds Issued** – The County of Hudson issued the following bonds on behalf of the Hudson County Schools of Technology during the year ended June 30, 2024:

Ordinance		Improvement Description	
Date	Number		
09/08/22	530-9-2022	Acquisition and various improvements	\$ 3,000,000

**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, 2024 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, 2024, the County of Hudson on behalf of the District's School project had an outstanding financed purchase in the amount of \$146,535,000, 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, 2024, the District recognized \$1,189,589 in lease revenue and \$495 in interest income related to leases. During the fiscal year ended June 30, 2024, 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, 2024**

**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, 2024 were as follows:

Tower Position	Discount Rate	Lease Terms		Average Annual Lease Payment	At June 30, 2024		
					Receivable	(Unearned) Revenue	Deferred (Inflows) of Resources
Tower Position 120 feet	0.20%	12/01/21	11/30/26	\$ 36,000	\$ 86,783	\$ -	\$ (86,573)
Tower Position 130 feet	0.20%	12/01/21	11/30/26	48,000	115,710	-	(115,431)
Tower Position 140 feet	0.20%	07/01/21	06/30/26	302,000	-	(604,000)	-
Tower Position 150 and 60 feet	0.20%	05/01/21	04/30/26	804,000	-	(1,474,000)	-
				<u>\$ 1,190,000</u>	<u>\$ 202,493</u>	<u>\$ (2,078,000)</u>	<u>\$ (202,004)</u>

The amortization of the lease payments expected to be received for the remainder of the lease terms at June 30, 2024 is as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 83,671	\$ 329	\$ 84,000
2026	83,839	161	84,000
2027	34,983	17	35,000
	<u>\$ 202,493</u>	<u>\$ 507</u>	<u>\$ 203,000</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](http://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, 2024**

**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:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each service credit available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 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, 2024**

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**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](http://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](http://www.state.nj.us/treasury/doinvest).

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**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 2024.

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, 2024 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, 2024, 2023 and 2022 the District paid the required contributions to PERS of \$2,082,077, \$1,979,490, and \$1,795,623, respectively.

During the year ended June 30, 2024 and 2023 and 2022 the District paid the required contributions to DCRP of \$23,663, \$24,811, and \$19,412, 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 during the year ended June 30, 2024, 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, 2024**

**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, 2023. 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, 2023 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2023.

At June 30, 2024 the District reported in the statement of net position (accrual basis) a liability of \$22,564,135 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2022, which was rolled forward to June 30, 2022. 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, 2023, the District's PERS proportion was 0.1558%, which was a decrease of -0.0012% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized in the Government-wide statement of activities (accrual basis) pension (benefit) of (\$521,746) for PERS. The pension contribution made by the District during the current 2023-2024 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, 2024 with a measurement date of the prior fiscal year end of June 30, 2023. 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, 2024 for contributions made subsequent to the current fiscal year end. At June 30, 2024, 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	\$ 123,507	\$ -
Changes in assumptions	-	1,317,914
Net differences between projected and actual		
investment earnings on pension plan investments	103,911	-
Changes in proportion	122,388	-
District contributions subsequent to measurement date	2,045,093	-
Total	<u>\$ 2,394,899</u>	<u>\$ 1,317,914</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**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)**

\$2,045,093 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, 2025. 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,	
2025	\$ (1,278,293)
2026	(526,819)
2027	1,037,099
2028	(199,804)
2029	(291)
	<u>\$ (968,108)</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, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022,, which was rolled forward to June 30, 2023. 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, 2022 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, 2024**

**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, 2023) 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, 2023) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.98%
Private Equity	13.00%	12.50%
Non U.S. Developed Market Equity	12.75%	9.22%
Real Estate	8.00%	8.58%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Emerging Market Equity	5.50%	11.13%
High Yield	4.50%	6.97%
U.S. Treasuries	4.00%	3.31%
Real Assets	3.00%	8.40%
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
International Small Cap Equity	1.25%	9.22%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023). 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, 2024**

**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, 2023), 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	\$ 29,373,703	\$ 22,564,135	\$ 16,768,292

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2023). 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](http://www.state.nj.us/treasury/pensions).

*Additional Information*

Collective balances of the Local Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 1,080,204,730
Deferred inflows of resources	\$ 1,780,216,457
Net pension liability	\$ 14,606,489,066

Collective pension expense for the Local Group for the measurement period ended June 30, 2023 is (\$79,181,803).

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.93, 7.83, 7.93, 8.04, 8.29, 8.30, 8.30 and 8.30, years, respectively.

**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, 2023). Employer allocation percentages have been rounded for presentation purposes.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**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)**

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, 2023), 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.

At June 30, 2024 the State's net pension liability for TPAF associated with the District was \$107,165,607. 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, 2023. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. At June 30, 2023, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2100%, which was an increase of 0.0010% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024 the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$2,632,747 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, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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 – 4.25%
	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-2021.



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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)**

*Actuarial Assumptions (Continued)*

The actuarial assumptions used in the July 1, 2022 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Private Equity	13.00%	12.50%
Non U.S. Developed Market Equity	12.75%	9.22%
Real Estate	8.00%	8.58%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Emerging Market Equity	5.50%	11.13%
High Yield	4.50%	6.97%
U.S. Treasuries	4.00%	3.31%
Real Assets	3.00%	8.40%
Risk Mitigation Strategies	3.00%	6.21%
Cash Equivalents	2.00%	3.31%
International Small Cap Equity	1.25%	9.22%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the state. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

The following presents the State's proportionate share of the net pension liability attributable to the District as of June 30, 2023, 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	\$ 126,367,697	\$ 107,165,607	\$ 90,992,883

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2023. A sensitivity analysis specific to State's proportionate share of the net pension liability attributable to the District was not provided by the pension system.

*Pension Plan Fiduciary Net Position*

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

*Additional Information*

Collective balances of the Local Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 2,498,730,891
Deferred inflows of resources	\$ 14,719,080,314
Net pension liability	\$ 51,032,669,551

Collective pension expense for the Local Group for the measurement period ended June 30, 2023 is \$1,292,291,943.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, and 2015 is 7.93, 7.83, 7.93, 8.04, 8.29, 8.30, 8.30 and 8.30, years, respectively.

**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.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Plan Description and Benefits Provided (Continued)**

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: TPAF, PERS, PFRS, or 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.

**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-oheb.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 GASB.

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

**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 \$2.0 billion to the OPEB plan in fiscal year 2023.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2024, 2023, and 2022 were \$2,483,991, \$2,286,464, and \$2,038,044, 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.

**Total OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2023 is \$52.4 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, 2022 which were rolled forward to June 30, 2023.

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, 2023. 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.

At June 30, 2024, the State's proportionate share of the OPEB liability attributable to the District is \$90,979,384. 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, 2023 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2023. At June 2023, the State's share of the OPEB liability attributable to the District was 0.1738% which was a decrease of 0.0009% from its proportion measured as of June 30, 2022 of 0.1747%.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Total OPEB Liability**

*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, 2024, (measurement date June 30, 2023) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2022 measurement date	\$ 88,466,909
Changes reconized for the fiscal year:	
Service cost	3,839,889
Interest on the total OPEB liability	3,204,183
Changes in assumptions	
Difference between expected and actual experience	(2,299,373)
Changes of Benefit Terms	183,377
Gross benefit payments	(2,497,713)
Contributions from the member	82,112
Net changes	<u>2,512,475</u>
Balance, June 30, 2023 measurement date	<u>\$ 90,979,384</u>

*Employees covered by benefit terms*

The following employees were covered by the benefit terms as of June 30, 2023:

Active plan members	217,212
Inactive plan members or beneficiaries currently receiving benefits	<u>152,383</u>
Total plan members	<u>369,595</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2024, the District recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$2,896,731. 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.

Collective balances of the Education Group at June 30, 2023 are as follows:

Deferred outflows of resources	\$ 15,085,612,961
Deferred inflows of resources	\$ 28,241,489,773
Collective OPEB Expense	\$ 1,369,124,126

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2023 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.

*Actuarial Assumptions*

The OPEB liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023. 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 – 6.55% 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, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 to June 30, 2021.

*Health Care Trend Assumptions*

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.80% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is increasing to 17.40% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

*Discount Rate*

The discount rate for June 30, 2023, was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9. POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions (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, 2024, 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 (2.65%)	At Current Discount Rate (3.65%)	At 1% Increase (4.65%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 106,657,709	\$ 90,979,384	\$ 78,391,509

*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, 2024, 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	\$ 75,526,915	\$ 90,979,384	\$ 111,198,979

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023, were not provided by the pension system.

**NOTE 10. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet of the governmental fund financial statement at June 30, 2024:

	Interfund Receivable	Interfund Payable
General	\$ 2,833,031	\$ -
Special Revenue	-	361,068
Capital Projects	-	382,253
Enterprise Fund:		
Food Service Fund	-	19,178
Internal Service Funds:		
Transportation	-	2,070,532
Total	<u>\$ 2,833,031</u>	<u>\$ 2,833,031</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 10. INTERFUND RECEIVABLES AND PAYABLES (Continued)**

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 capital projects fund returned \$15,704 to the general fund for capital outlay transferred from general fund in prior years for the costs of improving a building recently acquired. The general fund contributed \$647,908 to food service enterprise fund and \$425,498 to transportation consortium internal service fund to prevent deficits in respective net positions.

**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.

The District did receive threatened litigation that could be material to the financial statements of the District. On December 27, 2024, a Notice of Tort Claim on behalf of an employee related to injuries allegedly sustained by the employee. The notice asserts damages for tortious interference with business opportunities, damage to reputation, and pain and suffering in the amount of \$5,000,000. As of the date of the audit, the District has not been served a civil complaint regarding the foregoing matter. Due to the limited information that is available at the time of the audit, the District is unable to evaluate the likelihood of an unfavorable outcome and/or provide an estimate of the District's exposure to liability.



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**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 2024. 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, 2024	\$ 63,090	\$ 109,628	\$ 16,367
June 30, 2023	266,952	483,126	62,905
June 30, 2022	687	687	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 (\$115,065) General Fund fund balance at June 30, 2024, \$158,474 is restricted as excess surplus in accordance with N.J.S.A.18A:7F-7 (of the total restricted \$158,474 has been appropriated and included as anticipated revenue for the year ended June 30, 2025); \$21,195 is assigned to year-end encumbrances; and a balance of (\$294,734) is unassigned.

Special Revenue Fund – The \$717,935 Special Revenue Fund fund balance at June 30, 2024 is fully restricted for student activities.

Capital Projects Fund – The \$519,424 Capital Projects Fund balance at June 30, 2024 is fully restricted for ongoing capital projects.

The total Governmental Funds fund balance is \$1,122,294.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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	\$ 1,122,294	\$ 952,344	\$ 2,074,638
Add:			
Capital Assets, Net of			
Accumulated Depreciation	169,346,790	-	169,346,790
Lease receivable	202,493	-	202,493
Deferred Outflows of Pension Resources	2,394,899	-	2,394,899
Less:			
Additional Accounts Payable	(2,045,093)	-	(2,045,093)
Compensated Absences Liability	(15,616,810)	-	(15,616,810)
Net Pension Liability	(22,564,135)	-	(22,564,135)
Deferred Inflows of Pension Resources	(1,317,914)	-	(1,317,914)
Deferred Inflows of Lease Resources	(202,004)	-	(202,004)
Total Net Position	<u>\$ 131,320,520</u>	<u>\$ 952,344</u>	<u>\$ 132,272,864</u>

**NOTE 17. DEFICIT FUND BALANCES**

The District has a fund balance of (\$115,065) in the General Fund as of June 30, 2024, 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 (\$115,065) is more than the last two state aid payments. The general fund unassigned fund balance of \$257,747 at June 30, 2024 compared to an adjusted budget of \$66,995,741 indicates that the District is approaching a deficit in fund balance. N.J.S.A. 18A:7A-57, requires a forensic audit by the Office of the State Auditor if a district has a year-end general fund deficit and also meets one of the criteria for a state monitor of an adverse or qualified audit opinion, repeat audit findings, material weaknesses and late submission of the audit.

**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, 2024 is \$158,474.

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**NOTE 19. SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2024, through February 14, 2025, 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**

<b>BUDGETARY COMPARISON SCHEDULES</b>
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**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
<b>REVENUES</b>					
Local sources:					
County tax levy	\$ 38,100,000	\$ -	\$ 38,100,000	\$ 38,100,000	\$ -
Tuition	-	-	-	591,237	591,237
Miscellaneous	1,090,309	-	1,090,309	2,497,028	1,406,719
Total - local sources	39,190,309	-	39,190,309	41,188,265	1,997,956
Federal sources:					
Special Education Medicare Reimbursement Initiative	10,449	-	10,449	3,919	(6,530)
Total - federal sources	10,449	-	10,449	3,919	(6,530)
State sources:					
Equalization aid	19,320,150	-	19,320,150	19,320,150	-
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	-
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	9,126,838	9,126,838
Post-retirement medical contributions	-	-	-	2,483,991	2,483,991
Long term disability insurance premium	-	-	-	3,227	3,227
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	1,903,334	1,903,334
Total - state sources	22,673,936	-	22,673,936	36,191,326	13,517,390
Total revenues	61,874,694	-	61,874,694	77,383,510	15,508,816
<b>EXPENDITURES -</b>					
<b>CURRENT EXPENSE</b>					
Regular programs - instruction:					
Salaries of teachers	14,360,000	45,000	14,405,000	14,405,000	-
Tuition reimbursement	-	95,813	95,813	93,785	2,028
General supplies	158,709	200,692	359,401	358,254	1,147
Textbooks	75,000	(3,865)	71,135	71,135	-
Other Objects	41,000	16,687	57,687	55,819	1,868
Total regular programs - instruction	14,634,709	354,327	14,989,036	14,983,993	5,043
Total regular programs	14,634,709	354,327	14,989,036	14,983,993	5,043
Vocational programs - local - instruction:					
Salaries of teachers	4,830,000	963,568	5,793,568	5,793,568	-
Other salaries for instruction	625,000	200,000	825,000	825,000	-
General supplies	65,246	(42,299)	22,947	22,947	-
Textbooks	50,000	(41,300)	8,700	8,700	-
Other objects	43,426	(29,740)	13,686	13,686	-
Total vocational programs - local - instruction	5,613,672	1,050,229	6,663,901	6,663,901	-
Special vocational programs - local - instruction:					
Salaries of teachers	890,000	-	890,000	890,000	-
Purchased professional - educational services	30,000	(12,677)	17,323	17,323	-
General supplies	25,000	(20,290)	4,710	4,710	-
Textbooks	10,000	(5,925)	4,075	4,075	-
Other objects	10,000	(8,000)	2,000	2,000	-
Total special vocational programs - local - instruction	965,000	(46,892)	918,108	918,108	-
Other instructional:					
School-sponsored cocurricular activities:					
Salaries	350,000	-	350,000	350,000	-
School-sponsored athletics:					
Supplies and materials	10,000	(10,000)	-	-	-
Other objects	10,000	(8,000)	2,000	2,000	-
Total other instructional	370,000	(18,000)	352,000	352,000	-
Total - instruction	21,583,381	1,339,664	22,923,045	22,918,002	5,043

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Attendance and social work services:					
Salaries	\$ 335,000	\$ -	\$ 335,000	\$ 335,000	\$ -
Supplies and materials	2,000	(2,000)	-	-	-
Other objects	2,000	(2,000)	-	-	-
Total attendance and social work services	339,000	(4,000)	335,000	335,000	-
Health services:					
Salaries	540,000	100,000	640,000	640,000	-
Supplies and materials	5,000	(3,200)	1,800	1,800	-
Other objects	10,000	(3,293)	6,707	6,707	-
Total health services	555,000	93,507	648,507	648,507	-
Other support services - students-regular:					
Salaries of other professional staff	1,250,000	125,000	1,375,000	1,375,000	-
Salaries of secretarial and clerical assistants	650,000	100,000	750,000	750,000	-
Supplies and materials	5,000	(4,700)	300	300	-
Total other support services - students-regular	1,905,000	220,300	2,125,300	2,125,300	-
Other support services - students - special services:					
Salaries of other professional staff	1,100,000	210,000	1,310,000	1,310,000	-
Salaries of secretarial and clerical assistants	-	5,000	5,000	5,000	-
Supplies and materials	2,000	(2,000)	-	-	-
Other objects	2,000	(1,289)	711	711	-
Total other support services - students-special services	1,104,000	211,711	1,315,711	1,315,711	-
Improvement of instructional services:					
Salaries of supervisors of instructions	70,000	-	70,000	70,000	-
Salaries of other professional staff	70,000	80,000	150,000	150,000	-
Other salaries	121,800	-	121,800	121,800	-
Other objects	1,700	3,019	4,719	4,219	500
Total improvement of instructional services	263,500	83,019	346,519	346,019	500
Educational media services/school library:					
Salaries	1,425,000	-	1,425,000	1,425,000	-
Other objects	3,000	(3,000)	-	-	-
Total educational media services/school library	1,428,000	(3,000)	1,425,000	1,425,000	-
Support services - general administration:					
Salaries	915,000	-	915,000	915,000	-
Legal services	225,451	(3,365)	222,086	222,086	-
Audit Fees	90,000	(88,741)	1,259	1,259	-
Other purchased professional services	32,245	69,450	101,695	101,695	-
Purchased Technical services	63,977	47,293	111,270	110,936	334
Communications/telephone	644,730	268,996	913,726	2,221,742	(1,308,016)
Miscellaneous purchased services	5,000	10,382	15,382	15,315	67
General Supplies	10,000	(4,300)	5,700	5,700	-
In-House Training/Meeting Supplies	10,000	(10,000)	-	-	-
Judgments against the school district	5,000	(5,000)	-	-	-
Miscellaneous expenditures	23,786	10,100	33,886	20,886	13,000
Board of education membership dues and fees	30,000	(17,770)	12,230	12,230	-
Total support services - general administration	2,055,189	277,045	2,332,234	3,626,849	(1,294,615)
Support services - school administration:					
Salaries of principals/assistant principals	1,200,000	60,000	1,260,000	1,260,000	-
Salaries of other professional staff	400,000	115,000	515,000	515,000	-
Salaries of secretarial and clerical assistants	-	10,000	10,000	10,000	-
Supplies and materials	25,000	(10,676)	14,324	14,265	59
Other objects	25,000	(396)	24,604	24,604	-
Total support services - school administration	1,650,000	173,928	1,823,928	1,823,869	59
Central services:					
Salaries	1,805,000	120,000	1,925,000	1,925,000	-
Supplies and materials	25,000	(25,000)	-	-	-
Miscellaneous expenditures	25,000	(90)	24,910	24,910	-
Total central services:	1,855,000	94,910	1,949,910	1,949,910	-

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
Administrative Information Technology:					
Salaries	\$ 50,000	\$ (50,000)	\$ -	\$ -	\$ -
Other objects	175,000	(155,064)	19,936	19,936	-
Total administrative information technology:	225,000	(205,064)	19,936	19,936	-
Required maintenance for school facilities:					
Salaries	540,000	65,922	605,922	605,922	-
Cleaning, repair and maintenance services	150,000	36,989	186,989	186,989	-
General supplies	101,665	(44,538)	57,127	57,127	-
Other objects	200,000	341,785	541,785	541,785	-
Total required maintenance for school facilities	991,665	400,158	1,391,823	1,391,823	-
Other operating and maintenance of plant services:					
Salaries	3,120,000	244,000	3,364,000	3,364,000	-
Cleaning, repair and maintenance services	225,115	225,697	450,812	450,812	-
Rental of land and buildings other than lease purchase	25,000	(19,603)	5,397	5,397	-
Other purchased property	10,000	1,547	11,547	11,547	-
Insurance	1,425,000	(162,891)	1,262,109	1,262,109	-
General supplies	111,976	231,811	343,787	343,187	600
Natural gas	1,558,234	(349,605)	1,208,629	1,208,029	600
Other objects	50,000	34,315	84,315	84,315	-
Total other operating and maintenance of plant services:	6,525,325	205,271	6,730,596	6,729,396	1,200
Student transportation services:					
Salaries for pupil transportation - (between home and school) - regular	2,300,000	220,000	2,520,000	2,520,000	-
Salaries for pupil transportation - (between home and school) - special	775,000	-	775,000	775,000	-
Salaries for pupil transportation - (other than bet. home & school)	150,000	-	150,000	150,000	-
Miscellaneous purchased services - transportation	50,000	19,492	69,492	69,492	-
General supplies	50,000	31,198	81,198	81,198	-
Transportation supplies	50,000	(9,869)	40,131	40,131	-
Other objects	60,000	62,866	122,866	122,866	-
Total student transportation services	3,435,000	323,687	3,758,687	3,758,687	-
Unallocated employee benefits:					
Social Security contribution	1,700,000	-	1,700,000	1,555,756	144,244
TPAF contribution - ERIP	490,000	(424,000)	66,000	66,000	-
Other retirement contributions - regular	1,850,000	302,500	2,152,500	2,152,500	-
Other retirement contributions - ERIP	90,000	(90,000)	-	-	-
Unemployment compensation	75,000	(55,000)	20,000	20,000	-
Health benefits	12,125,000	(2,982,865)	9,142,135	11,038,055	(1,895,920)
Total unallocated employee benefits	16,330,000	(3,249,365)	13,080,635	14,832,311	(1,751,676)
On-behalf TPAF contributions (Non-budgeted)					
Pension contribution	-	-	-	9,126,838	(9,126,838)
Post-retirement medical contributions	-	-	-	2,483,991	(2,483,991)
Long term disability insurance premium	-	-	-	3,227	(3,227)
Reimbursed TPAF Social Security contributions (Non-budgeted)	-	-	-	1,903,334	(1,903,334)
Total on-behalf contributions	-	-	-	13,517,390	(13,517,390)
Total undistributed expenditures	38,661,679	(1,377,893)	37,283,786	53,845,708	(16,561,922)
Total expenditures - current expense	60,245,060	(38,229)	60,206,831	76,763,710	(16,556,879)
CAPITAL OUTLAY					
Facilities acquisition and construction services:					
Other objects	52,422	-	52,422	-	52,422
Assessment for debt service on SDA funding	3,778	-	3,778	-	3,778
Total facilities acquisition and construction services	56,200	-	56,200	-	56,200
Total capital outlay	56,200	-	56,200	-	56,200



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT C-1**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
<b>SPECIAL SCHOOLS</b>					
Post-secondary programs - instruction:					
Other salaries - instruction	\$ 550,000	\$ -	\$ 550,000	\$ 550,000	\$ -
General supplies	32,922	23,423	56,345	55,345	1,000
Textbooks	25,000	9,072	34,072	34,072	-
Other expenses	20,000	(2,300)	17,700	17,700	-
Total post-secondary programs - instruction	627,922	30,195	658,117	657,117	1,000
Accredited evening/adult high school - instruction:					
Other salaries for instruction	1,290,000	-	1,290,000	1,290,000	-
Purchased professional and technical services	18,000	12,178	30,178	30,178	-
General supplies	10,522	1,156	11,678	11,678	-
Textbooks	10,000	(10,000)	-	-	-
Other expenses	21,452	4,700	26,152	26,152	-
Total accredited evening/adult high school - instruction	1,349,974	8,034	1,358,008	1,358,008	-
Accredited evening/adult high school - support services:					
Salaries	1,750,000	-	1,750,000	1,750,000	-
Total accredited evening/adult high school - support services	1,750,000	-	1,750,000	1,750,000	-
Total special schools	3,727,896	38,229	3,766,125	3,765,125	1,000
Total expenditures	64,029,156	-	64,029,156	80,528,835	(16,499,679)
Excess (deficiency) of revenues over (under) expenditures	(2,154,462)	-	(2,154,462)	(3,145,325)	(990,863)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer out - contribution to food services fund	-	-	-	(647,908)	(647,908)
Transfer out - contribution to internal service fund	-	-	-	(425,498)	(425,498)
Return of Capital outlay transfer from capital projects	-	-	-	15,704	15,704
Total other financing sources (uses)	-	-	-	(1,057,702)	(1,057,702)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(2,154,462)	-	(2,154,462)	(4,203,027)	(2,048,565)
Fund balances, July 1	2,154,462	-	2,154,462	6,347,952	4,193,490
Fund balances, June 30	\$ -	\$ -	\$ -	\$ 2,144,925	\$ 2,144,925
<u>Recapitulation:</u>					
Restricted fund balance:					
Excess surplus - prior year - designated for subsequent year's expenditures				\$ 158,474	
Assigned fund balance:					
Year-end encumbrances				21,195	
Designated for subsequent year's expenditures				1,707,509	
Unassigned				257,747	
				2,144,925	
<u>Reconciliation to governmental funds statements (GAAP)</u>					
Last two state aid payments not recognized on GAAP basis				(2,259,990)	
Fund balance per governmental funds (GAAP)				\$ (115,065)	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXHIBIT C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
<b>REVENUES</b>					
Federal sources	\$ 5,823,932	\$ 137,450	\$ 5,961,382	\$ 4,833,589	\$ (1,127,793)
Private sources	-	1,369,846	1,369,846	1,369,846	-
Total revenues	5,823,932	1,507,296	7,331,228	6,203,435	(1,127,793)
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Salaries of teachers	1,029,964	-	1,029,964	1,013,219	16,745
Purchased professional and technical services	113,970	21,611	135,581	93,826	41,755
Supplies and materials	5,871	5,000	10,871	10,871	-
General supplies	620,589	10,441	631,030	569,730	61,300
Other objects	10,000	-	10,000	10,000	-
Total instruction	1,780,394	37,052	1,817,446	1,697,646	119,800
Support services:					
Salaries	64,843	-	64,843	64,843	-
Salaries of supervisors of instructions	163,691	-	163,691	163,691	-
Salaries of other professional staff	-	1,000,000	1,000,000	-	1,000,000
Personal services - employee benefits	623,229	502,520	1,125,749	625,749	500,000
Purchased professional and technical services	24,314	610	24,924	21,810	3,114
Purchased professional -educational services	140,180	28,782	168,962	168,962	-
Purchased property services	4,550	-	4,550	2,200	2,350
Rental of land and buildings	-	75,000	75,000	-	75,000
Other purchased services	95,132	72,958	168,090	166,064	2,026
Vendor training	2,524,064	-	2,524,064	1,554,350	969,714
Supplies and materials	-	1,619	1,619	1,619	-
General supplies	28,000	50,000	78,000	28,000	50,000
Other objects	18,385	4,957	23,342	19,566	3,776
Student activities	450,203	1,369,846	1,820,049	1,102,114	717,935
Total support services	4,136,591	3,106,292	7,242,883	3,918,968	3,323,915
Capital outlay:					
Instructional equipment	357,150	(11,048)	346,102	319,089	27,013
Total capital outlay	357,150	(11,048)	346,102	319,089	27,013
Total expenditures	6,274,135	3,132,296	9,406,431	5,935,703	3,470,728
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	(450,203)	(1,625,000)	(2,075,203)	267,732	2,342,935
Fund balance, July 1	450,203	-	450,203	450,203	-
Fund balance, June 30	-	(1,625,000)	(1,625,000)	717,935	2,342,935
<u>Recapitulation:</u>					
Restricted for:					
Student activities				\$ 717,935	

**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, 2024**

**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] \$ 77,383,510	[C-2] \$ 6,203,435
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	-	(136,316)
Prior	-	450,441
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	2,306,209	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	<u>(2,259,990)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2] <u>\$ 77,429,729</u>	[B-2] <u>\$ 6,517,560</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1] \$ 80,528,835	[C-2] \$ 5,935,703
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	-	(136,316)
Prior	-	450,441
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2] <u>\$ 80,528,835</u>	[B-2] <u>\$ 6,249,828</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 TEN FISCAL YEARS

EXHIBIT L-1

	June 30, 2024	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	0.1557826065%	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	\$ 22,564,135	\$ 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	\$ 12,381,344	\$ 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	182.24%	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	65.23%	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.

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

EXHIBIT L-2

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,082,077	\$ 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	<u>2,082,077</u>	<u>1,979,490</u>	<u>1,795,623</u>	<u>1,658,880</u>	<u>1,519,724</u>	<u>1,615,825</u>	<u>1,502,694</u>	<u>1,420,694</u>	<u>1,356,323</u>	<u>1,279,149</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,381,344	\$ 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	16.82%	16.69%	15.50%	14.37%	13.57%	14.64%	13.28%	12.31%	12.10%	11.69%



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

EXHIBIT L-3

	June 30, 2024	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%	0.000%
State's proportion of the net pension liability associated with the District	0.2100%	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	\$ 107,165,607	\$ 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	\$ 27,656,878	\$ 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%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	34.68%	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.

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 SEVEN FISCAL YEARS\*

EXHIBIT L-4

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
OPEB liability, July 1	\$ 88,466,909	\$ 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	3,839,889	4,824,956	5,552,481	3,129,021	3,107,973	3,446,422	4,132,276
Interest on the total OPEB liability	3,204,183	2,344,471	2,687,085	2,572,592	3,055,773	3,329,964	2,855,280
Changes in assumptions	183,377	(23,732,042)	102,194	21,347,662	1,063,858	(8,825,253)	(11,470,093)
Difference between expected and actual experience	(2,299,373)	3,693,039	(19,466,701)	20,439,471	(10,655,847)	(9,613,886)	-
Changes of Benefit Terms	-	-	(110,253)	-	-	-	-
Gross benefit payments	(2,497,713)	(2,322,268)	(2,116,670)	(2,034,566)	(2,190,281)	(2,056,417)	(2,097,406)
Contributions from the member	82,112	74,499	68,696	61,668	64,926	71,073	77,232
Net changes	<u>2,512,475</u>	<u>(15,117,345)</u>	<u>(13,283,168)</u>	<u>45,515,848</u>	<u>(5,553,598)</u>	<u>(13,648,097)</u>	<u>(6,502,711)</u>
OPEB liability, June 30	<u>\$ 90,979,384</u>	<u>\$ 88,466,909</u>	<u>\$ 103,584,254</u>	<u>\$ 116,867,422</u>	<u>\$ 71,351,574</u>	<u>\$ 76,905,172</u>	<u>\$ 90,553,269</u>
District's proportionate share of OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of OPEB liability	<u>90,979,384</u>	<u>88,466,909</u>	<u>103,584,254</u>	<u>116,867,422</u>	<u>71,351,574</u>	<u>76,905,172</u>	<u>90,553,269</u>
Total OPEB liability	<u>\$ 90,979,384</u>	<u>\$ 88,466,909</u>	<u>\$ 103,584,254</u>	<u>\$ 116,867,422</u>	<u>\$ 71,351,574</u>	<u>\$ 76,905,172</u>	<u>\$ 90,553,269</u>
District's covered employee payroll	\$ 40,038,222	\$ 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%	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.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PART III**

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	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, 2023	7.00%	7.00%	3.65%
As of June 30, 2022	7.00%	7.00%	3.54%
Municipal bond rate:			
As of June 30, 2023	3.65%	3.65%	3.65%
As of June 30, 2022	3.54%	3.54%	3.54%
Long-term expected rate of return on pension plan investments:			
As of June 30, 2023	7.00%	7.00%	Not Applicable
As of June 30, 2022	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, 2024**

**EXHIBIT E-1**

	Total Brought Forward (Ex.E-1a)	Elementary and Secondary Education Act				I.D.E.A. Part B Basic	Totals
		Title I - Part A	Title I - SIA Part A	Title II - Part A	Title IV - Part A		
REVENUES							
Federal sources	\$ 2,421,434	\$ 1,493,233	\$ 268	\$ 205,370	\$ 124,655	\$ 588,629	4,833,589
Private sources	1,369,846	-	-	-	-	-	1,369,846
Total revenues	<u>3,791,280</u>	<u>1,493,233</u>	<u>268</u>	<u>205,370</u>	<u>124,655</u>	<u>588,629</u>	<u>6,203,435</u>
EXPENDITURES							
Current:							
Instruction:							
Salaries of teachers	6,434	837,500	-	-	10,000	159,285	1,013,219
Purchased professional and technical services	17,479	34,461	-	40,000	1,886	-	93,826
Supplies and materials	-	-	-	5,871	5,000	-	10,871
General supplies	491,731	66,736	-	-	-	11,263	569,730
Other objects	-	-	-	-	-	10,000	10,000
Total instruction	<u>515,644</u>	<u>938,697</u>	<u>-</u>	<u>45,871</u>	<u>16,886</u>	<u>180,548</u>	<u>1,697,646</u>
Support services:							
Salaries	-	40,343	-	-	24,500	-	64,843
Salaries of supervisors of instructions	-	-	-	-	-	163,691	163,691
Personal services - employee benefits	2,252	506,685	268	-	2,639	113,905	625,749
Purchased professional and technical services	21,810	-	-	-	-	-	21,810
Purchased professional -educational services	-	-	-	31,912	31,136	105,914	168,962
Purchased property services	2,200	-	-	-	-	-	2,200
Other purchased services	175	7,508	-	100,405	43,280	14,696	166,064
Vendor training	1,554,350	-	-	-	-	-	1,554,350
Supplies and materials	-	-	-	-	1,619	-	1,619
General supplies	-	-	-	20,000	-	8,000	28,000
Other objects	5,914	-	-	7,182	4,595	1,875	19,566
Student activities	1,102,114	-	-	-	-	-	1,102,114
Total support services	<u>2,688,815</u>	<u>554,536</u>	<u>268</u>	<u>159,499</u>	<u>107,769</u>	<u>408,081</u>	<u>3,918,968</u>
Capital outlay:							
Instructional equipment	319,089	-	-	-	-	-	319,089
Total capital outlay	<u>319,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,089</u>
Total expenditures	<u>3,523,548</u>	<u>1,493,233</u>	<u>268</u>	<u>205,370</u>	<u>124,655</u>	<u>588,629</u>	<u>5,935,703</u>
Total Outflows	3,523,548	1,493,233	268	205,370	124,655	588,629	5,935,703
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	267,732	-	-	-	-	-	267,732
Fund balance, July 1	450,203	-	-	-	-	-	450,203
Fund balance, June 30	<u>\$ 717,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,935</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SPECIAL REVENUE FUND  
COMBINING SCHEDULES OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT E-1a**

	Carl D. Perkins P.L. 109-270 Vocational Education		CARES Education Stabilization Fund II	Workforce Innovative and Opportunity Act - Youth	Student Activities	Total Carried Forward (Ex.E-1)
	Secondary	Post-Secondary				
REVENUES						
Federal sources	\$ 788,028	\$ 76,804	\$ 2,252	\$ 1,554,350	\$ -	2,421,434
Private sources	-	-	-	-	1,369,846	1,369,846
Total revenues	<u>788,028</u>	<u>76,804</u>	<u>2,252</u>	<u>1,554,350</u>	<u>1,369,846</u>	<u>3,791,280</u>
EXPENDITURES						
Current:						
Instruction:						
Salaries of teachers	6,434	-	-	-	-	6,434
Purchased professional and technical services	12,608	4,871	-	-	-	17,479
Supplies and materials	-	-	-	-	-	-
General supplies	439,613	52,118	-	-	-	491,731
Other objects	-	-	-	-	-	-
Total instruction	<u>458,655</u>	<u>56,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>515,644</u>
Support services:						
Salaries	-	-	-	-	-	-
Salaries of supervisors of instructions	-	-	-	-	-	-
Personal services - employee benefits	-	-	2,252	-	-	2,252
Purchased professional and technical services	21,560	250	-	-	-	21,810
Purchased professional -educational services	-	-	-	-	-	-
Purchased property services	2,200	-	-	-	-	2,200
Other purchased services	175	-	-	-	-	175
Vendor training	-	-	-	1,554,350	-	1,554,350
Supplies and materials	-	-	-	-	-	-
General supplies	-	-	-	-	-	-
Other objects	5,914	-	-	-	-	5,914
Student activities	-	-	-	-	1,102,114	1,102,114
Total support services	<u>29,849</u>	<u>250</u>	<u>2,252</u>	<u>1,554,350</u>	<u>1,102,114</u>	<u>2,688,815</u>
Capital outlay:						
Instructional equipment	299,524	19,565	-	-	-	319,089
Total capital outlay	<u>299,524</u>	<u>19,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,089</u>
Total expenditures	<u>788,028</u>	<u>76,804</u>	<u>2,252</u>	<u>1,554,350</u>	<u>1,102,114</u>	<u>3,523,548</u>
Total Outflows	788,028	76,804	2,252	1,554,350	1,102,114	3,523,548
Excess (deficiency) of revenues over (under) expenditures and other financing (uses)	-	-	-	-	267,732	267,732
Fund balance, July 1	-	-	-	-	450,203	450,203
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,935</u>	<u>\$ 717,935</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, 2024**

**EXHIBIT F-1**

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Balance June 30, 2024
			Prior Years	Current Year	
County of Hudson Improvement Authorizations:					
Improvements and Acquisition of Various Equipment (356-6-2019)	06/01/19	\$ 5,000,000	\$ 4,829,576	\$ 85,077	\$ 85,347
Improvements and Acquisition of Various Equipment (453-7-2020)	07/01/20	2,782,097	2,737,559	44,538	-
Acquisition of Building - Explore Middle School	2020	9,212,231	9,212,231	-	-
Acquisition of Land, Improvements and Acquisition of Various Equipment	04/29/21	3,305,147	3,152,348	151,706	1,093
Liberty Science Center Preliminary	*	39,607	26,800	12,807	-
Improvements and Acquisition of Various Equipment (530-9-2022)	09/08/22	3,000,000	1,242,486	1,552,226	205,288
Improvements and Acquisition of Various Equipment (401-X-2023)	06/22/23	3,000,000	-	2,772,304	227,696
		<u>\$ 26,339,082</u>	<u>\$ 21,201,000</u>	<u>\$ 4,618,658</u>	<u>\$ 519,424</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, 2024**

**EXHIBIT F-2**

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Revenues and other financing sources:	
County capital contributions:	
Improvement authorizations	\$ 3,000,000
General fund contribution	(15,704)
Total revenues and other financing sources	<u>2,984,296</u>
Expenditures and other financing uses:	
Building improvements and equipment purchases	4,605,851
Professional services	12,807
Total expenditures and other financing uses	<u>4,618,658</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,634,362)
Fund balance, July 1	2,153,786
Fund balance, June 30	<u><u>\$ 519,424</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, 2024**

**EXHIBIT F-2a**

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 5,000,000
Total revenues and other financing sources	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	4,829,576	85,077	4,914,653	4,914,653
Total expenditures and other financing uses	<u>4,829,576</u>	<u>85,077</u>	<u>4,914,653</u>	<u>4,914,653</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 170,424</u>	<u>\$ (85,077)</u>	<u>\$ 85,347</u>	<u>\$ 85,347</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, 2024**

**EXHIBIT F-2b**

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 2,782,097	\$ -	\$ 2,782,097	\$ 2,782,097
Total revenues and other financing sources	<u>2,782,097</u>	<u>-</u>	<u>2,782,097</u>	<u>2,782,097</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	2,737,559	44,538	2,782,097	2,782,097
Total expenditures and other financing uses	<u>2,737,559</u>	<u>44,538</u>	<u>2,782,097</u>	<u>2,782,097</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 44,538</u>	<u>\$ (44,538)</u>	<u>\$ -</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	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 BUILDING - EXPLORE MIDDLE SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT F-2c**

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
General fund contribution	\$ 9,247,870	\$ (35,639)	\$ 9,212,231	\$ 9,212,231
Total revenues and other financing sources	<u>9,247,870</u>	<u>(35,639)</u>	<u>9,212,231</u>	<u>9,212,231</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	9,212,231	-	9,212,231	9,212,231
Total expenditures and other financing uses	<u>9,212,231</u>	<u>-</u>	<u>9,212,231</u>	<u>9,212,231</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 35,639</u>	<u>\$ (35,639)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project number	N/A			
Grant date/letter of notification	2020			
Original authorized cost	\$ 6,726,253			
Additional authorized cost	\$ 2,485,978			
Revised authorized cost	\$ 9,212,231			
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, 2024**

**EXHIBIT F-2d**

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
County capital contributions:				
Improvement authorizations	\$ 3,298,019	\$ -	\$ 3,298,019	\$ 3,298,019
General fund contribution	-	7,128	7,128	7,128
Total revenues and other financing sources	<u>3,298,019</u>	<u>7,128</u>	<u>3,305,147</u>	<u>3,305,147</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	<u>3,152,348</u>	<u>151,706</u>	<u>3,304,054</u>	<u>3,305,147</u>
Total expenditures and other financing uses	<u>3,152,348</u>	<u>151,706</u>	<u>3,304,054</u>	<u>3,305,147</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 145,671</u>	<u>\$ (144,578)</u>	<u>\$ 1,093</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	\$ 305,147			
Revised authorized cost	\$ 3,305,147			
Percentage increase over original authorized cost	10%			
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  
LIBERTY SCIENCE CENTER PRELIMINARY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXHIBIT F-2e

	Prior Years	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources:				
General fund contribution	\$ 26,800	\$ 12,807	\$ 39,607	\$ 39,607
Total revenues and other financing sources	<u>26,800</u>	<u>12,807</u>	<u>39,607</u>	<u>39,607</u>
Expenditures and other financing uses:				
Professional services	26,800	12,807	39,607	26,800
Total expenditures and other financing uses	<u>26,800</u>	<u>12,807</u>	<u>39,607</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>\$ 12,807</u>
Additional project information:				
Project number	N/A			
Grant date/letter of notification	N/A			
Original authorized cost	\$ 26,800			
Additional authorized cost	\$ 12,807			
Revised authorized cost	\$ 39,607			
Percentage increase over original authorized cost	48%			
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, 2024**

**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>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
Expenditures and other financing uses:				
Building improvements and equipment purchases	1,242,486	1,552,226	2,794,712	3,000,000
Total expenditures and other financing uses	<u>1,242,486</u>	<u>1,552,226</u>	<u>2,794,712</u>	<u>3,000,000</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ 1,757,514</u>	<u>\$ (1,552,226)</u>	<u>\$ 205,288</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	93%			
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, 2024**

**EXHIBIT F-2g**

	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	-	3,000,000	3,000,000	3,000,000
Expenditures and other financing uses:				
Building improvements and equipment purchases	-	2,772,304	2,772,304	3,000,000
Total expenditures and other financing uses	-	2,772,304	2,772,304	3,000,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 227,696	\$ 227,696	\$ -
Additional project information:				
Project number	401-X-2023			
Grant date/letter of notification	06/22/23			
Original authorized cost	\$ 3,000,000			
Additional authorized cost	\$ -			
Revised authorized cost	\$ 3,000,000			
Percentage increase over original authorized cost	0%			
Percentage completion	92%			
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.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024

EXHIBIT G-1

	<u>Food Service</u>
ASSETS	
Current assets:	
Intergovernmental accounts receivable:	
Federal	\$ 124,732
State	7,899
Inventory	19,010
Total current assets	<u>151,641</u>
Capital assets:	
Furniture, machinery and equipment	1,663,293
Less: accumulated depreciation	<u>(710,949)</u>
Total capital assets	<u>952,344</u>
Total assets	<u>1,103,985</u>
LIABILITIES	
Current liabilities:	
Accounts payable	132,463
Interfund payable	19,178
Total current liabilities	<u>151,641</u>
Total liabilities	<u>151,641</u>
NET POSITION	
Net investment in capital assets	952,344
Unrestricted	<u>-</u>
Total net position	<u><u>\$ 952,344</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT G-2**

	<u>Food Service</u>
OPERATING REVENUES	
Charges for services:	
Daily sales - non-reimbursable programs	<u>\$ 1,106,601</u>
OPERATING EXPENSES	
Cost of sales - reimbursable programs	2,394,102
Cost of sales - non-reimbursable programs	170,802
Depreciation	<u>104,444</u>
Total operating expenses	<u>2,669,348</u>
Operating (loss)	(1,562,747)
Nonoperating revenues:	
State sources:	
State school lunch program	36,314
State school breakfast program	7,653
Federal sources:	
National school lunch program	507,569
School breakfast program	173,983
Healthy Hunger-Free Kids Act	16,408
Supply chain assistance	57,814
Summer food service program for children	18,915
Fresh Fruits and Vegetables	35,770
TEFAP - food commodities	<u>135,032</u>
Total nonoperating revenues	<u>989,458</u>
Change in net position before transfer	(573,289)
Transfer from general fund - contribution	<u>647,908</u>
Change in net position	74,619
Net position, July 1	<u>877,725</u>
Net position, June 30	<u><u>\$ 952,344</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT G-3**

	<u>Food Service</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 1,106,601
Payments to suppliers and employees	<u>(2,420,238)</u>
Net cash (used) by operating activities	<u>(1,313,637)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State sources	41,540
Federal sources	826,350
Proceeds from interfund	<u>624,810</u>
Net cash provided by non-capital financing activities	<u>1,492,700</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Purchases of capital assets	<u>(179,063)</u>
Net change in cash	-
Cash, July 1	-
Cash, June 30	<u><u>\$ -</u></u>
<b>Reconciliation of operating (loss) to net cash (used) by operating actives:</b>	
Operating (loss)	\$ (1,562,747)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	104,444
TEFAP - food commodities	135,032
Decrease in inventory	16,929
(Decrease) in accounts payable	<u>(7,295)</u>
Total adjustments	<u>249,110</u>
Net cash (used) by operating activities	<u><u>\$ (1,313,637)</u></u>
<b>Noncash capital financing activities:</b>	
TEFAP - food commodities	<u><u>\$ 135,032</u></u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT G-4**

	Transportation Consortium	Career Development Center	Total Internal Service Fund
<b>ASSETS</b>			
Current assets:			
Intergovernmental accounts receivable:			
Local	\$ 2,103,603	\$ -	\$ 2,103,603
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	33,071	-	33,071
Interfund payable	2,070,532	-	2,070,532
Total current liabilities	2,103,603	-	2,103,603
<b>NET POSITION</b>			
Unrestricted	\$ -	\$ -	\$ -

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY**

**EXHIBIT G-5**

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Transportation Consortium	Career Development Center	Total Internal Service Fund
OPERATING REVENUES			
Charges for services:			
Transportation fees from other local education agencies	\$ 4,577,300	\$ -	\$ 4,577,300
OPERATING EXPENSES			
Salaries	3,535,346	-	3,535,346
Other purchased services	1,467,452	-	1,467,452
Total operating expenses	5,002,798	-	5,002,798
Gain before transfers	(425,498)	-	(425,498)
Transfer in - general fund contribution	425,498	-	425,498
Change in net position	-	-	-
Net position, July 1	-	-	-
Net position, June 30	\$ -	\$ -	\$ -



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT G-6**

	Transportation Consortium	Career Development Center	Total Internal Service Fund
Cash flows from operating activities:			
Receipts from customers	\$ 4,504,742	\$ 462,311	\$ 4,967,053
Payment for salaries and benefits	(3,535,346)	(9,060)	(3,544,406)
Payments to suppliers	(1,467,573)	-	(1,467,573)
Net cash (used) provided by operating activities	(498,177)	453,251	(44,926)
Cash Flows from Non-capital Financing			
Interfund proceeds	498,177	(453,251)	44,926
Net change in cash	-	-	-
Cash , July 1	-	-	-
Cash, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating gain to net cash (used) provided by operating activities:			
Operating (loss)	\$ (425,498)	\$ -	\$ (425,498)
Adjustments to reconcile operating gain to net cash (used) provided by operating activities:			
(Increase) in intergovernmental accounts receivable - local	(72,558)	-	(72,558)
Decrease in other accounts receivable	-	462,311	462,311
(Decrease) in accounts payable	(121)	(9,060)	(9,181)
Total adjustments	(72,679)	453,251	380,572
Net cash (used) provided by operating activities	<u>\$ (498,177)</u>	<u>\$ 453,251</u>	<u>\$ (44,926)</u>

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

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<b>CONTENTS</b>	<b><u>Pages</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	90 - 95
<b>Revenue Capacity</b> Not Applicable	96 - 99
<b>Debt Capacity</b> Not Applicable	100 - 103
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	104 - 105
<b>Operating Information</b> 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.	106 - 111

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 169,346,790
Restricted	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	1,395,833
Unrestricted	(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)	(39,422,103)
Total governmental activities net position	<u>\$ 15,333,289</u>	<u>\$ 18,157,364</u>	<u>\$ (5,472,775)</u>	<u>\$ 153,849,283</u>	<u>\$ 150,450,291</u>	<u>\$ 152,995,533</u>	<u>\$ 162,099,524</u>	<u>\$ 132,741,490</u>	<u>\$ 136,370,354</u>	<u>\$ 131,320,520</u>
Business-type activity:										
Net investment in capital assets	50,151	35,151	692,901	628,616	564,331	564,331	435,761	976,519	877,725	952,344
Unrestricted	(50,151)	(35,151)	-	997	(72,374)	(299,927)	-	280,912	-	-
Total business-type activity net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,901</u>	<u>\$ 629,613</u>	<u>\$ 491,957</u>	<u>\$ 264,404</u>	<u>\$ 435,761</u>	<u>\$ 1,257,431</u>	<u>\$ 877,725</u>	<u>\$ 952,344</u>
Government-wide:										
Net investment in capital assets	54,163,538	58,013,905	30,104,413	203,009,520	201,796,723	195,380,991	205,200,177	173,520,673	171,849,146	170,299,134
Restricted	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	1,395,833
Unrestricted	(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)	(39,422,103)
Total government-wide net position	<u>\$ 15,333,289</u>	<u>\$ 18,157,364</u>	<u>\$ (4,779,874)</u>	<u>\$ 154,478,896</u>	<u>\$ 150,942,248</u>	<u>\$ 153,259,937</u>	<u>\$ 162,535,285</u>	<u>\$ 133,998,921</u>	<u>\$ 137,248,079</u>	<u>\$ 132,272,864</u>

Source:  
District Records

**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,									
	2015	2016	2017	2018 <sup>(1)</sup>	2019	2020	2021 <sup>(2)</sup>	2022	2023	2024
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 26,745,973
Vocational	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	12,434,804
School sponsored cocurricular activities	468,942	401,329	651,546	415,023	518,420	514,633	326,238	565,896	1,193,957	578,080
Support services:										
Student and instruction related services	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	14,517,610
School administrative services	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	5,032,701
General and business administration services	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	5,710,921
Plant operations and maintenance	5,773,926	6,858,877	7,204,260	5,918,598	6,849,369	7,787,729	9,936,221	15,575,788	10,636,771	12,665,307
Pupil transportation	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	13,112,064
Special Schools	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	6,097,702
Unallocated depreciation	1,454,799	3,627,858	1,834,284	1,886,771	11,155,403	11,425,168	-	-	-	-
Unallocated Benefits	9,021,524	15,450,324	28,895,602	29,941,585	26,563,758	22,674,608	-	-	-	-
Total governmental activities expenses	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	96,895,162
Business-type Activity:										
Food service	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	2,669,348
Total business-type activity expense	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	2,669,348
Total expenses	\$ 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	\$ 99,564,510
Program Revenues:										
Governmental activities:										
Charges for services:										
Instruction (tuition)	-	771,775	944,955	729,045	795,836	419,963	473,393	273,817	490,253	591,237
Student and instruction related services	-	-	-	-	-	-	590,818	810,647	1,499,626	1,369,846
Pupil transportation	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	4,577,300
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	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	42,357,741
Capital grants and contributions	9,000,000	8,000,000	9,783,321	163,156,294	8,000,000	5,000,000	5,000,000	-	4,080,116	3,000,000
Governmental activities program revenues	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	51,896,124
Business-type activities										
Charges for services:										
Food service	270,468	384,709	667,334	944,337	1,171,211	902,865	52,609	447,641	1,058,560	1,106,601
Operating grants and contributions	438,848	539,250	643,542	698,998	671,462	495,666	148,252	1,818,026	984,659	989,458
Total Business-type Activities Program Revenues	709,316	923,959	1,310,876	1,643,335	1,842,673	1,398,531	200,861	2,265,667	2,043,219	2,096,059
Total program revenues	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	53,992,183
Net (expense)/operating revenues:										
Governmental activities	(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)	(44,999,038)
Business-type activity	(357,398)	(426,198)	(349,821)	(63,288)	(137,656)	(227,553)	(377,134)	181,963	(681,474)	(573,289)
Total net (expense) operating revenues	\$ (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)	\$ (45,572,327)

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,									
	2015	2016	2017	2018 <sup>(1)</sup>	2019	2020	2021 <sup>(2)</sup>	2022	2023	2024
General Revenues, Transfers and Special Items:										
Governmental activities:										
Property taxes, contributed by										
County of Hudson - net	\$ 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	\$ 38,100,000
Unrestricted grants and contributions	26,799,213	26,818,334	21,268,832	22,097,410	22,341,979	22,681,647	12,317,949	-	-	-
Tuition received	670,751	-	-	-	-	-	-	-	-	-
Interest earnings	6,785	5,590	-	-	-	-	-	-	-	-
Miscellaneous income	784,831	412,244	650,679	649,372	3,682,521	10,156,932	812,925	1,947,913	1,717,230	2,497,112
Transfers	(357,398)	(426,198)	(320,585)	-	-	-	(548,491)	-	(301,768)	(647,908)
Special items	-	-	(24,003,273)	(146,191)	(97,760)	-	-	(29,326,747)	-	-
Total Governmental Activities	<u>\$ 53,914,182</u>	<u>\$ 53,339,970</u>	<u>\$ 24,655,653</u>	<u>\$ 51,160,591</u>	<u>\$ 55,986,740</u>	<u>\$ 65,498,579</u>	<u>\$ 46,602,383</u>	<u>\$ 8,991,166</u>	<u>\$ 38,115,462</u>	<u>\$ 39,949,204</u>
Business-type activities:										
Miscellaneous income	-	-	102	-	-	-	-	-	-	-
Transfers	357,398	426,198	320,585	-	-	-	548,491	-	301,768	647,908
Special items	-	-	722,035	-	-	-	-	639,707	-	-
Total business-type activities	<u>357,398</u>	<u>426,198</u>	<u>1,042,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>548,491</u>	<u>639,707</u>	<u>301,768</u>	<u>647,908</u>
Total general revenues, transfers and special items	<u>54,271,580</u>	<u>53,766,168</u>	<u>25,698,375</u>	<u>51,160,591</u>	<u>55,986,740</u>	<u>65,498,579</u>	<u>47,150,874</u>	<u>9,630,873</u>	<u>38,417,230</u>	<u>40,597,112</u>
Change in net position:										
Governmental activities	8,748,056	1,924,075	(23,630,139)	159,322,058	(3,398,992)	2,545,242	9,685,614	(30,354,447)	3,628,864	(5,049,834)
Business-type activities	-	-	692,901	(63,288)	(137,656)	(227,553)	171,357	821,670	(379,706)	74,619
Total change in net position	<u>\$ 8,748,056</u>	<u>\$ 1,924,075</u>	<u>\$ (22,937,238)</u>	<u>\$ 159,258,770</u>	<u>\$ (3,536,648)</u>	<u>\$ 2,317,689</u>	<u>\$ 9,856,971</u>	<u>\$ (29,532,777)</u>	<u>\$ 3,249,158</u>	<u>\$ (4,975,215)</u>

Source:  
District Records

Notes:

- (1) GASB 75 was implemented in the 2018 fiscal year, where additional on-behalf OPEB expense and offsetting contribution is reported.
- (2) 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,									
	2015	2016	2017	2018	2019	2020	2021 <sup>(1)</sup>	2022	2023	2024
General fund:										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 996,413	\$ 2,913,497	\$ 2,075,558	\$ 158,474
Assigned	2,400,221	1,300,623	-	-	-	-	315,208	179,213	237,378	21,195
Unassigned	695,577	131,422	(1,850,107)	(2,108,814)	(1,769,700)	(338,523)	1,015,847	1,215,173	1,728,807	(294,734)
Total general fund	<u>3,095,798</u>	<u>1,432,045</u>	<u>(1,850,107)</u>	<u>(2,108,814)</u>	<u>(1,769,700)</u>	<u>(338,523)</u>	<u>2,327,468</u>	<u>4,307,883</u>	<u>4,041,743</u>	<u>(115,065)</u>
All other governmental funds:										
Restricted:										
Special revenue fund - student activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224,254	\$ 245,910	\$ 450,203	\$ 717,935
Capital projects fund	21,298,961	14,915,094	13,702,603	2,842,529	1,540,869	9,196,155	4,749,448	603,211	2,153,786	519,424
Total all other governmental funds	<u>\$ 21,298,961</u>	<u>\$ 14,915,094</u>	<u>\$ 13,702,603</u>	<u>\$ 2,842,529</u>	<u>\$ 1,540,869</u>	<u>\$ 9,196,155</u>	<u>\$ 4,973,702</u>	<u>\$ 849,121</u>	<u>\$ 2,603,989</u>	<u>\$ 1,237,359</u>

Source:  
District Records

Notes:

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



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

EXHIBIT J-4

	Fiscal the Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
County tax levy	\$ 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	\$ 38,100,000
Tuition charges	670,751	771,775	944,955	729,045	795,836	419,963	473,393	273,817	490,253	591,237
Miscellaneous	791,616	461,137	650,679	649,372	3,682,521	10,156,932	1,403,743	2,758,631	3,216,380	3,866,874
State sources	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	36,237,545
Federal sources	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	5,151,633
Total Revenues	<u>58,448,427</u>	<u>60,628,925</u>	<u>60,691,582</u>	<u>64,587,922</u>	<u>69,409,852</u>	<u>78,538,273</u>	<u>74,221,504</u>	<u>85,193,772</u>	<u>86,429,849</u>	<u>83,947,289</u>
Expenditures:										
Instruction:										
Regular instruction	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	16,682,863
Vocational education	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	7,582,009
School sponsored cocurricular activities	468,942	401,329	651,546	415,023	518,420	514,633	199,881	365,048	909,281	352,000
Support services:										
Student and instruction related services	4,622,168	7,906,756	7,612,807	9,260,448	8,255,306	8,604,217	9,493,891	12,042,782	10,861,342	10,142,032
School administrative services	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	3,626,849
Other administrative services	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	3,793,715
Plant operations and maintenance	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	8,121,219
Pupil transportation	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	3,758,687
Unallocated benefits	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	28,349,701
Special schools	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	3,765,125
Capital outlay	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	5,223,121
Total Expenditures	<u>67,109,199</u>	<u>77,107,044</u>	<u>75,371,348</u>	<u>238,279,654</u>	<u>77,851,777</u>	<u>74,343,471</u>	<u>80,654,897</u>	<u>86,179,853</u>	<u>88,719,469</u>	<u>91,397,321</u>
Excess (deficiency) of revenues over (under) expenditures	(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)	(7,450,032)
Other financing sources (uses):										
County capital contributions	9,000,000	8,900,000	9,783,321	163,156,294	8,000,000	5,000,000	5,000,000	-	4,080,116	3,000,000
Transfers in	-	-	722,387	-	-	-	10,632	-	93,527	15,704
Transfers out	(357,398)	(469,501)	(320,585)	(583,343)	(520,621)	(108,339)	(548,491)	(1,158,085)	(395,295)	(1,089,110)
Total other financing sources (uses)	<u>8,642,602</u>	<u>8,430,499</u>	<u>10,185,123</u>	<u>162,572,951</u>	<u>7,479,379</u>	<u>4,891,661</u>	<u>4,462,141</u>	<u>(1,158,085)</u>	<u>3,778,348</u>	<u>1,926,594</u>
Net change in fund balances	<u>\$ (18,170)</u>	<u>\$ (8,047,620)</u>	<u>\$ (4,494,643)</u>	<u>\$ (11,118,781)</u>	<u>\$ (962,546)</u>	<u>\$ 9,086,463</u>	<u>\$ (1,971,252)</u>	<u>\$ (2,144,166)</u>	<u>\$ 1,488,728</u>	<u>\$ (5,523,438)</u>

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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General fund:										
Interest on investments	\$ 6,785	\$ 5,590	\$ 10,473	\$ 13,438	\$ 12,428	\$ 56,306	\$ 75,422	\$ 29,577	\$ 33,285	\$ 27,128
Health benefits refunds	72,077	31,582	-	-	-	-	46,311	79,057	111,479	-
Tuition	670,751	771,775	944,955	729,045	795,836	419,963	473,393	273,817	165,570	287,032
In and Out of School programs	-	129,000	-	-	-	-	-	-	-	-
E-Rate vendors refund	-	-	-	-	-	-	-	-	147,868	118,884
State share of capital project previously cancelled	-	-	-	-	2,700,000	-	-	-	-	-
Sale of capital asset, net proceeds	-	-	-	-	-	9,492,435	-	-	-	-
Lease revenue	-	-	-	-	-	-	-	1,289,000	1,190,000	1,190,000
Solar Panel Rebate	-	-	-	-	-	-	-	-	53,960	45,448
Insurance claim	-	-	-	-	-	-	-	-	-	337,258
Other	712,754	294,965	649,954	635,933	970,093	608,191	737,503	629,407	14,592	491,278
Total General Fund	<u>\$ 1,462,367</u>	<u>\$ 1,232,912</u>	<u>\$ 1,605,382</u>	<u>\$ 1,378,416</u>	<u>\$ 4,478,357</u>	<u>\$ 10,576,895</u>	<u>\$ 1,332,629</u>	<u>\$ 2,300,858</u>	<u>\$ 1,716,754</u>	<u>\$ 2,497,028</u>
Source:										
District Records										

## REVENUE CAPACITY

Not Applicable

Not Applicable

Not Applicable

Not Applicable

## **DEBT CAPACITY**



**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF RATIOS OF OUTSTANDING DEBT BY TYPE  
(UNAUDITED)**

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**EXHIBIT J-10**

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**

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<u>Year Ended June 30,</u>	<u>Hudson County Population</u>	<u>Hudson County Personal Income</u>	<u>Total Per Capita Income</u>	<u>Unemployment Rate</u>
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	705,472	38,094,077,056	53,998	4.50%
2024	*	*	*	4.80%

**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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction										
Regular	137	147	147	147	160	163	162	166	166	166
Vocational	52	54	54	54	60	61	60	55	55	55
Support services:										
Student and instruction related services	37	38	38	38	39	39	40	39	39	37
General administration	10	10	10	10	10	10	11	18	18	18
School administrative services	10	10	10	10	11	13	14	13	13	13
Central services	20	20	20	20	19	19	21	21	21	19
Plant operations and maintenance	36	44	44	44	39	40	42	43	43	43
Pupil transportation	55	63	63	63	63	61	60	65	65	62
Other support services	27	30	30	30	29	29	31	49	49	49
Media services technology	16	16	16	16	12	12	12	14	14	12
Total	<u>400</u>	<u>432</u>	<u>432</u>	<u>432</u>	<u>442</u>	<u>447</u>	<u>453</u>	<u>483</u>	<u>483</u>	<u>474</u>

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 <sup>(1)</sup>	Operating Expenditures <sup>(2)</sup>	Cost per Pupil	Percentage Change	Teaching Staff <sup>(3)</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>(4)</sup>	Average Daily Attendance (ADA) <sup>(4)</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2024	2,527	80,528,835	31,867	70.63%	221	11.4	2,508	2,331	0.06%	92.94%

Sources:  
District records

Notes:

- (1) Enrollment based on annual October district count, includes post graduate and post secondary.
- (2) Operating expenditures equal total expenditures less debt service and capital outlay.
- (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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>North Hudson Campus</u>										
Square feet	91,500	91,500	91,500	91,500	-	-	-	-	-	-
Capacity (students)	3,519	3,519	3,519	3,519	-	-	-	-	-	-
Enrollment	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	350,000
Capacity (students)	-	-	-	-	4,200	4,200	4,200	4,200	4,200	4,200
Enrollment	-	-	-	-	1,712	1,712	1,712	1,310	1,282	1,244
<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	1,471	1,471	1,471	935	921	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	155	145	145
<u>Bayonne Academy</u>										
Square feet										37,000
Capacity (students)										600
Enrollment										199

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 <sup>(1)</sup>	For the Fiscal Year Ended,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
North Hudson Campus	\$ 379,411	\$ 291,318	\$ 612,974	\$ 579,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
High Tech High School	-	-	-	-	527,860	527,860	436,044	617,378	234,509	714,279
County Prep High School	338,178	419,310	589,527	534,940	382,245	382,245	299,002	423,345	160,806	489,791
Explore Middle School	-	-	-	-	-	-	68,521	97,016	36,852	112,244
Bayonne Academy	-	-	-	-	-	-	-	-	-	75,509
	<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>	<u>\$ 1,391,823</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)

	Coverage		Deductible	
Beazley Insurance Company, Inc & Supplemental Coverage with New Jersey Schools Insurance Group:				
Cyber Liability:				
Policy Aggregate Limit of Liability	\$ 10,000,000	aggregate limit		
Breach Response Costs	2,000,000	per named insured	500,000	each incident
First Party Loss:				
Business Interruption Loss:				
Security Breach / Failure	500,000	per named insured	500,000	each incident
Dependent Business Loss:				
Dependent Security Breach / Failure	100,000	per named insured	500,000	each incident
Cyber Extortion Loss	500,000	per named insured	500,000	each incident
Data Recovery Costs	500,000	per named insured	500,000	each incident
Liability:				
Data & Network Liability	2,000,000	per named insured	500,000	each incident
Regulatory Defense & Penalties	2,000,000	per named insured	500,000	each incident
Payment Card Liabilities & Costs	2,000,000	per named insured	500,000	each incident
Media Liability	2,000,000	per named insured	500,000	each incident
eCrime:				
Fraudulent Instruction	100,000	per named insured	500,000	each incident
Funds Transfer Fraud	100,000	per named insured	500,000	each incident
Telephone Fraud	100,000	per named insured	500,000	each incident
Criminal Reward	50,000	per named insured		
Supplemental Coverage with NJSIG			250,000	each claim
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 Ommissions:				
Coverage A	15,000,000	aach 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.)		

	Coverage	Deductible
New Jersey Schools Insurance Group:		
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
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, 2024, 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 14, 2025.

**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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2024-001 and 2024-002 that we consider to be material weaknesses.

**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 matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as finding 2024-001.

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 14, 2025 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 14, 2025

**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, 2024. 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, 2024.

***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**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2024-003 to be a material weakness.

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.

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

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



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

Secaucus, New Jersey  
February 14, 2025

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT K-3  
SCHEDULE A**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal Assistance Listing	FAIN	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2023			CASH RECEIVED	BUDGETARY EXPEND- ITURES	ADJUST- MENTS	REPAYMENT OF PRIOR BALANCE	BALANCE AT JUNE 30, 2024		
				FROM	TO	(ACCOUNTS RECEIVABLE)	UNEARNED INCOME	DUE TO GRANTOR					(ACCOUNTS RECEIVABLE)	UNEARNED INCOME	DUE TO GRANTOR
ENTERPRISE FUND															
U.S. DEPARTMENT OF AGRICULTURE															
PASSED-THROUGH STATE OF NEW JERSEY															
DEPARTMENT OF AGRICULTURE:															
Child Nutrition Cluster:															
National School Lunch Program	10.555	241NJ304N1099	\$ 507,569	07/01/23	06/30/24	\$ -	\$ -	\$ -	\$ 417,844	\$ (507,569)	\$ -	\$ -	\$ (89,725)	\$ -	\$ -
National School Lunch Program	10.555	231NJ304N1099	523,437	07/01/22	06/30/23	(102,138)	-	-	102,138	-	-	-	-	-	-
School Breakfast Program	10.553	241NJ304N1099	173,983	07/01/23	06/30/24	-	-	-	141,894	(173,983)	-	-	-	-	-
School Breakfast Program	10.553	231NJ304N1099	162,083	07/01/22	06/30/23	(35,497)	-	-	35,497	-	-	-	(32,089)	-	-
Healthy Hunger-Free Kids Act	10.555	241NJ304N1099	16,408	07/01/23	06/30/24	-	-	-	13,490	(16,408)	-	-	-	-	-
Healthy Hunger-Free Kids Act	10.555	231NJ304N1099	15,632	07/01/22	06/30/23	(2,988)	-	-	2,988	-	-	-	-	-	-
Supply Chain Assistance Program	10.555	241NJ344N8903	57,814	07/01/23	06/30/24	-	-	-	57,814	(57,814)	-	-	-	-	-
Summer Food Service Program for Children	10.559	241NJ304N1099	18,915	07/01/23	06/30/24	-	-	-	18,915	(18,915)	-	-	-	-	-
Fresh Fruit and Vegetables Program	10.582	241NJ304L1603	35,770	07/01/23	06/30/24	-	-	-	35,770	(35,770)	-	-	-	-	-
Total Child Nutrition Cluster						(140,623)	-	-	826,350	(810,459)	-	-	(124,732)	-	-
TEFAP - Food Commodities	10.569	*	135,032	07/01/23	06/30/24	-	-	-	135,032	(135,032)	-	-	-	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						(140,623)	-	-	961,382	(945,491)	-	-	(124,732)	-	-
TOTAL ENTERPRISE FUND						(140,623)	-	-	961,382	(945,491)	-	-	(124,732)	-	-
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)	-	-	-
TOTAL U.S. DEPARTMENT OF TREASURY						-	-	15,019	-	-	-	(15,019)	-	-	-
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	S010A230030	1,473,505	07/01/23	09/30/24	-	-	-	1,473,505	(1,473,505)	-	-	-	-	-
Title I - Part A Basic	84.010A	S010A220030	1,216,969	07/01/22	09/30/23	-	19,728	-	-	(19,728)	-	-	-	-	-
Title I - School Improvement Act - Part A	84.010A	S010A230030	20,000	07/01/23	09/30/24	(19,732)	-	-	20,000	(268)	-	-	-	-	-
						(19,732)	19,728	-	1,493,505	(1,493,501)	-	-	-	-	-
Title II - Part A Teacher & Principal Training	84.367A	S367A230029	133,371	07/01/23	09/30/24	-	-	-	133,371	(133,371)	-	-	-	-	-
Title II - Part A Teacher & Principal Training	84.367A	S367A220029	132,568	07/01/22	09/30/23	-	71,999	-	-	(71,999)	2,760 <sup>(A)</sup>	-	-	-	2,760
						-	71,999	-	133,371	(205,370)	2,760	-	-	-	2,760
Title IV - Part A English Language Acquisition	84.424A	S424A230031	91,914	07/01/23	09/30/24	-	-	-	91,914	(91,914)	-	-	-	-	-
Title IV - Part A English Language Acquisition	84.424A	S424A220031	99,540	07/01/22	09/30/23	-	32,741	-	-	(32,741)	-	-	-	-	-
						-	32,741	-	91,914	(124,655)	-	-	-	-	-
I.D.E.A. Part B Basic	84.027	H027A230100	578,168	07/01/23	09/30/24	-	-	-	578,168	(578,168)	-	-	-	-	-
I.D.E.A. Part B Basic	84.027	H027A220100	552,549	07/01/22	09/30/23	-	10,461	-	-	(10,461)	24,286 <sup>(A)</sup>	-	-	-	24,286
I.D.E.A. Part B Basic	84.027	H027A210100	546,122	07/01/21	09/30/22	-	-	6,530	-	-	-	(6,530)	-	-	-
						-	10,461	6,530	578,168	(588,629)	24,286	(6,530)	-	-	24,286
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A230030	932,004	07/01/23	06/30/24	-	-	-	750,453	(788,028)	-	-	(37,575)	-	-
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A220030	829,128	07/01/22	06/30/23	(361,934)	-	-	361,934	-	22,187 <sup>(A)</sup>	-	(4,435)	-	26,622
Carl D. Perkins P.L. 109-270 Vocational Education Secondary	84.048A	V048A210030	870,719	07/01/21	06/30/22	-	-	56,605	-	-	-	(56,605)	-	-	-
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048A	V048A230030	90,906	07/01/23	06/30/24	-	-	-	80,052	(76,804)	-	-	-	3,248	-
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048A	V048A220030	83,408	07/01/22	06/30/23	-	-	-	-	-	317 <sup>(A)</sup>	-	-	-	317
Carl D. Perkins P.L. 109-270 Vocational Education Post Secondary	84.048A	V048A210030	114,381	07/01/21	06/30/22	-	-	22,530	-	-	-	(22,530)	-	-	-
						(361,934)	-	79,135	1,192,439	(864,832)	22,504	(79,135)	(42,010)	3,248	26,939
Elementary and Secondary School Emergency Relief Fund:															
CARES Emergency Relief Grant	84.425D	S425D200027	797,790	03/13/20	09/30/22	-	-	29,225	-	-	-	(29,225)	-	-	-
CRRSA - ESSER II	84.425D	S425D200027	3,435,151	03/13/20	09/30/23	-	24,112	-	-	(2,252)	2,712 <sup>(A)</sup>	-	-	-	24,572
ARP ESSER	84.425D	S425D200027	7,589,608	03/13/20	09/30/24	-	34	-	-	-	4,217 <sup>(A)</sup>	-	-	-	4,251
						-	24,146	29,225	-	(2,252)	6,929	(29,225)	-	-	28,823
TOTAL U.S. DEPARTMENT OF EDUCATION						(381,666)	159,075	114,890	3,489,397	(3,279,239)	56,479	(114,890)	(42,010)	3,248	82,808

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXHIBIT K-3  
SCHEDULE A

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal Assistance Listing	FAIN	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2023			CASH RECEIVED	BUDGETARY EXPEND- ITURES	ADJUST- MENTS	REPAYMENT OF PRIOR BALANCE	BALANCE AT JUNE 30, 2024		
				FROM	TO	(ACCOUNTS RECEIVABLE)	UNEARNED INCOME	DUE TO GRANTOR					(ACCOUNTS RECEIVABLE)	UNEARNED INCOME	DUE TO GRANTOR
SPECIAL REVENUE FUND (Continued)															
U.S. DEPARTMENT OF LABOR															
PASSED-THROUGH STATE OF NEW JERSEY															
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT															
PASSED-THROUGH COUNTY OF HUDSON:															
Workforce Innovative and Opportunity Act (WIOA)															
Youth Activities	17.259	AA309521755A34	\$ 1,600,000	07/01/23	06/30/24	\$ -	\$ -	\$ -	\$ -	\$ (365,463)	\$ -	\$ -	\$ (365,463)	\$ -	\$ -
Youth Activities	17.259	AA309521755A34	1,300,000	07/01/22	06/30/23	(4,823)	-	-	1,046,866	(1,188,887)	4,823	-	(142,021)	-	-
Youth Activities	17.259	AA309521755A34	789,525	07/01/21	06/30/22	(457,488)	-	-	462,311	-	(4,823)	-	-	-	-
						(462,311)	-	-	1,509,177	(1,554,350)	-	-	(507,484)	-	-
TOTAL U.S. DEPARTMENT OF LABOR						(462,311)	-	-	1,509,177	(1,554,350)	-	-	(507,484)	-	-
TOTAL SPECIAL REVENUE FUND						(843,977)	159,075	129,909	4,998,574	(4,833,589)	56,479	(129,909)	(549,494)	3,248	82,808
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	2005NJ5MAP	\$ 3,919	07/01/23	06/30/24	-	-	-	3,903	(3,919)	-	-	(16)	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						-	-	-	3,903	(3,919)	-	-	(16)	-	-
TOTAL GENERAL FUND						-	-	-	3,903	(3,919)	-	-	(16)	-	-
TOTAL FEDERAL AWARDS						\$ (984,600)	\$ 159,075	\$ 129,909	\$ 5,963,859	\$ (5,782,999)	\$ 56,479	\$ (129,909)	\$ (674,242)	\$ 3,248	\$ 82,808

(A) - Prior year encumbrances cancelled

\* - Information not available.

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXHIBIT K-4  
SCHEDULE B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2023		CASH RECEIVED	BUDGETARY EXPEND- ITURES	ADJUST- MENTS	BALANCE AT JUNE 30, 2024		MEMO	
			FROM	TO	(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE EXPEND- ITURES
GENERAL FUND													
STATE DEPARTMENT OF EDUCATION													
State Aid Cluster:													
Equalization Aid	24-495-034-5120-078	\$ 19,320,150	07/01/23	06/30/24	\$ -	\$ -	\$ 19,320,150	\$(19,320,150)	\$ -	\$ -	\$ -	\$ (1,924,611)	\$ (19,320,150)
Special Education Aid	24-495-034-5120-089	1,902,728	07/01/23	06/30/24	-	-	1,902,728	(1,902,728)	-	-	-	(190,273)	(1,902,728)
Security Categorical Aid	24-495-034-5120-084	632,290	07/01/23	06/30/24	-	-	632,290	(632,290)	-	-	-	(63,229)	(632,290)
Total State Aid Cluster					-	-	21,855,168	(21,855,168)	-	-	-	(2,178,113)	
Transportation Aid	24-495-034-5120-014	818,768	07/01/23	06/30/24	-	-	818,768	(818,768)	-	-	-	(81,877)	(818,768)
On-behalf TPAF Pension Contribution	24-495-034-5094-002	9,126,838	07/01/23	06/30/24	-	-	9,126,838	(9,126,838)	-	-	-	-	(9,126,838)
On-behalf TPAF Post Retirement Medical Contribution	24-495-034-5094-001	2,483,991	07/01/23	06/30/24	-	-	2,483,991	(2,483,991)	-	-	-	-	(2,483,991)
On behalf TPAF Long Term Disability Insurance Contribution	24-495-034-5094-004	3,227	07/01/23	06/30/24	-	-	3,227	(3,227)	-	-	-	-	(3,227)
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	1,903,334	07/01/23	06/30/24	-	-	1,818,322	(1,903,334)	-	(85,012)	-	-	(1,903,334)
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	1,718,285	07/01/22	06/30/23	(74,893)	-	74,893	-	-	-	-	-	(1,718,285)
					(74,893)	-	1,893,215	(1,903,334)	-	(85,012)	-	-	
TOTAL GENERAL FUND					(74,893)	-	36,181,207	(36,191,326)	-	(85,012)	-	(2,259,990)	
SPECIAL REVENUE FUND													
Apprenticeship Coordinator	22-100-034-5062-032	100,000	07/01/21	06/30/22	-	878	-	-	-	-	878	-	(49,818)
School Security Grant	*	184,057	07/01/21	06/30/22	(133,983)	-	-	-	-	(133,983)	-	-	(133,983)
TOTAL STATE DEPARTMENT OF EDUCATION					(208,876)	878	36,181,207	(36,191,326)	-	(218,995)	878	(2,259,990)	
STATE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT PASSED-THROUGH COUNTY OF HUDSON													
New Jersey Endures	*	43,953	11/01/20	02/28/22	(26,888)	-	-	-	26,888 <sup>(A)</sup>	-	-	-	(43,953)
TOTAL SPECIAL REVENUE FUND					(160,871)	878	-	-	26,888	(133,983)	878	-	
TOTAL STATE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT					(26,888)	-	-	-	26,888	-	-	-	

HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXHIBIT K-4  
SCHEDULE B

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NO.	AWARD AMOUNT	GRANT PERIOD FROM TO		BALANCE AT JUNE 30, 2023		CASH RECEIVED	BUDGETARY EXPEND- ITURES	ADJUST- MENTS	BALANCE AT JUNE 30, 2024		MEMO	
					(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE)	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE EXPEND- ITURES
ENTERPRISE FUND													
STATE DEPARTMENT OF AGRICULTURE													
National School Lunch Program	24-100-010-3360-067	\$ 36,314	07/01/23	06/30/24	\$ -	-	\$ 29,819	\$ (36,314)	\$ -	\$ (6,495)	\$ -	\$ -	\$ (36,314)
National School Lunch Program	23-100-010-3360-067	23,532	07/01/22	06/30/23	(4,569)	-	4,569	-	-	-	-	-	(23,532)
School Breakfast Program	24-100-010-3360-067	7,653	07/01/23	06/30/24	-	-	6,249	(7,653)	-	(1,404)	-	-	(7,653)
School Breakfast Program	23-100-010-3360-067	4,282	07/01/22	06/30/23	(903)	-	903	-	-	-	-	-	(4,282)
TOTAL ENTERPRISE FUND					(5,472)	-	41,540	(43,967)	-	(7,899)	-	-	
TOTAL STATE DEPARTMENT OF AGRICULTURE					(5,472)	-	41,540	(43,967)	-	(7,899)	-	-	
TOTAL STATE FINANCIAL ASSISTANCE					<u>\$ (241,236)</u>	<u>\$ 878</u>	<u>\$ 36,222,747</u>	(36,235,293)	<u>\$ 26,888</u>	<u>\$ (226,894)</u>	<u>\$ 878</u>	<u>\$ (2,259,990)</u>	
LESS:													
On-behalf TPAF Pension Contribution								9,126,838					
On-behalf TPAF Post Retirement Medical Contribution								2,483,991					
On behalf TPAF Long Term Disability Insurance Contribution								3,227					
TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT								<u><u>\$(24,621,237)</u></u>					

(A) - Prior year receivable cancelled

\* - Information not available.



**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, 2024**

**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 (\$46,219) for the General Fund and (\$314,125) 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	\$ 3,919	\$ 36,237,545	\$ 36,241,464
Special Revenue Fund	5,147,714	-	5,147,714
Food Service Fund	945,491	43,967	989,458
Total Awards and Financial Assistance	<u>\$ 6,097,124</u>	<u>\$ 36,281,512</u>	<u>\$ 42,378,636</u>

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**EXHIBIT K-5**

**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 \$9,126,838 reported as TPAF pension contribution, \$3,227 reported as TPAF Long-Term Disability Insurance, and \$2,483,991 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, 2024. TPAF Social Security Contributions in the amount of \$1,903,334 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, 2024.

**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, 2024**

**EXHIBIT K-6**

*Section I - Summary of Auditors' Results*

**FINANCIAL STATEMENT SECTION**

A) Type of Auditors Report Issued:

Unmodified

B) Internal Control over Financial Reporting:

1) Material weakness(es) identified?

✓ Yes    2024-001           No  
2024-002

2) Significant deficiency(ies) identified?

       Yes    ✓ None reported

C) Noncompliance material to basic financial statements noted?

✓ Yes    2024-001           No

**FEDERAL AWARDS SECTION**

D) Internal Control over major programs:

1) Material weakness(es) identified?

✓ Yes    2024-003           No

2) Significant deficiency(ies) identified?

       Yes    ✓ None reported

E) Type of auditor's report on compliance for major program

Unmodified

F) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

✓ Yes    2024-003           No

G) Identification of major programs:

Federal Assistance Listing

FAIN Number(s)

Name of Federal Program or Cluster

84.010A

S010A230030

Elementary and Secondary Education Act:  
Title I - Part A Basic

84.010A

S010A230030

Title I - School Improvement Act - Part A

17.259

AA309521755A34

Workforce Innovative and Opportunity Act (WIOA)  
Youth Activities

H) Dollar threshold used to distinguish between Type A and Type B Programs.

\$750,000

I) Auditee qualified as low-risk auditee?

✓ Yes           No

**HUDSON COUNTY SCHOOLS OF TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**EXHIBIT K-6**

*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:

GMIS/Program Number

Name of State Program or Cluster

495-034-5120-078

495-034-5120-089

495-034-5120-084

General State Aid Cluster:

Equalization Aid

Special Education Aid

Security Categorical Aid

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*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 2024-001**

- Material Weakness in Internal Controls over Financial Reporting and Material Noncompliance

Condition:

Management is not performing closing procedures timely nor regularly for accurate and complete budget to actual reporting. Material adjustments resulting from independent audit are resulting in expenditures without sufficient budget appropriations or over-expenditures. This finding is repeated from prior year.

Criteria:

Supplemental closing procedures should be performed timely and regularly to ensure accurate and complete reporting when internal controls over financial reporting are not being adequately followed or overridden.

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 following were found and corrected during the independent audit resulting in over-expenditures of budget appropriations.

- Management did not record two months of health benefits totaling \$1,895,920 in expenditures incurred.
- Management incorrectly recorded E-rate and cell tower lease revenues of \$1,176,016 as reimbursements of communications expenditures instead of revenues.
- Management incorrectly recorded \$132,000 of cell tower expenditures in a nonexistent internal service fund.
- \$647,908 unfunded deficit in food service fund operations.
- \$425,498 unfunded deficit in transportation consortium operations.

At year-end, management manually transferred \$3,329,780 in various expenditure among various budget line items without adequate support or reasoning.

Cause:

Instead of initiating budget additions for unanticipated revenues and transferring budget appropriations, management is providing for more available budget appropriations by overriding internal controls over financial reporting to misstate expenditures and arbitrarily transferring expenditures to such budget line items with available budget appropriations to prevent over-expenditures.

The District is not monitoring or budgeting food service costs related to District educational programs and transportation consortium costs related to District transportation that can be either expended in general fund or funded with a general fund contribution to respective funds.

Effect:

During the fiscal year, revenues and expenditures are being misstated on budget to actual reports presented to the governing body of the District. Corrections of misstatements during the independent audit are resulting in expenditures without budget appropriations and over-expenditures that cannot be corrected with budget additions and transfers in a timely manner for approval by the governing board. Material misstatements of expenditure classifications may exist that management or employees, in the normal course of performing their assigned functions did not prevent, or detect and correct, on a timely basis.

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*Section II - Financial Statement Findings*

**Finding 2024-001 (Continued)**

Recommendation:

Management perform closing procedures timely and regularly for accurate and complete budget to actual reporting and only override internal controls over financial reporting with adequate and sufficient support and reasoning. Specifically, not withhold recording health benefits expenditures incurred; not record E-rate and cell tower lease revenues as expenditure reimbursements instead of revenue; and not record cell tower expenditures in nonexistent internal service fund instead of general fund.

Food service costs related to District educational programs and transportation consortium costs related to District transportation be budgeted either for respective general fund expenditures or contributions to respective funds.

View of Responsible Official and Planned Corrective Actions:

Management will account and budget for all health benefits and cell tower expenditures as incurred and record E-rate and cell tower lease revenues as revenues in the general fund. The District will account and budget for food service costs related to District educational programs and transportation consortium costs related to District transportation in the general fund.

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*Section II - Financial Statement Findings*

**Finding 2024-002**

- Material Weakness in Internal Controls over Financial Reporting

Condition:

Management is not budgeting or accounting for the Workforce Investment and Opportunity Act (WIOA) grant activity in the District's financial reporting system nor performing closing procedures to adequately integrate or agree grant reporting to the financial reporting system. This finding is repeated from prior year.

Criteria:

A central financial reporting system is an essential foundation of an internal control system over financial reporting and all financial activity should be accounted in such financial reporting system. As a compensatory control, regular and timely closing procedures can be utilized to adequately integrate any activity not initially accounted for, into the financial reporting system.

Context:

As a result of the independent audit, \$1,554,350 in revenues and expenditures of WIOA grant activity were recorded without an adequate audit trail.

Cause:

WIOA grant activity is being accounted for in external worksheets that are not integrated or agreed to the District financial reporting system. As expenditures initially incurred and subsequently reimbursed by the WIOA grant are accounted in the District financial reporting system, there is a lack of sufficient audit trail for actual expenditures incurred by WIOA grant and rights and application of related reimbursements.

Effect:

Material misstatements of expenditures and rights to reimbursements may exist that management or employees, in the normal course of performing their assigned functions did not prevent, or detect and correct, on a timely basis.

Recommendation:

Management budget and account for the Workforce Investment and Opportunity Act (WIOA) grant activity in the District's financial reporting system or perform regular and timely closing procedures to adequately integrate or agree grant reporting with the financial reporting system.

View of Responsible Official and Planned Corrective Action:

Management will budget and account for the WIOA grant activity in the District's financial reporting system.

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*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

**Finding 2024-003**

- Material Weakness in Internal Controls over Compliance - Reporting

Workforce Investment and Opportunity Act (WIOA) Youth Activities

Federal Assistance Listing No. 17.259

FAIN Number: AA309521755A34

Grant Period: Fiscal years ended June 30, 2023 and June 30, 2024

As discussed at Finding 2024-002, management is not budgeting or accounting for the Workforce Investment and Opportunity Act (WIOA) grant activity in the District's financial reporting system nor performing closing procedures to adequately integrate or agree grant reporting to the financial reporting system. Material misstatements of expenditures and rights to reimbursements may exist that management or employees, in the normal course of performing their assigned functions did not prevent, or detect and correct, on a timely basis. Management should budget and account for the WIOA grant activity in the District's financial reporting system or perform regular and timely closing procedures to adequately integrate or agree grant reporting with the financial reporting system.

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, 2024**

**EXHIBIT K-7**

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(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 2023-001**

- Significant Deficiency in Internal Controls over Financial Reporting and Noncompliance

**Condition and Effect:**

The general fund incurred liabilities and expenditures without budget appropriations. 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.

**Current Year Status:**

This finding is repeated as a material weakness in internal controls over financial reporting and material noncompliance in current year as finding 2024-001.

**Finding 2023-002**

- Material Weakness in Internal Controls over Financial Reporting

**Condition and Effect:**

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. 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.

**Current Year Status:**

This finding is repeated as a material weakness in internal controls over financial reporting in current year as finding 2024-002.

**FEDERAL AWARDS**

No matters were reported in prior year.

**STATE FINANCIAL ASSISTANCE**

No matters were reported in prior year.