

**SCHOOL DISTRICT OF  
SUSSEX COUNTY TECHNICAL**

**Sussex County Technical School District  
(a component unit of the County of Sussex)  
Sparta, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual  
Financial Report**

**of the**

**Sussex County Technical School District  
Board of Education**

**(a component unit of the County of Sussex)**

**Sparta, New Jersey**

**For the Fiscal Year Ended June 30, 2011**

**Prepared by**

**Sussex County Technical School District  
Business Office**

SUSSEX COUNTY TECHNICAL SCHOOL  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2011

INTRODUCTORY SECTION

Letter of Transmittal.....	1-5
Organizational Chart.....	6
Roster of Officials.....	7
Consultants and Advisors .....	8

FINANCIAL SECTION ..... 9

Independent Auditors' Report .....	10-11
------------------------------------	-------

Required Supplementary Information .....	12
Management's Discussion and Analysis (Unaudited).....	13-20

Basic Financial Statements (Sections A. and B.).....	21
--	----

A. District-Wide Financial Statements .....	22
A-1 Statement of Net Assets.....	23
A-2 Statement of Activities .....	24-25

B. Fund Financial Statements .....	26
B-1 Balance Sheet – Governmental Funds.....	27
B-2 Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds .....	28
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	29
B-4 Statement of Net Assets – Proprietary Funds.....	30
B-5 Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	31
B-6 Statement of Cash Flows – Proprietary Funds .....	32
B-7 Statement of Fiduciary Net Assets – Fiduciary Funds .....	33
B-8 Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	34

Notes to the Basic Financial Statements .....	35-55
---	-------

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited).....	56
C-1 Budgetary Comparison Schedule – General Fund .....	57-68
C-2 Budgetary Comparison Schedule – Special Revenue Fund .....	69
C-3 Required Supplementary Information - Budgetary Comparison Schedule – Note to RSI.....	70-71

D. School Level Schedules (Not Applicable) .....	72
--	----

E. Special Revenue Fund.....	73
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	74-77
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	

SUSSEX COUNTY TECHNICAL SCHOOL  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

FINANCIAL SECTION (Cont'd)

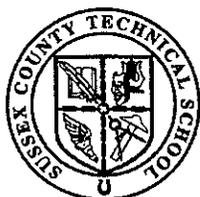
F.	Capital Projects Fund .....	78
F-1	Schedule of Revenue, Expenditures and Changes in Fund Balance – Budgetary Basis .....	79
F-1A	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Various Improvements to the Sussex County Technical School from Inception and for the Fiscal Year Ended June 30, 2011 .....	80
F-1B	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Various Improvements to the Sussex County Technical School from Inception and for the Fiscal Year Ended June 30, 2011 .....	81
F-1C	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Connection to Sparta Township Water Supply System from Inception and for the Fiscal Year Ended June 30, 2011 .....	82
F-1D	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Kitchen HVAC and Electrical Upgrades from Inception and for the Fiscal Year Ended June 30, 2011 .....	83
F-1E	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Main Electrical Service Panels Replacement from Inception and for the Fiscal Year Ended June 30, 2011 .....	84
F-1F	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Boil Replacement from Inception and for the Fiscal Year Ended June 30, 2011 .....	85
F-1G	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Telephone System Replacement/Upgrade from Inception and for the Fiscal Year Ended June 30, 2011 .....	86
F-1H	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Budgetary Basis – Technology System Upgrade from Inception and for the Fiscal Year Ended June 30, 2011 .....	87
G.	Proprietary Funds (Enterprise Funds) .....	88
G-1	Combining Statement of Net Assets.....	89-90
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Assets.....	91-92
G-3	Combining Statement of Cash Flows.....	93-94
H.	Fiduciary Funds.....	95
H-1	Combining Statement of Net Assets.....	96
H-2	Statement of Changes in Net Assets.....	97
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements .....	98
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements.....	99
I.	Long-Term Debt.....	100
I-1	Schedule of Obligations Under Capital Leases .....	101
Statistical Schedules		
J.	Statistical Section (Unaudited).....	102
J-1	Net Assets by Component .....	103
J-2	Changes in Net Assets .....	104-106
J-3	Fund Balances - Governmental Funds .....	107
J-4	Changes in Fund Balances - Governmental Funds .....	108-109

SUSSEX COUNTY TECHNICAL SCHO11  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

Statistical Schedules (Cont'd)

J.	Statistical Section (Unaudited)	
J-5	General Fund – Other Local Revenue by Source.....	110
J-6	Assessed Value and Estimated Actual Value of Taxable Property .....	111
J-7	Direct and Overlapping Property Tax Rates (Not Applicable)	
J-8	Principal Property Taxpayers .....	112
J-9	Property Tax Levies and Collections .....	113
J-10	Ratios of Outstanding Debt by Type .....	114
J-11	Ratios of General Bonded Debt Outstanding (Not Applicable)	
J-12	Direct and Overlapping Governmental Activities Debt (Not Applicable)	
J-13	Legal Debt Margin Information (Not Applicable)	
J-14	Demographic and Economic Statistics.....	115
J-15	Principal Employers .....	116
J-16	Full-time Equivalent District Employees by Function/Program .....	117
J-17	Operating Statistics.....	118
J-18	School Building Information.....	119
J-19	Schedule of Required Maintenance.....	120
J-20	Insurance Schedule.....	121
K.	Single Audit Section .....	122
K-1	Independent Auditors’ 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</i> <i>Auditing Standards</i> .....	123-124
K-2	Independent Auditors’ Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133 and State OMB Circular NJOMB 04-04 .....	125-126
K-3	Schedule of Expenditures of Federal Awards .....	127-128
K-4	Schedule of Expenditures of State Awards .....	129-130
K-5	Notes to the Schedules of Expenditures of Federal and State Awards.....	131-132
K-6	Schedule of Findings and Questioned Costs .....	133-134
K-7	Summary Schedule of Prior Audit Findings .....	135

INTRODUCTORY SECTION



# SUSSEX COUNTY TECHNICAL SCHOOL

105 North Church Road, Sparta, New Jersey 07871

---

Robert T. Clark  
Business Administrator \ Board Secretary

Phone: (973) 383-6700  
Extension 214  
Fax: (973) 383-0337

November 10, 2011

The Honorable President and Members of the Board of Education  
Sussex County Technical School  
105 North Church Road  
Sparta, NJ 07871

Dear Board Members:

The comprehensive annual financial report of the Sussex County Technical School District (the "District") for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organization chart, and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Treasury Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** The Sussex County Technical School District is a component unit of the County of Sussex within the criteria adopted by the Government Accounting Standards Board (GASB) in codification section 2100. All funds of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels 9 through 12 and an adult evening school. The District also has several management agreements with other agencies to provide services. The Sussex County Charter School for Technology operates on the campus and has a shared services agreement with the District. Food Services are provided to the Sussex County Educational Services Commission, the Sussex County Charter School for Technology and Willowglen Academy.

The District completed the 2010-11 fiscal year with an average daily enrollment of 615.5. The following details the changes in the student enrollment of the District over the last five years. The figures were taken from the District's Application for State School Aid (ASSA) and include both high school and post-secondary day students.

<u>School Year</u>	<u>Enrollment</u>
2010-11	615.5
2009-10	571.5
2008-09	603.5
2007-08	601.5
2006-07	598.5

**2. ECONOMY:** The County has shifted from a principally agricultural, mining and recreational-based economy to one which is more diversified. The growth of population in the County has led to the development of substantial construction activity, increased retail and office development, as well as other service sector jobs that are supported by the increasing population. The County encourages economic growth that is consistent with its zoning and subdivision laws. Sixty percent of County residents are employed outside the County. These commuters are employed in Morris, Bergen, and Essex Counties in New Jersey as well as in New York City. The development of commercial complexes in Morris County has supported the residential growth in Sussex County.

Adjacent to Sussex County are the Picatinny Arsenal, a US military installation, and the International Trade Zone, an authorized Foreign Trade Zone developed by the Rockefeller Group. The Picatinny Arsenal employs civilian and military personnel, of which some are Sussex County residents. The International Trade Center is home to foreign-owned manufacturing, assembly, and distribution operations that employs a percentage of County residents. The Center has developed 2 million square feet of office and light industrial space with plans to develop up to 3 million additional square feet.

Agriculture's contribution to County business was \$19.85 million, based on the 1992 census report. The County ranks third in milk production, second in the number of sheep, third in hay production, second in cattle, and is tied for fourth in sweet corn in the State. A shift in agricultural products has shown increases in wholesale nursery operations and fruit and Christmas tree farms. The loss of farms is being offset by the move to higher value products, more intensive use of the land, and higher gross receipts due to direct marketing.

**3. MAJOR INITIATIVES:** The Sussex County Technical School continues to thrive as a significant secondary school alternative for students, remaining a viable resource to Sussex County residents. As projected, enrollment increased for the last school year and for the 2011/2012 school year, is the highest it has been in twelve years. Of course, the district remains concerned with balancing student population growth and program

offering growth with fiscal responsibility and budget constraints. At all times, the board of education and the administration, remain responsive to the needs of county taxpayers and our need to remain accountable to our constituents.

In spite of significant fiscal restraints, the district maintains a superior offering of twenty-one shop programs with a new program, Law and Public Safety, anticipated for the 2012/2013 school year. An academic program for fulltime students is staffed by Highly Qualified faculty, with most holding Masters degrees. The district continues to serve a significant number of special needs students, thereby adding to our overall enrollment increase as well as to our level of financial efficiency and stability. Serving a broader population also expands the district's role as an important resource to county sending districts. The Concurrent/College credit program continued to expand this past year, offering students exposure to college level work at a tremendous cost savings to parents. The above ever-expanding program benefits students and parents and also serves to strengthen the schools foundation as a very viable option for students. In addition to providing Sussex County residents with many outstanding educational opportunities, the district provides businesses with skilled employees who drive the local economy through their work and entrepreneurship. Recruitment efforts during the school year served to attract new student and parent interest as well as to educate sending school staff about the benefits of a technical school education. Quality Professional Development programs are offered to staff, many times provided by State Department of Education personnel or other "no cost" agency representatives, thereby conserving funds for other purposes.

The "Go Green Initiative" formally ended during the 2010/2011 school year but will continue with the district's participation in the Sussex County Wide Renewable Energy Program and anticipated replacement of the main boiler system during next summer. Completion of the Sparta Water hook-up project also enables further fiscal control as the district no longer maintains a well system. As funds permit, energy conservation measures will continue to be implemented throughout the school facilities including the areas of lighting, window and door upgrades and replacement. Once a decision is finalized by the Freeholder Board and the Board of Education regarding the McNeice building repairs, the district will have clear direction regarding that facility. The McNeice building continues to attract a considerable rental population during the school year by outside organizations, once again substantiating the district's need as a viable Sussex County resource.

Technology use continues to expand at Sussex County Technical School, both for student use as well as administrative and support staff use. The overall goal of the above initiative remains to reduce the use and storage of paper and rely more on electronic record storage and retrieval.

The district website was updated, providing viewers with immediate access to important district information, reducing the need for an individual to place a telephone call in order to retrieve data. Regarding admission to the school, the entire admissions process is now online, permitting the Admissions Committee members to view all applications online, including data received from sending schools.

Overall, the Sussex County Technical high school continues to serve the needs of Sussex County secondary students in a fine manner. The board of education, school administration and the Sussex County Freeholder Board work together to preserve what is in existence and to explore ways and means of better serving youth while remaining mindful of the needs and limited means of taxpayers.

**4. INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control system 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 generally accepted accounting principles (GAAP). The internal control

system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, 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. This internal control structure is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts, and grants.

**5. BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective 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. Capital improvements are funded by the County of Sussex, which also pays the resulting debt service. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2011.

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

**7. CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statement," Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

**8. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Public Entity Group Administrative Services oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The Board is a member of the School Alliance Insurance Fund (SAIF). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

**9. OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. 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 related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the State Circular Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Sussex County Technical School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and, thereby, contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



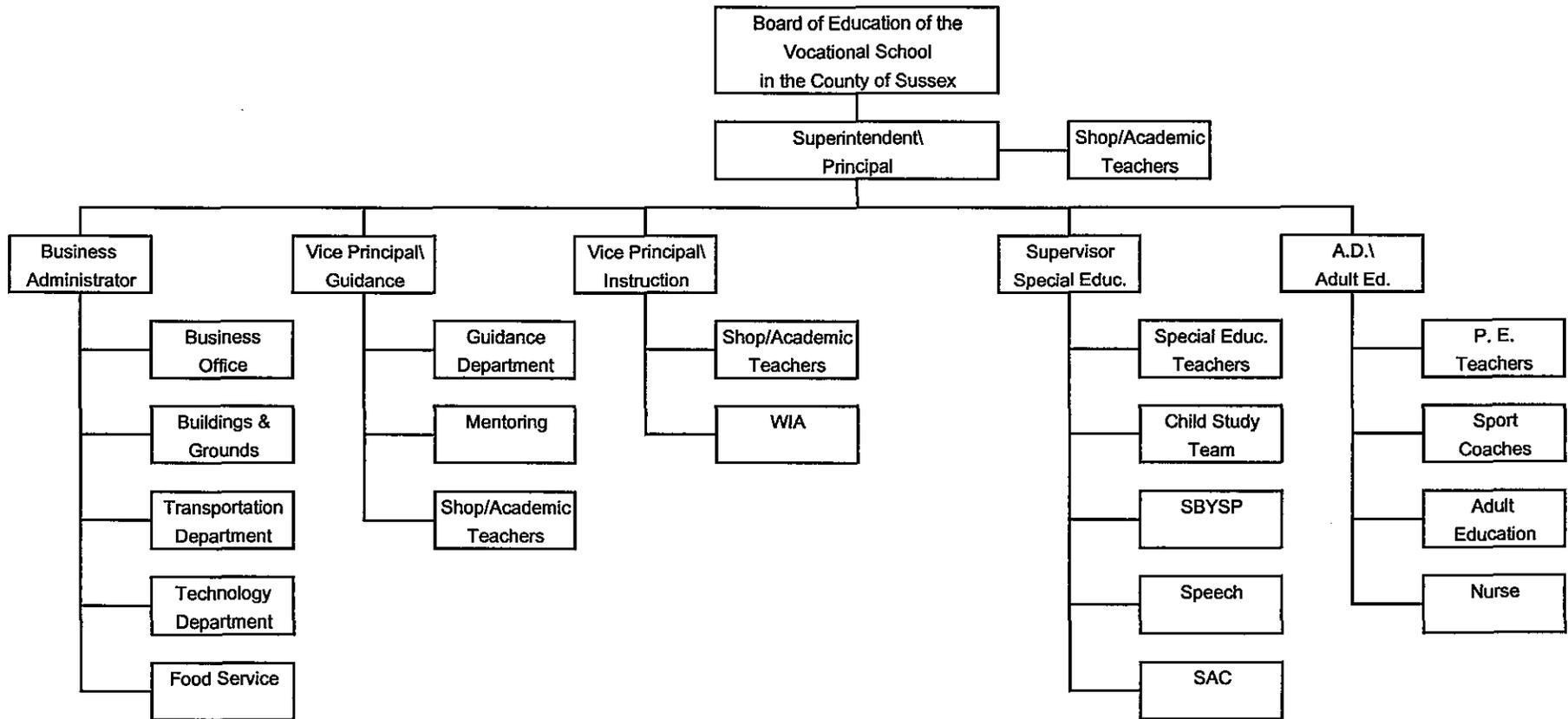
Anthony Macerino  
Interim Superintendent/Principal



Robert T. Clark  
Business Administrator

BOARD OF EDUCATION OF THE VOCATIONAL SCHOOL IN THE COUNTY OF SUSSEX

Organizational Chart



**SUSSEX COUNTY TECHNICAL SCHOOL  
ROSTER OF OFFICIALS  
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gary Sargent, President	10/2011
Jarrod Cofrancesco, Vice President	10/2013
Mark Fiedorczyk	10/2012
Susan Shake	10/2014
Rosalie S. Lamonte, County Superintendent	N/A

<u>Other Officers</u>	<u>Title</u>
Mark Toback	Superintendent of Schools/Principal (until 03/07/11)
Anthony Macerino	Interim Superintendent of Schools/Principal (from 02/28/11)
Robert T. Clark	Board Secretary/School Business Administrator
Eileen Kithcart	Treasurer

**SUSSEX COUNTY TECHNICAL SCHOOL  
Consultants and Advisors**

**Audit Firm**

Nisivoccia LLP, CPAs  
11 Lawrence Road  
Newton, NJ 07860  
and  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856-1320

**Attorneys**

Lucas & Gaus  
61 Spring Street  
Newton, NJ 07860

Weiner & Lesniak  
629 Parsippany Road  
Parsippany, NJ 07054

**Official Depository**

Lakeland Bank  
Route 15  
Lafayette, NJ 07848

FINANCIAL SECTION



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

### Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Sussex County Technical School  
County of Sussex, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Sussex County Technical School, a component unit of the County of Sussex, as of and for the fiscal year ended June 30, 2011 which collectively comprise the School District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Sussex County Technical School in the County of Sussex as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

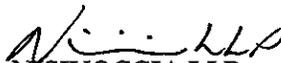
In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011 on our consideration of the Board of Education of the Sussex County Technical School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members  
of the Board of Education  
Sussex County Technical School  
Page 2

The Management's Discussion and Analysis section and Budgetary Comparison Information on schedules C-1 through C-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Sussex County Technical School's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 10, 2011  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

## Management Discussion and Analysis (Unaudited)

This section of Sussex County Technical School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### Financial Highlights

- The District's financial status improved on a District wide and Fund basis.
- Overall, the revenue was \$15.82 million.

### Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

#### Organization of the School District's Financial Report

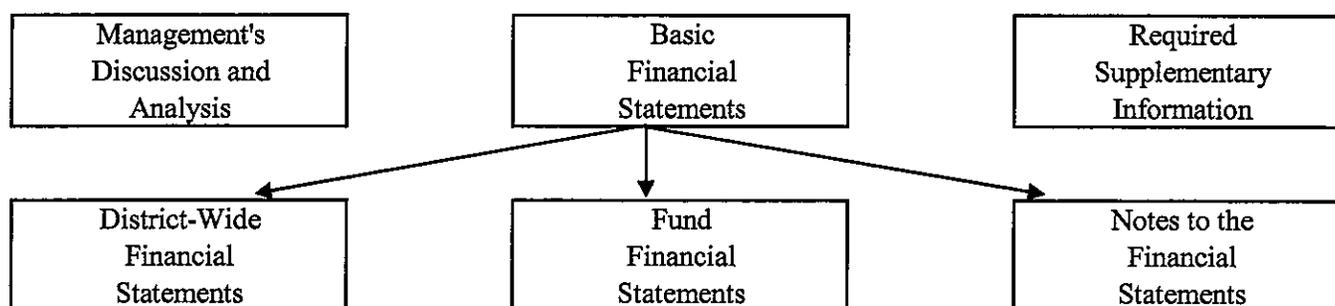


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, swimming pool, juvenile detention center, transportation, use of facilities and charter school.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenue, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

## District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, juvenile detention center, swimming pool, transportation, use of facilities and charter school are included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The *internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.
- *Notes to the basic financial statements:* The notes provide information essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

### Financial Analysis of the District as a Whole

*Net Assets.* The District's combined net assets increased by \$755,447 primarily due to the approval of a new capital project by the Board of School Estimate for \$717,600, which will be raised and contributed by the County of Sussex through County bond ordinance proceeds; a net increase of \$192,475 in long-term debt as a result of current year retirement payouts, the pay down of existing capital leases and the issuance of new capital leases; offset by a \$190,000 cancellation of prior year intergovernmental accounts receivable due from the County. Net assets from governmental activities increased by \$835,886 and net assets from business-type activities decreased by \$80,439. Net assets invested in capital assets increased by \$384,703 primarily as a result of the purchase of four new school buses through lease purchase agreements. Restricted net assets increased by \$409,563 and unrestricted net assets decreased by \$38,819.

Figure A-3

#### Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
Current and							
Other Assets	\$ 1,406,647	\$ 1,455,278	\$ 100,857	\$ 10,103	\$ 1,507,504	\$ 1,465,381	-2.79%
Capital Assets	8,258,160	8,588,061	100,408	451,304	8,358,568	9,039,365	8.14%
Total Assets	<u>9,664,807</u>	<u>10,043,339</u>	<u>201,265</u>	<u>461,407</u>	<u>9,866,072</u>	<u>10,504,746</u>	6.47%
Other Liabilities	571,339	253,350	2,933	11,674	574,272	265,024	-53.85%
Long-Term Debt							
Outstanding	934,096	794,731		331,840	934,096	1,126,571	20.61%
Total Liabilities	<u>1,505,435</u>	<u>1,048,081</u>	<u>2,933</u>	<u>343,514</u>	<u>1,508,368</u>	<u>1,391,595</u>	-7.74%
Net Assets:							
Invested in Capital							
Assets, Net of							
Related Debt	8,135,523	8,501,170	100,408	119,464	8,235,931	8,620,634	4.67%
Restricted	792,365	1,201,928			792,365	1,201,928	51.69%
Unrestricted/(Deficit)	<u>(768,516)</u>	<u>(707,840)</u>	<u>97,924</u>	<u>(1,571)</u>	<u>(670,592)</u>	<u>(709,411)</u>	-5.79%
Total Net Assets	<u>\$ 8,159,372</u>	<u>\$ 8,995,258</u>	<u>\$ 198,332</u>	<u>\$ 117,893</u>	<u>\$ 8,357,704</u>	<u>\$ 9,113,151</u>	9.04%

*Changes in Net Assets.* The District's combined net assets were \$9,113,151 on June 30, 2011 (See Figure A-3).

Figure A-4

## Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
<b>Revenue:</b>							
Program Revenue:							
Charges for Services			\$ 1,466,799	\$ 1,160,727	\$ 1,466,799	\$ 1,160,727	-20.87%
Operating Grants and Contributions	\$ 2,181,752	\$ 1,937,007	67,497	83,172	2,249,249	2,020,179	-10.18%
Capital Grants and Contributions		255,449				255,449	100.00%
General Revenue:							
Property Taxes	7,561,362	7,826,010			7,561,362	7,826,010	3.50%
State and Federal Aid not Restricted	4,148,033	3,624,889			4,148,033	3,624,889	-12.61%
County Bond Ordinance Proceeds	500,000	717,600			500,000	717,600	43.52%
Tuition Charges	21,356	15,810			21,356	15,810	-25.97%
Other	179,958	200,683	2,812		182,770	200,683	9.80%
<b>Total Revenue</b>	<b>14,592,461</b>	<b>14,577,448</b>	<b>1,537,108</b>	<b>1,243,899</b>	<b>16,129,569</b>	<b>15,821,347</b>	<b>-1.91%</b>
<b>Expenses:</b>							
Instruction	7,452,874	7,284,337			7,452,874	7,284,337	-2.26%
Pupil and Instruction Services	2,009,482	2,032,388			2,009,482	2,032,388	1.14%
Administrative and Business	1,436,136	1,389,262			1,436,136	1,389,262	-3.26%
Maintenance and Operations	1,712,496	1,750,396			1,712,496	1,750,396	2.21%
Pupil Transportation	129,353	141,247			129,353	141,247	9.19%
Special Schools	435,073	596,556			435,073	596,556	37.12%
Capital Outlay	32,058	35,841			32,058	35,841	11.80%
Other	328,004	307,277	1,644,721	1,322,611	1,972,725	1,629,888	-17.38%
<b>Total Expenses</b>	<b>13,535,476</b>	<b>13,537,304</b>	<b>1,644,721</b>	<b>1,322,611</b>	<b>15,180,197</b>	<b>14,859,915</b>	<b>-2.11%</b>
Transfers		(14,258)		14,258			
Other		(190,000)		(15,985)		(205,985)	-100.00%
<b>Increase/(Decrease) in Net Assets</b>	<b>\$ 1,056,985</b>	<b>\$ 835,886</b>	<b>\$ (107,613)</b>	<b>\$ (80,439)</b>	<b>\$ 949,372</b>	<b>\$ 755,447</b>	<b>-20.43%</b>

*Revenue Sources.* The District's total revenue for the 2010/11 school year was \$15,821,347. (See Figure A-5). Property taxes accounted for a substantial portion of the District's revenue, with the County tax levy accounting for \$7,826,010 of the total, or 49.46% percent. Another 37.29% percent came from state and federal aid for specific programs and state formula aid with the remainder from other sources and charges for services.

Figure A-5

## Sources of Revenue for Fiscal Year 2011

	Amount	Percentage
<b>Sources of Income:</b>		
State Formula Aid	\$ 3,624,889	22.91%
County Tax Levy	7,826,010	49.46%
Federal and State Categorical Grants	2,275,628	14.38%
Charges for Services	1,160,727	7.34%
County Bond Ordinance and Lease Proceeds	717,600	4.54%
Other	216,493	1.37%
	<b>\$ 15,821,347</b>	<b>100.00%</b>

The total cost of all programs and services was \$14,859,915. The District's expenses are predominantly related to instructing, caring for students (pupil services) and special schools (66.71 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.12 percent of total costs.

**Figure A-6**  
**Expenses for Fiscal Year 2011**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 7,284,337	49.02%
Pupil and Instruction Services	2,032,388	13.68%
Administrative and Business	1,389,262	9.35%
Maintenance and Operations	1,750,396	11.78%
Pupil Transportation	141,247	0.95%
Special Schools	596,556	4.01%
Capital Outlay	35,841	0.24%
Other	1,629,888	10.97%
	<u>\$ 14,859,915</u>	<u>100.00%</u>

### Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved.

Careful management of expenses remains essential for the District to sustain its financial health and increase the efficiencies within the District. Among the costs savings activities implemented during the 2010-11 fiscal year are the following:

- New changes to health benefit contributions
- Breakage from retirements

Figure A-7 presents the cost of the major District activities: instruction, pupil and instructional services, administrative and business, maintenance and operations, pupil transportation, special schools, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7**

### Net Cost of Governmental Activities

	<u>Total Cost of</u> <u>Services</u> <u>2009/10</u>	<u>Total Cost of</u> <u>Services</u> <u>2010/11</u>	<u>Net Cost of</u> <u>Services</u> <u>2009/10</u>	<u>Net Cost of</u> <u>Services</u> <u>2010/11</u>
Functional Expenses:				
Instruction	\$ 7,452,874	\$ 7,284,337	\$ 6,134,715	\$ 6,223,104
Pupil and Instruction Services	2,009,482	2,032,388	1,412,577	1,426,183
Administrative and Business	1,436,136	1,389,262	1,343,243	1,301,711
Maintenance and Operations	1,712,496	1,750,396	1,646,344	1,428,760
Pupil Transportation	129,353	141,247	122,875	134,963
Special Schools	435,073	596,556	333,908	487,009
Capital Outlay	32,058	35,841	32,058	35,841
Other	328,004	307,277	328,004	307,277
	<u>\$ 13,535,476</u>	<u>\$ 13,537,304</u>	<u>\$ 11,353,724</u>	<u>\$ 11,344,848</u>

The cost of all governmental activities this year was \$13.54 million.

- The federal and state governments subsidized certain programs with grants and contributions (approximately \$5.90 million).
- Approximately 56.34% of the District's costs (\$7.83 million) were financed with the County Tax Levy.
- The remainder of the funding came from tuition, miscellaneous revenue, charges for services and other sources.

### Business-Type Activities

Net assets from the District's business-type activities decreased by \$80,439. The primary contributing factors to this result were the following:

- Operating loss of \$62,858 in the Transportation Fund due to rising fuel and maintenance costs and decrease in revenue over the prior year.
- Cancellation of \$15,985 of prior year accounts receivable in the Transportation, Use of Facilities and Charter School Funds.

### Financial Analysis of the District's Funds

The County has reduced the tax levy for the 2011-12 school year and the Board of Education will change tuition. The District has increased enrollment and will open a law enforcement program for the 2012-13 school year.

### General Fund Budgetary Highlights

The budgeted revenue projections for the 2010-11 fiscal year were not completely realized. The rate of execution for the expense side of the budget was more than 99% of the current expense budget for the 2010-11 fiscal year.

### Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	
Sites	\$ 2,764,300	\$ 2,764,300			\$ 2,764,300	\$ 2,764,300	0.00%
Construction in Progress Buildings and Building Improvements	1,144,198	1,213,310			1,144,198	1,213,310	6.04%
Machinery and Equipment	3,408,953	3,652,067			3,408,953	3,652,067	7.13%
	940,709	958,384	\$ 100,408	\$ 451,304	1,041,117	1,409,688	35.40%
Total Capital Assets (Net of Depreciation)	<u>\$ 8,258,160</u>	<u>\$ 8,588,061</u>	<u>\$ 100,408</u>	<u>\$ 451,304</u>	<u>\$ 8,358,568</u>	<u>\$ 9,039,365</u>	<u>8.14%</u>

### Long-term Debt

At year-end, the District had \$1,126,571 of other long-term debt – a net increase of \$192,475 from last year– as shown in Figure A-9. The County of Sussex is responsible for the issuance and repayment of long-term debt in the form of bonds and notes.

**Figure A-9****Outstanding Long-Term Debt**

	<u>Total School District</u>		<u>Total</u>
	<u>2009/10</u>	<u>2010/11</u>	<u>Change</u>
			<u>Percentage</u>
Other Long-Term Debt	<u>\$ 934,096</u>	<u>\$ 1,126,571</u>	<u>20.61%</u>

The following factors contributed to the increase in long-term debt:

- The District continued to pay down its debt, retiring \$57,306 of leases payable.
- The District entered into two new lease purchase agreements in the current year for the purchases of a 40-passenger school bus with wheelchair lift and three 54-passenger school buses, totaling \$353,400.
- A net decrease in compensated absences of \$103,619 primarily due to separation benefits paid out by the District.

**Factors Bearing on the District's Future Revenue/Expense Changes**

At the time these financial statements were prepared and audited, the District was aware of three existing circumstances that could significantly affect its financial health in the future:

- Maintenance cost of aging facilities and systems
- Continued increases in health insurance and energy costs that exceed state imposed caps on school budgets.
- Continued flat or reduced state aid and local funding

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 105 North Church Road, Sparta, New Jersey 07871.

**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 35,436		\$ 35,436
Interfund Receivable	103,571	\$ (100,410)	3,161
Receivable from State Government	326,299	212	326,511
Receivable from Federal Government	132,657	5,837	138,494
Receivables from Other Governments	752,436	56,057	808,493
Other Receivables	4,878	39,936	44,814
Inventory		8,471	8,471
Restricted Assets:			
Capital Reserve Account - Cash	100,001		100,001
Capital Assets, Net			
Sites (Land) and Construction in Progress	3,977,610		3,977,610
Depreciable Buildings and Building Improvements and Machinery and Equipment	4,610,451	451,304	5,061,755
Total Assets	<u>10,043,339</u>	<u>461,407</u>	<u>10,504,746</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable - Vendors	37,962	10,527	48,489
Loan Payable - Due to State of New Jersey	192,077		192,077
Payable to Federal Government	3,662		3,662
Payable to State Government	16,019		16,019
Deferred Revenue	3,630	1,147	4,777
Noncurrent Liabilities:			
Due Within One Year	158,420	72,140	230,560
Due Beyond one Year	636,311	259,700	896,011
Total Liabilities	<u>1,048,081</u>	<u>343,514</u>	<u>1,391,595</u>
<b><u>NET ASSETS/(Deficit)</u></b>			
Invested in Capital Assets, Net of Related Debt	8,501,170	119,464	8,620,634
Restricted for:			
Capital Projects	904,291		904,291
Other Purposes	297,637		297,637
Unrestricted	(707,840)	(1,571)	(709,411)
Total Net Assets	<u>\$ 8,995,258</u>	<u>\$ 117,893</u>	<u>\$ 9,113,151</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 3,014,188		\$ 296,680		\$ (2,717,508)		\$ (2,717,508)
Special Education	369,177		481,071		111,894		111,894
Other Special Instruction	177,878				(177,878)		(177,878)
Vocational Education	3,057,019		244,957		(2,812,062)		(2,812,062)
School-Sponsored/Other Instruction	666,075		38,525		(627,550)		(627,550)
<b>Support Services:</b>							
Student & Instruction Related Services	2,032,388		606,205		(1,426,183)		(1,426,183)
General Administrative Services	385,125		17,033		(368,092)		(368,092)
School Administrative Services	428,820		30,645		(398,175)		(398,175)
Central Services	453,552		30,639		(422,913)		(422,913)
Administrative Information Technology	121,765		9,234		(112,531)		(112,531)
Plant Operations and Maintenance	1,750,396		66,187	\$ 255,449	(1,428,760)		(1,428,760)
Pupil Transportation	141,247		6,284		(134,963)		(134,963)
Special Schools	596,556		109,547		(487,009)		(487,009)
Capital Outlay	35,841				(35,841)		(35,841)
Unallocated Depreciation	307,277				(307,277)		(307,277)
<b>Total Governmental Activities</b>	<b>13,537,304</b>		<b>1,937,007</b>	<b>255,449</b>	<b>(11,344,848)</b>		<b>(11,344,848)</b>
<b>Business-Type Activities:</b>							
Juvenile Detention Center	4,682					\$ (4,682)	(4,682)
Swimming Pool	28,245	\$ 5,805				(22,440)	(22,440)
Transportation	782,002	719,144				(62,858)	(62,858)
Use of Facilities	113,829	127,752				13,923	13,923
Charter School	53,608	53,608					
Food Service	340,245	254,418	83,172			(2,655)	(2,655)
<b>Total Business-Type Activities</b>	<b>1,322,611</b>	<b>1,160,727</b>	<b>83,172</b>			<b>(78,712)</b>	<b>(78,712)</b>
<b>Total Primary Government</b>	<b>\$ 14,859,915</b>	<b>\$ 1,160,727</b>	<b>\$ 2,020,179</b>	<b>\$ 255,449</b>	<b>(11,344,848)</b>	<b>(78,712)</b>	<b>(11,423,560)</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
General Revenues:							
Taxes:							
					\$ 7,826,010		\$ 7,826,010
					15,810		15,810
					3,624,889		3,624,889
					717,600		717,600
					200,683		200,683
						\$ (15,985)	(15,985)
					(190,000)		(190,000)
					(23,948)	23,948	
					9,690	(9,690)	
					<u>12,180,734</u>	<u>(1,727)</u>	<u>12,179,007</u>
					835,886	(80,439)	755,447
					<u>8,159,372</u>	<u>198,332</u>	<u>8,357,704</u>
					<u>\$ 8,995,258</u>	<u>\$ 117,893</u>	<u>\$ 9,113,151</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

SUSSEX COUNTY TECHNICAL SCHOOL  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 35,436			\$ 35,436
Interfund Receivable	442,007			442,007
Receivables From State Government	19,197	\$ 51,653	\$ 255,449	326,299
Receivables From Federal Government		132,657		132,657
Receivables From Other Governments	1,331	3,055	748,050	752,436
Other Receivables		4,878		4,878
Restricted Cash and Cash Equivalents	100,001			100,001
<b>Total Assets</b>	<u>\$ 597,972</u>	<u>\$ 192,243</u>	<u>\$ 1,003,499</u>	<u>\$ 1,793,714</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Interfund Payable		\$ 143,114	\$ 195,322	\$ 338,436
Accounts Payable - Vendors	\$ 8,257	25,818	3,887	37,962
Loan Payable	192,077			192,077
Payable to Federal Government		3,662		3,662
Payable to State Government		16,019		16,019
Deferred Revenue		3,630		3,630
<b>Total Liabilities</b>	<u>200,334</u>	<u>192,243</u>	<u>199,209</u>	<u>591,786</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	100,001			100,001
Committed:				
Capital Projects			804,290	804,290
Assigned:				
Other Purposes	297,637			297,637
<b>Total Fund Balances</b>	<u>397,638</u>		<u>804,290</u>	<u>1,201,928</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 597,972</u>	<u>\$ 192,243</u>	<u>\$ 1,003,499</u>	

Amounts Reported for Governmental Activities in the Statement of  
Net Assets (A-1) are Different Because:

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not  
Reported in the Funds. The Cost of the Assets is \$22,463,480 and the Accumulated  
Depreciation is \$13,885,109.

8,588,061

Long-Term Liabilities, Including Compensated Absences, are not due and Payable in the Current  
Period and Therefore are not Reported as Liabilities in the Funds

(794,731)

Net Assets of Governmental Activities

\$ 8,995,258

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

**SUSSEX COUNTY TECHNICAL SCHOOL**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
<b>Local Sources:</b>				
County Tax Levy	\$ 7,826,010			\$ 7,826,010
Tuition from LEA's	13,310			13,310
Other Tuition	2,500			2,500
Other Restricted Miscellaneous Revenue	118,253			118,253
Unrestricted Miscellaneous Revenue	82,430	\$ 915		83,345
<b>Total - Local Sources</b>	<b>8,042,503</b>	<b>915</b>		<b>8,043,418</b>
State Sources	4,677,856	334,190	\$ 255,449	5,267,495
Federal Sources		548,935		548,935
<b>Total Revenues</b>	<b>12,720,359</b>	<b>884,040</b>	<b>255,449</b>	<b>13,859,848</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular Instruction	2,048,926	64,526		2,113,452
Special Education Instruction		144,386		144,386
Other Special Instruction	177,878			177,878
Vocational Education Instruction	2,295,888	87,638		2,383,526
School-Sponsored/Other Instruction	518,769			518,769
<b>Support Services and Undistributed Costs:</b>				
Student and Other Instruction Related Services	1,158,294	455,612		1,613,906
General Administration	342,265			342,265
School Administration	317,765			317,765
Central Services	342,185			342,185
Administrative Information Technology	84,876			84,876
Plant Operations and Maintenance	1,469,974			1,469,974
Student Transportation	102,704			102,704
Unallocated Benefits	3,083,644			3,083,644
Capital Outlay	170,512	76,850	\$ 557,442	804,804
Special Schools	441,718	55,028		496,746
<b>Total Expenditures</b>	<b>12,555,398</b>	<b>884,040</b>	<b>557,442</b>	<b>13,996,880</b>
<b>Excess/(Deficit) of Revenue Over/(Under) Expenditures</b>	<b>164,961</b>		<b>(301,993)</b>	<b>(137,032)</b>
<b>Other Financing Sources/(Uses):</b>				
Net County Bond Ordinance Proceeds			717,600	717,600
<b>Residual Equity/(Deficit) Transfer from Enterprise Funds:</b>				
Juvenile Detention Center	(9,366)			(9,366)
Pool	(40,211)			(40,211)
Charter School	25,629			25,629
Cancel Accounts Receivable from County			(190,000)	(190,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>(23,948)</b>		<b>527,600</b>	<b>503,652</b>
<b>Net Change in Fund Balances</b>	<b>141,013</b>		<b>225,607</b>	<b>366,620</b>
<b>Fund Balance - July 1</b>	<b>256,625</b>		<b>578,683</b>	<b>835,308</b>
<b>Fund Balance - June 30</b>	<b>\$ 397,638</b>	<b>\$ -0-</b>	<b>\$ 804,290</b>	<b>\$ 1,201,928</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2)	\$	366,620
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Depreciation Expense	\$	(448,752)
Capital Outlays		<u>768,963</u>
		320,211
Residual Equity Transfer of Capital Assets - Pool		9,690
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		35,746
In the statement of activities, certain operating expenses, e.g., compensated absences 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 (+).		<u>103,619</u>
Change in Net Assets of Governmental Activities	\$	<u><u>835,886</u></u>

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>
<b>ASSETS:</b>	
Current Assets:	
Intergovernmental Accounts Receivable:	
State	\$ 212
Federal	5,837
Other	56,057
Other Accounts Receivable	39,936
Inventories	8,471
Total Current Assets	<u>110,513</u>
Non-Current Assets:	
Capital Assets	483,760
Less: Accumulated Depreciation	<u>(32,456)</u>
Total Non-Current Assets	<u>451,304</u>
Total Assets	<u>561,817</u>
<b>LIABILITIES:</b>	
Current Liabilities:	
Interfund Payable	100,410
Accounts Payable - Vendors	10,527
Deferred Revenue	<u>1,147</u>
Total Current Liabilities	<u>112,084</u>
Noncurrent Liabilities:	
Capital Leases Payable:	
Due Within One Year	72,140
Due Beyond One Year	<u>259,700</u>
Total Noncurrent Liabilities	<u>331,840</u>
Total Liabilities	<u>443,924</u>
<b>NET ASSETS:</b>	
Investment in Capital Assets Net of Related Debt	119,464
Unrestricted/(Deficit)	<u>(1,571)</u>
Total Net Assets	<u>\$ 117,893</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN  
INTEGRAL PART OF THIS STATEMENT

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>
Operating Revenue:	
Daily Sales - Reimbursable Programs	\$ 123,787
Daily Sales - Non-Reimbursable Programs	56,387
Program Fees	906,309
Special Events	52,046
Miscellaneous Revenue	<u>22,198</u>
Total Operating Revenue	<u>1,160,727</u>
Operating Expenses:	
Cost of Sales	129,142
Salaries	585,811
Employee Benefits	186,114
Unemployment Compensation	4,682
Purchased Professional Educational Services	15,633
Maintenance	74,602
Lease Purchase Payment	34,011
Other Purchased Services	81,658
Supplies and Materials	120,363
Energy	60,550
Miscellaneous Expenditures	12,605
Depreciation Expense	<u>17,440</u>
Total Operating Expenses	<u>1,322,611</u>
Operating Loss	<u>(161,884)</u>
Non-Operating Income:	
State Sources:	
State School Lunch Program	2,610
Federal Sources:	
National School Lunch Program	56,509
School Breakfast Program	12,790
Food Distribution Program	<u>11,263</u>
Total Non-Operating Income	<u>83,172</u>
Change in Net Assets Before Other Financing Sources/(Uses)	(78,712)
Other Financing Sources/(Uses):	
Cancellation of Prior Year Accounts Receivable	(15,985)
Residual Deficit Transfer to General Fund	23,948
Residual Equity Transfer of Capital Assets to Governmental Activities	<u>(9,690)</u>
Change in Net Assets	(80,439)
Net Assets - Beginning of Year	<u>198,332</u>
Net Assets - End of Year	<u>\$ 117,893</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN  
INTEGRAL PART OF THIS STATEMENT

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,142,975
Interfund Advanced	98,950
Payments to/for Employees	(775,064)
Payments to Suppliers	(513,810)
	(46,949)
Net Cash Used for Operating Activities	(46,949)
Cash flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(24,626)
Lease Purchase Principal Payment	(21,560)
	(46,186)
Net Cash Used for Capital and Related Financing Activities	(46,186)
Cash Flows from Noncapital Financing Activities:	
Residual Deficit Transfer to General Fund	23,948
State Sources	2,632
Federal Sources	66,555
	93,135
Net Cash Provided by Noncapital Financing Activities	93,135
Net Decrease in Cash and Cash Equivalents	-0-
Cash and Cash Equivalents, July 1	-
Cash and Cash Equivalents, June 30	\$ -0-
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (161,884)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	17,440
Food Distribution Program	11,263
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(17,752)
Increase in Interfund Payable	98,950
Increase in Accounts Payable	8,727
Increase in Deferred Revenue	14
(Increase) in Inventory	(3,707)
	(3,707)
Net Cash Used for Operating Activities	\$ (46,949)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$11,277 and utilized Commodities valued at \$11,263. The Transportation Fund purchased capital assets valued at \$378,026, of which \$353,400 was purchased through lease purchase agreements. The Transportation Fund paid down \$21,560 of lease purchase payable.

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
JUNE 30, 2011

	<u>Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
<b><u>ASSETS:</u></b>			
Cash and Cash Equivalents	\$ 81,892	\$ 2,611	\$ 116,678
Investments		5,725	
Total Assets	<u>81,892</u>	<u>8,336</u>	<u>116,678</u>
<b><u>LIABILITIES:</u></b>			
Interfund Payable:			
General Fund	3,161		
Payroll Deductions and Withholdings	21,218		
Due to Student Groups	<u>57,513</u>		
Total Liabilities	<u>81,892</u>		
<b><u>NET ASSETS:</u></b>			
Held in Trust for Unemployment Claims			116,678
Reserved for Health Promotion Expenses		<u>8,336</u>	
Total Net Assets	<u>\$ -0-</u>	<u>\$ 8,336</u>	<u>\$ 116,678</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

SUSSEX COUNTY TECHNICAL SCHOOL  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members		\$ 14,796
Budget Appropriation:		
General Fund		165,000
Enterprise Fund - Juvenile Detention Center		4,682
Total Contributions		184,478
Investment Earnings:		
Interest	\$ 143	345
Net Investment Earnings	143	345
Total Additions	143	184,823
<b>DEDUCTIONS:</b>		
Unemployment Benefit Claims		185,631
Health Promotion Expenses	176	
Total Deductions	176	185,631
Change in Net Assets	(33)	(808)
Net Assets - Beginning of the Year	8,369	117,486
Net Assets - End of the Year	\$ 8,336	\$ 116,678

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Sussex County Technical School (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of officials who are appointed by the Sussex County Board of Chosen Freeholders and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Accordingly, the Sussex County Technical School is a component unit of the County of Sussex under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria other than the County of Sussex.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the Board of School Estimate, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: Because Vocational School capital projects are authorized by the County Board of Chosen Freeholders under a bond ordinance and the subsequent debt is funded directly from the County budget, the Debt Service Fund does not apply to the Sussex County Technical School.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Additionally, the District reports the following fund types:

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Juvenile Detention Center, the Swimming Pool, Transportation, Use of Facilities, Charter School and the Food Service Fund. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis are financed or recovered primarily through user charges. None of the District's individual Enterprise Funds is a major fund.

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, the Payroll Agency Fund, the Health Promotion Trust Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resource and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Reports for the District's Enterprise Funds are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County Board of School Estimate, which consists of three Sussex County freeholders and two Sussex County Technical School Board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts 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. Budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SDA grants in the Capital Projects Fund are recognized on the budgetary basis when awarded; while on a GAAP basis, revenue is recognized based on actual expenditures and when funds are requested for reimbursement.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>Capital Projects Fund</u>
Committed	\$ 1,175,874
Committed - Year End Encumbrances	<u>106,816</u>
Total Fund Balance - Budgetary Basis	1,282,690
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	<u>(478,400)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 804,290</u></u>

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>Capital Projects Fund</u>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 1,386,000		
SDA Grant Revenue not Recognized on GAAP Basis	(478,400)		
SDA Grant Revenue Recognized on GAAP Basis	<u>65,449</u>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 973,049</u>		
		<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:			
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 12,658,908	\$	881,998
Differences - Budget to GAAP:			
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:			
Current Year Encumbrances			(25,943)
Cancellation of Prior Year Encumbrances			(5,939)
Prior Year Encumbrances			33,924
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	445,607		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(384,156)</u>		
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 12,720,359</u>	\$	<u>884,040</u>
Uses/Outflows of Resources:			
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,555,398	\$	881,998
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 Year Encumbrances			(25,943)
Cancellation of Prior Year Encumbrances			(5,939)
Prior Year Encumbrances			33,924
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,555,398</u>	\$	<u>884,040</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type 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 the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a 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 of 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 the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed and/or assigned 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 revenue at fiscal year end.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances: (Cont'd)

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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line.

The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2011.

N. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. These employee contracts/agreements permit 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 these employee contracts/agreements.

In the district-wide *Statement of Net Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1D regarding the special revenue fund.

P. Fund Balance Appropriated

General Fund: Of the \$397,638 General Fund fund balance at June 30, 2011, \$297,637 is assigned for year end encumbrances, which is \$47,195 less than on a budgetary basis due to the final State Aid payments that are not recognized until the fiscal year ending June 30, 2012; \$100,001 is restricted in the capital reserve account; \$-0- has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2012, which is \$100,000 less than on a budgetary basis due to the final State Aid payments that are not recognized until the fiscal year ending June 30, 2012; and there is \$-0- unassigned fund balance, which is \$236,961 less than the calculated maximum unassigned fund balance due to the final State Aid payments that are not recognized until the fiscal year ending June 30, 2012.

Capital Projects Fund: The Capital Projects Fund has \$804,290 of committed fund balance at June 30, 2011, which is \$478,400 less on a GAAP basis due to the SDA grants not recognized until funds are requested for reimbursement.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

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-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2011.

Unassigned fund balance, on a GAAP basis, is less than the budgetary basis in the General Fund by \$236,961 and assigned fund balance in the General Fund for designated for subsequent year's expenditures is less on a GAAP basis than the budgetary basis in the amount of \$100,000 as of June 30, 2011 as reported in the fund statements. 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 payment 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 two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable.

Q. Deficit Fund Balances/Net Assets

The Transportation Enterprise Fund has a deficit in unrestricted net assets of \$71,698, due to operating losses. The District will resolve this deficit with contributions from either the General Fund or the other Enterprise Funds during the fiscal year ended June 30, 2012. The District has a deficit in unrestricted net assets of \$707,840 in governmental activities, which is due to the \$707,840 of compensated absences payable. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

The District also has a deficit of \$147,195 in unassigned fund balance in the General Fund, which is eliminated on the governmental funds balance sheet at June 30, 2011 by reducing the \$100,000 of assigned fund balance designated for subsequent year's expenditures by \$100,000 and reducing the \$344,832 assigned fund balance for other purposes by \$47,195. This deficit is due to the last two state aid payments, which are not being recognized on a GAAP basis until the fiscal year ended June 30, 2012, and does not indicate that the District is in financial difficulties.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B).

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

This Statement establishes 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.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

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 restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

A fund balance restriction has been established for a capital reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2011.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2011. However, these assignments are eliminated on the governmental fund balance sheet at June 30, 2011 due to the last two state aid payments, which are not being recognized on a GAAP basis until the fiscal year ended June 30, 2012.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: county taxes available as an advance, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales or program fees, as applicable, for the various Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board 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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits: (Cont'd)

Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2011, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Capital Reserve Account</u>	<u>Investments</u>	<u>Total</u>
Checking and Savings Accounts	\$ 236,617	\$ 100,001		\$ 336,618
Certificates of Deposit			\$ 5,725	5,725
	<u>\$ 236,617</u>	<u>\$ 100,001</u>	<u>\$ 5,725</u>	<u>\$ 342,343</u>

During the period ended June 30, 2011, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2011, was \$342,343 and the bank balance was \$581,492.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 10, 2000 in the amount of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Balance at June 30, 2010	\$ 1
Add:	
Transfer from Unassigned Fund Balance per Board Resolution - June 23, 2011	<u>100,000</u>
Balance at June 30, 2011	<u>\$ 100,001</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects at June 30, 2011 exceeds the balance in the capital reserve account at June 30, 2011.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,764,300			\$ 2,764,300
Construction in Progress	1,144,198	\$ 557,442	\$ (488,330)	1,213,310
Total Capital Assets Not Being Depreciated	<u>3,908,498</u>	<u>557,442</u>	<u>(488,330)</u>	<u>3,977,610</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	15,089,577	49,885	488,330	15,627,792
Machinery and Equipment	2,846,510	161,636	(136,514)	2,871,632
Total Capital Assets Being Depreciated	<u>17,936,087</u>	<u>211,521</u>	<u>351,816</u>	<u>18,499,424</u>
Governmental Activities Capital Assets	<u>21,844,585</u>	<u>768,963</u>	<u>(136,514)</u>	<u>22,477,034</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(11,680,624)	(295,101)		(11,975,725)
Machinery and Equipment	(1,905,801)	(153,651)	146,204	(1,913,248)
	<u>(13,586,425)</u>	<u>(448,752)</u>	<u>146,204</u>	<u>(13,888,973)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,258,160</u>	<u>\$ 320,211</u>	<u>\$ 9,690</u>	<u>\$ 8,588,061</u>
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 119,288	\$ 378,026	\$ (13,554)	\$ 483,760
Less Accumulated Depreciation	(18,880)	(17,440)	3,864	(32,456)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 100,408</u>	<u>\$ 360,586</u>	<u>\$ (9,690)</u>	<u>\$ 451,304</u>

The District had active construction projects totaling \$1,282,690 as of June 30, 2011. These projects are for various improvements to the District. At year end, the District had \$106,816 in outstanding construction encumbrances which are committed in the Capital Projects Fund at June 30, 2011.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 4,735
Special Education Instruction	2,610
Vocational Instruction	40,714
School-Sponsored/Other Instruction	941
Student and Instruction Related Services	1,713
General Administration	650
School Administration	373
Central Services	810
Operations and Maintenance of Plant	16,345
Transportation	43,450
Special Schools	29,134
Unallocated	307,277
	<u>\$ 448,752</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2010</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2011</u>
Capital Leases	\$ 122,637	\$ 353,400	\$ 57,306	\$ 418,731
Compensated Absences Payable	811,459	54,777	158,396	707,840
	<u>\$ 934,096</u>	<u>\$ 408,177</u>	<u>\$ 215,702</u>	<u>\$ 1,126,571</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the County of Sussex Board of Chosen Freeholders by adopting a bond ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the County of Sussex Board of Chosen Freeholders are general obligation bonds of the County of Sussex and therefore are not recorded as debt of the Sussex County Technical School.

B. Capital Leases Payable:

The District is leasing six buses and several copiers under capital leases valued at \$542,768 of which \$124,037 has been amortized. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 6. LONG-TERM LIABILITIES (Cont'd)

B. Capital Leases Payable (Cont'd):

<u>Year</u>	<u>Amount</u>
2012	\$ 115,930
2013	115,931
2014	81,919
2015	80,796
2016	<u>53,620</u>
	448,196
Less: Amount representing interest	<u>(29,465)</u>
Present value of net minimum lease payments	<u>\$ 418,731</u>

The current portion of Capital Leases payable at June 30, 2011 is \$108,917 and the long-term portion is \$309,814. The General Fund and Transportation Enterprise Fund will be used to liquidate the capital leases payable.

C. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$121,644 and is separated from the long-term liability balance of compensated absences of \$586,196.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Enterprise Funds.

The General Fund will be used to liquidate the compensated absences payable.

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at or after age 55 are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, 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 obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF.

District Contributions to PERS amounted to \$196,542, \$169,204 and \$154,524 for the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

During the fiscal years ended June 30, 2011, 2010 and 2009 the State of New Jersey contributed \$-0-, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2010, the State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$360,911, \$370,576 and \$372,289 for 2011, 2010 and 2009, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 9. 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 disasters. The District obtains their health benefit coverage through the State of New Jersey Health Benefit Plan.

Property and Liability Insurance

The District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

The audit report for the year ending June 30, 2011 was not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2010 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 34,204,943
Net Assets	\$ 12,737,759
Total Revenue	\$ 29,467,938
Total Expenses	\$ 29,997,505
Change in Net Assets	\$ (529,567)
Net Assets Distribution to Participating Members	\$ 1,150,000

Financial statements for the Fund are available at the Fund's Executive Director's office:

Public Entity Group Administrative Services  
51 Everette Drive  
Suite 105B  
Lawrenceville, NJ 08648

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 District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)New Jersey Unemployment Compensation Insurance (Cont'd)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010-2011	\$ 169,682	\$ 345	\$ 14,796	\$ 185,631	\$ 116,678
2009-2010	116,744	186	12,517	54,264	117,486
2008-2009	8,892	462	6,928	21,663	42,303

NOTE 10. ECONOMIC DEPENDENCY

The Board of Education 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, may have an effect on the Board of Education's programs and activities.

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The interfund receivable in the General Fund consists of interest earnings in the Fiduciary Funds due to the General Fund.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 442,007	
Special Revenue Fund		\$ 143,114
Capital Projects Fund		195,322
Enterprise Funds		100,410
Fiduciary Funds		3,161
	<u>\$ 442,007</u>	<u>\$ 442,007</u>

The interfund receivable in the General Fund and the interfund payables in the Special Revenue Fund, the Capital Projects Fund and the Enterprise Funds are interfund loans from the General Fund to the Special Revenue Fund, the Capital Projects Fund and the Enterprise Funds for cash flow purposes. The interfund payable in the Fiduciary Funds represents employee contributions for health benefits costs due to the General Fund.

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits 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 403(b) plan administrators are as follows:

Thomas Seely  
Security First  
Lincoln Investments  
Fidelity Investment  
Equitable/Equi-Vest

E- SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 12. DEFERRED COMPENSATION (Cont'd)

Lincoln Investments is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 13. TAX CALENDAR

Property taxes are levied by the County as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the County who then disburses those funds to the Vocational School on a predetermined mutually agreed-upon schedule.

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

The School participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The School is periodically involved in lawsuits. The School estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the School.

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<u>\$ 344,832</u>	<u>\$ 25,943</u>	<u>\$ 106,816</u>	<u>\$ 477,591</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2011, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$25,943 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in deferred revenue. The \$106,816 year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$804,290 committed fund balance on a GAAP basis at June 30, 2011. On the District's Governmental Funds Balance Sheet as of June 30, 2011, \$297,637 is assigned for year-end encumbrances in the General Fund, which is \$47,195 less than the amount assigned on a budgetary basis due to the final two state aid payments.

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 15. SHORT TERM LOAN PAYABLE

Due to the deferral of a second state aid payment, the District borrowed \$192,077 for cash flow purposes pursuant to N.J.S.A. 18A:22-44.2. The State remitted the two June state aid payments to the District in early July 2011. The State is responsible for the interest on the short term loan.

**BUDGETARY COMPARISON SCHEDULES**

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
County Tax Levy	\$ 7,826,010		\$ 7,826,010	\$ 7,826,010	
Tuition from LEA's				13,310	\$ 13,310
Tuition - Other (From Individuals)	20,654		20,654	2,500	(18,154)
Other Restricted Miscellaneous Revenue	114,000		114,000	82,430	(31,570)
Unrestricted Miscellaneous Revenues	67,500	\$ 53,608	121,108	118,253	(2,855)
<b>Total - Local Sources</b>	<u>8,028,164</u>	<u>53,608</u>	<u>8,081,772</u>	<u>8,042,503</u>	<u>(39,269)</u>
<b>State Sources:</b>					
Special Education Aid	279,364		279,364	279,364	
Equalization Aid	2,149,036		2,149,036	2,149,036	
Categorical Security Aid	45,759		45,759	45,759	
Adjustment Aid	1,370,348		1,370,348	1,370,348	
TPAF Non-Contributory Insurance (Non-Budgeted)				16,992	16,992
TPAF Post Retirement Contributions (Non-Budgeted)				360,911	360,911
TPAF Reimbursed Social Security (Non-Budgeted)				393,995	393,995
<b>Total State Sources</b>	<u>3,844,507</u>		<u>3,844,507</u>	<u>4,616,405</u>	<u>771,898</u>
<b>Total Revenues</b>	<u>11,872,671</u>	<u>53,608</u>	<u>11,926,279</u>	<u>12,658,908</u>	<u>732,629</u>

**SUSSEX COUNTY TECHNICAL SCHOOL**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Grades 9-12 - Salaries of Teachers	\$ 2,107,028	\$ (149,522)	\$ 1,957,506	\$ 1,953,544	\$ 3,962
Purchased Professional-Educational Services		1,000	1,000	705	295
Other Purchased Services	7,250	(1,700)	5,550	2,114	3,436
General Supplies	112,604	(22,763)	89,841	76,639	13,202
Textbooks	759	13,263	14,022	10,824	3,198
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	6,000		6,000	5,100	900
Purchased Professional/Educational Services	3,000	(2,000)	1,000		1,000
Total Regular Programs - Instruction	<u>2,236,641</u>	<u>(161,722)</u>	<u>2,074,919</u>	<u>2,048,926</u>	<u>25,993</u>
<b>Special Education Instruction:</b>					
<b>Resource Room/Resource Center:</b>					
General Supplies	1,614		1,614		1,614
Total Resource Room/Resource Center	<u>1,614</u>		<u>1,614</u>		<u>1,614</u>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	140,281	13,750	154,031	153,524	507
Other Salaries for Instruction	21,989		21,989	21,989	
General Supplies	2,890		2,890	2,365	525
Total Resource Room/Resource Center	<u>165,160</u>	<u>13,750</u>	<u>178,910</u>	<u>177,878</u>	<u>1,032</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Vocational Programs:</b>					
Salaries of Teachers	\$ 1,411,801	\$ 34,545	\$ 1,446,346	\$ 1,446,006	\$ 340
Other Purchased Services	46,618	(1,495)	45,123	35,741	9,382
General Supplies	214,119	68,347	282,466	261,220	21,246
Textbooks	12,147	20	12,167	10,693	1,474
<b>Total Regular Vocational Programs</b>	<u>1,684,685</u>	<u>101,417</u>	<u>1,786,102</u>	<u>1,753,660</u>	<u>32,442</u>
<b>Special Vocational Programs:</b>					
Salaries of Teachers	460,593	(3,800)	456,793	452,272	4,521
Other Salaries for Instruction	39,958	18,996	58,954	58,927	27
Other Purchased Services	3,331	(1,000)	2,331	1,487	844
General Supplies	33,133	(375)	32,758	27,505	5,253
Textbooks	2,037	1,500	3,537	2,037	1,500
<b>Special Vocational Programs</b>	<u>539,052</u>	<u>15,321</u>	<u>554,373</u>	<u>542,228</u>	<u>12,145</u>
<b>School-Sponsored Cocurricular Activities:</b>					
Salaries	62,556	(2,742)	59,814	59,120	694
Purchased Services	1,000	(125)	875	875	875
Supplies and Materials	29,283	(10,100)	19,183	18,498	685
Other Objects	47,100	6,500	53,600	51,615	1,985
<b>Total School-Sponsored Cocurricular Activities</b>	<u>139,939</u>	<u>(6,467)</u>	<u>133,472</u>	<u>129,233</u>	<u>4,239</u>
<b>School-Sponsored Athletics:</b>					
Salaries	307,337	(11,972)	295,365	294,976	389
Purchased Services	24,882	(16,499)	8,383	8,173	210

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
School-Sponsored Athletics (Cont'd):					
Supplies and Materials	\$ 51,279	\$ (24,000)	\$ 27,279	\$ 27,264	\$ 15
Other Objects	65,946	(6,000)	59,946	59,123	823
Total School-Sponsored Athletics	<u>449,444</u>	<u>(58,471)</u>	<u>390,973</u>	<u>389,536</u>	<u>1,437</u>
Total Instruction	<u>5,216,535</u>	<u>(96,172)</u>	<u>5,120,363</u>	<u>5,041,461</u>	<u>78,902</u>
Undist. Expend. - Attendance and Social Work Services:					
Salaries	23,508	2,550	26,058	26,048	10
Supplies and Materials	4,100	(2,800)	1,300	1,201	99
Total Undist. Expend. - Attendance and Social Work Services	<u>27,608</u>	<u>(250)</u>	<u>27,358</u>	<u>27,249</u>	<u>109</u>
Undist. Expend. - Health Services:					
Salaries	58,855	810	59,665	59,665	
Purchased Professional and Technical Services	4,159	(2,310)	1,849	1,378	471
Other Purchased Services	275		275	260	15
Supplies and Materials	3,350	(2,210)	1,140	1,119	21
Total Undist. Expend. - Health Services	<u>66,639</u>	<u>(3,710)</u>	<u>62,929</u>	<u>62,422</u>	<u>507</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	80,465	4,750	85,215	85,215	
Supplies and Materials	300		300		300
Total Undist. Expend. - Speech, OT, OT and Related Services	<u>80,765</u>	<u>4,750</u>	<u>85,515</u>	<u>85,215</u>	<u>300</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Guidance:</b>					
Salaries of Other Professional Staff	\$ 285,608	\$ (6,865)	\$ 278,743	\$ 275,445	\$ 3,298
Salaries of Secretarial and Clerical Assistants	87,755	(21,270)	66,485	66,122	363
Other Purchased Professional and Technical Services	10,632	(1,500)	9,132	8,955	177
Other Purchased Services	7,680	(4,000)	3,680	2,773	907
Supplies and Materials	9,378	(2,933)	6,445	6,445	
Other Objects	28,178	(6,417)	21,761	21,422	339
<b>Total Undist. Expend. - Guidance</b>	<u>429,231</u>	<u>(42,985)</u>	<u>386,246</u>	<u>381,162</u>	<u>5,084</u>
<b>Undist. Expend. - Child Study Team:</b>					
Salaries of Other Professional Staff	355,450	1,015	356,465	355,939	526
Salaries of Secretarial and Clerical Assistants	45,616		45,616	45,616	
Other Purchased Professional and Technical Services	3,750	1,475	5,225	5,143	82
Other Purchased Services	2,055	(225)	1,830	1,557	273
Supplies and Materials	2,400		2,400	2,312	88
<b>Total Undist. Expend. - Child Study Team</b>	<u>409,271</u>	<u>2,265</u>	<u>411,536</u>	<u>410,567</u>	<u>969</u>
<b>Undist. Expend. - Improvement of Instruction Services:</b>					
Salaries of Supervisors of Instruction	47,320	(1,000)	46,320	45,522	798
Salaries of Other Professional Staff	30,000	(24,000)	6,000	6,000	
Other Purchased Services	1,234		1,234	1,096	138
Supplies and Materials	1,500		1,500	522	978
<b>Total Undist. Expend. - Improvement of Instruction Services</b>	<u>80,054</u>	<u>(25,000)</u>	<u>55,054</u>	<u>53,140</u>	<u>1,914</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Educational Media Services/School Library:</b>					
Salaries	\$ 59,115		\$ 59,115	\$ 59,115	
Purchased Professional and Technical Services	63,751	\$ (24,600)	39,151	39,100	\$ 51
Other Purchased Services	15,220	(750)	14,470	14,074	396
Supplies and Materials	8,500		8,500	8,068	432
<b>Total Undist. Expend. - Educational Media Services/School Library</b>	<u>146,586</u>	<u>(25,350)</u>	<u>121,236</u>	<u>120,357</u>	<u>879</u>
<b>Undist. Expend. - Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff		9,700	9,700	9,670	30
Purchased Professional Educational Services	7,500	(1,600)	5,900	5,535	365
Other Purchased Services	4,000	(1,000)	3,000	2,977	23
<b>Total Undist. Expend. - Instructional Staff Training Services</b>	<u>11,500</u>	<u>7,100</u>	<u>18,600</u>	<u>18,182</u>	<u>418</u>
<b>Undist. Expend. - Support Services - General Administration:</b>					
Salaries	142,971	13,600	156,571	156,561	10
Legal Services	70,000	(16,000)	54,000	53,947	53
Audit Fees	34,000	1,000	35,000	35,000	
Architectural/ Engineering Services	10,000	14,300	24,300	24,280	20
Purchased Technical Services	16,798	4,750	21,548	20,508	1,040
Communications/Telephone	29,000	(7,550)	21,450	20,693	757
Board of Education Other Purchased Services	4,150	(2,225)	1,925	1,871	54
General Supplies	9,500	(4,500)	5,000	3,588	1,412
Miscellaneous Expenditures	7,850	400	8,250	8,125	125
Board of Education Membership Dues and Fees	20,650	(400)	20,250	17,692	2,558
<b>Total Undist. Expend. - Support Services - General Administration</b>	<u>344,919</u>	<u>3,375</u>	<u>348,294</u>	<u>342,265</u>	<u>6,029</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	\$ 178,407	\$ 12,000	\$ 190,407	\$ 189,399	\$ 1,008
Salaries of Secretarial and Clerical Assistants	93,707	(900)	92,807	92,278	529
Purchased Professional and Technical Services	5,296		5,296	3,504	1,792
Other Purchased Services	2,130	(1,100)	1,030	383	647
Supplies and Materials	25,200	1,800	27,000	26,700	300
Other Objects	8,300	(2,770)	5,530	5,501	29
<b>Total Undist. Expend. - Support Services - School Administration</b>	<b>313,040</b>	<b>9,030</b>	<b>322,070</b>	<b>317,765</b>	<b>4,305</b>
<b>Undistributed Expenditures - Central Services:</b>					
Salaries	293,695	(12,000)	281,695	281,616	79
Purchased Technical Services	16,390	7,366	23,756	23,620	136
Miscellaneous Purchased Services	12,250	(4,610)	7,640	7,623	17
Supplies and Materials	4,500	1,110	5,610	5,606	4
Interest on Lease Purchase Agreements	1,965	300	2,265	2,246	19
Miscellaneous Expenditures	15,090	6,500	21,590	21,474	116
<b>Total Undistributed Expenditures - Central Services</b>	<b>343,890</b>	<b>(1,334)</b>	<b>342,556</b>	<b>342,185</b>	<b>371</b>
<b>Undistributed Expend. - Administrative Information Technology:</b>					
Salaries	87,422	(2,000)	85,422	84,876	546
<b>Total Undistributed Expenditures - Admin. Info. Technology</b>	<b>87,422</b>	<b>(2,000)</b>	<b>85,422</b>	<b>84,876</b>	<b>546</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	379,042	30,900	409,942	399,920	10,022
Cleaning, Repair and Maintenance Services	198,104	65,649	263,753	246,822	16,931

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Required Maintenance for School Facilities: (Cont'd)</b>					
General Supplies	\$ 64,525	\$ 93,230	\$ 157,755	\$ 131,006	\$ 26,749
Other Objects	2,000		2,000	1,935	65
<b>Total Required Maintenance for School Facilities</b>	<u>643,671</u>	<u>189,779</u>	<u>833,450</u>	<u>779,683</u>	<u>53,767</u>
<b>Undist. Expend. - Custodial Services:</b>					
Salaries	221,300	(38,450)	182,850	173,717	9,133
Other Purchased Property Services	46,025	30,850	76,875	72,115	4,760
Insurance	41,572		41,572	40,818	754
Miscellaneous Purchased Services	1,000	1,520	2,520	2,074	446
General Supplies	36,500	(12,570)	23,930	23,461	469
Energy (Natural Gas)	20,000	(9,200)	10,800	10,654	146
Energy (Electricity)	318,150	(121,250)	196,900	196,569	331
Energy (Oil)	170,800	(40,600)	130,200	129,962	238
<b>Total Undist. Expend. - Custodial Services</b>	<u>855,347</u>	<u>(189,700)</u>	<u>665,647</u>	<u>649,370</u>	<u>16,277</u>
<b>Undist. Expend. - Care and Upkeep of Grounds:</b>					
Salaries	6,240	1,100	7,340	7,260	80
Cleaning, Repair and Maintenance Services	9,075	(2,000)	7,075	5,201	1,874
General Supplies	8,000	(7,000)	1,000	1,000	
<b>Total Undist. Expend. - Care and Upkeep of Grounds</b>	<u>23,315</u>	<u>(7,900)</u>	<u>15,415</u>	<u>13,461</u>	<u>1,954</u>
<b>Undist. Expend. - Security:</b>					
Salaries	28,832	(1,100)	27,732	27,460	272
<b>Total Undist. Expend. - Security</b>	<u>28,832</u>	<u>(1,100)</u>	<u>27,732</u>	<u>27,460</u>	<u>272</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Undist. Expend. - Student Transportation Services:</b>					
<b>Salaries for Pupil Transportation:</b>					
Salaries of Non-Instructional Aides		\$ 2,300	\$ 2,300	\$ 2,210	\$ 90
Between Home and School - Regular	\$ 61,869	(2,000)	59,869	57,835	2,034
Cleaning, Repair and Maintenance Services	40,000	(700)	39,300	39,254	46
Contracted Services - Other than Between Home and School		3,075	3,075	2,800	275
Other Objects	1,000	(375)	625	605	20
<b>Total Undist. Expend. - Student Transportation Services</b>	<u>102,869</u>	<u>2,300</u>	<u>105,169</u>	<u>102,704</u>	<u>2,465</u>
<b>Unallocated Benefits:</b>					
Social Security Contributions	182,000	(25,480)	156,520	155,702	818
Other Retirement Contributions - PERS	176,242	20,369	196,611	196,542	69
Other Retirement Contributions - Regular		9,231	9,231	9,231	
Unemployment Compensation	137,071	27,956	165,027	165,000	27
Workmen's Compensation	136,269	400	136,669	136,336	333
Health Benefits	1,532,944	(58,614)	1,474,330	1,470,564	3,766
Tuition Reimbursement	48,360	(11,300)	37,060	29,332	7,728
Other Employee Benefits	140,107	9,000	149,107	149,039	68
<b>Total Unallocated Benefits</b>	<u>2,352,993</u>	<u>(28,438)</u>	<u>2,324,555</u>	<u>2,311,746</u>	<u>12,809</u>
<b>On-Behalf Contributions:</b>					
TPAF Non-Contributory Insurance (non-budgeted)				16,992	(16,992)
On-Behalf Post Retirement Contributions (non-budgeted)				360,911	(360,911)
Reimbursed TPAF Social Security Contributions (non-budgeted)				393,995	(393,995)
<b>Total On-Behalf Contributions</b>				<u>771,898</u>	<u>(771,898)</u>
<b>Total Personal Services - Employee Benefits</b>	<u>2,352,993</u>	<u>(28,438)</u>	<u>2,324,555</u>	<u>3,083,644</u>	<u>(759,089)</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 6,347,952	\$ (109,168)	\$ 6,238,784	\$ 6,901,707	\$ (662,923)
TOTAL GENERAL CURRENT EXPENSE	11,564,487	(205,340)	11,359,147	11,943,168	(584,021)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	990	38,410	39,400		39,400
Vocational Programs:					
Regular Programs	4,650	13,775	18,425	14,116	4,309
Undistributed Expenses:					
School Administration		8,500	8,500		8,500
Central Services	2,460	12,130	14,590	575	14,015
Required Maintenance for School Facilities	7,800	45,200	53,000	21,300	31,700
Total Equipment	15,900	118,015	133,915	35,991	97,924
Facilities Acquisition and Construction Services:					
Construction Services	88,238	194,133	282,371	131,592	150,779
Other Objects	2,929		2,929	2,929	
Total Facilities Acquisition and Construction Services	91,167	194,133	285,300	134,521	150,779
TOTAL CAPITAL OUTLAY	107,067	312,148	419,215	170,512	248,703

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
SPECIAL SCHOOLS:					
Vocational Evening - Local - Instruction:					
Salaries of Teachers	\$ 35,500	\$ (19,250)	\$ 16,250	\$ 15,946	\$ 304
General Supplies	16,100	(12,050)	4,050	3,865	185
Textbooks	1,500	(1,000)	500	500	
Other Objects	2,000		2,000	2,000	
Total Vocational Evening - Local - Instruction	<u>55,100</u>	<u>(32,300)</u>	<u>22,800</u>	<u>22,311</u>	<u>489</u>
Vocational Evening - Local - Support Services:					
Salaries	137,004	1,000	138,004	134,283	3,721
Personal Services - Employee Benefits	41,701	(7,250)	34,451	34,035	416
Other Purchased Services	15,425	(150)	15,275	15,194	81
Supplies and Materials	250,395	(14,500)	235,895	235,895	
Total Vocational Evening - Local - Support Services	<u>444,525</u>	<u>(20,900)</u>	<u>423,625</u>	<u>419,407</u>	<u>4,218</u>
TOTAL SPECIAL SCHOOLS	<u>499,625</u>	<u>(53,200)</u>	<u>446,425</u>	<u>441,718</u>	<u>4,707</u>
TOTAL EXPENDITURES	<u>12,171,179</u>	<u>53,608</u>	<u>12,224,787</u>	<u>12,555,398</u>	<u>(330,611)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(298,508)</u>		<u>(298,508)</u>	<u>103,510</u>	<u>402,018</u>
Other Financing Sources/(Uses):					
Residual Equity/(Deficit) Transfer from Enterprise Funds:					
Juvenile Detention Center				(9,366)	(9,366)
Pool				(40,211)	(40,211)
Charter School				25,629	25,629
Total Other Financing Sources/(Uses)				<u>(23,948)</u>	<u>(23,948)</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Financing Uses	\$ (298,508)		\$ (298,508)	\$ 79,562	\$ 378,070
Fund Balance, July 1	<u>702,232</u>		<u>702,232</u>	<u>702,232</u>	
Fund Balance, June 30	<u>\$ 403,724</u>	<u>\$ -0-</u>	<u>\$ 403,724</u>	<u>\$ 781,794</u>	<u>\$ 378,070</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 100,001	
Assigned:					
Year End Encumbrances				344,832	
Designated for Subsequent Year's Expenditures				100,000	
Unassigned				<u>236,961</u>	
				781,794	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not recognized on a GAAP basis				<u>(384,156)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 397,638</u>	

SUSSEX COUNTY TECHNICAL SCHOOL  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources		\$ 3,915	\$ 3,915	\$ 915	\$ (3,000)
State Sources	\$ 334,876	3,703	338,579	331,844	(6,735)
Federal Sources	493,822	174,287	668,109	549,239	(118,870)
<b>Total Revenues</b>	<b>828,698</b>	<b>181,905</b>	<b>1,010,603</b>	<b>881,998</b>	<b>(128,605)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	289,878	(68,904)	220,974	211,116	9,858
Purchased Professional - Educational Services		17,892	17,892	3,150	14,742
General Supplies	48,436	135,313	183,749	122,887	60,862
Textbooks		500	500	500	
<b>Total Instruction</b>	<b>338,314</b>	<b>84,801</b>	<b>423,115</b>	<b>337,653</b>	<b>85,462</b>
<b>Support Services:</b>					
Salaries of Program Directors	171,006	(138,159)	32,847	20,127	12,720
Salaries of Other Professional Staff	319,378	(65,143)	254,235	244,291	9,944
Personal Services - Employee Benefits		92,190	92,190	83,027	9,163
Purchased Professional and Technical Services		25,667	25,667	20,700	4,967
Purchased Professional - Educational Services		59,090	59,090	54,212	4,878
Other Purchased Services		2,069	2,069	975	1,094
Transportation		9,000	9,000	9,000	
Supplies and Materials		15,505	15,505	15,332	173
Other Objects		5,955	5,955	5,751	204
<b>Total Support Services</b>	<b>490,384</b>	<b>6,174</b>	<b>496,558</b>	<b>453,415</b>	<b>43,143</b>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment		70,338	70,338	70,338	
Building/Renovation		20,592	20,592	20,592	
<b>Total Facilities Acquisition and Construction Services</b>		<b>90,930</b>	<b>90,930</b>	<b>90,930</b>	
<b>Total Expenditures</b>	<b>\$ 828,698</b>	<b>\$ 181,905</b>	<b>\$ 1,010,603</b>	<b>\$ 881,998</b>	<b>\$ 128,605</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 12,658,908	\$ 881,998
<b>Difference - Budget to GAAP:</b>		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(25,943)
Cancellation of Prior Year Encumbrances		(5,939)
Prior Year Encumbrances		33,924
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	445,607	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(384,156)	
<b>Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.</b>	<b>\$ 12,720,359</b>	<b>\$ 884,040</b>
<b>Uses/Outflows of Resources:</b>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 12,555,398	\$ 881,998
<b>Differences - Budget to GAAP:</b>		
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 Year Encumbrances		(25,943)
Cancellation of Prior Year Encumbrances		(5,939)
Prior Year Encumbrances		33,924
<b>Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds</b>	<b>\$ 12,555,398</b>	<b>\$ 884,040</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County School Board of Estimate, which consists of three Sussex County Freeholders and two Sussex County Technical School Board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts 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. Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUSSEX COUNTY TECHNICAL SCHOOL  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Adolescent Pregnancy Prevention Initiative	Adolescent Pregnancy Prevention Initiative FY10	School Based Youth Services	Apprenticeship Coordinator	<u>Carl D. Perkins</u>	
					Post Secondary	Secondary
<b>REVENUES</b>						
Local Sources						
State Sources	\$ 60,931	\$ 17	\$ 252,446	\$ 10,650		
Federal Sources					\$ 83,454	\$ 105,953
<b>Total Revenues</b>	<u>60,931</u>	<u>17</u>	<u>252,446</u>	<u>10,650</u>	<u>83,454</u>	<u>105,953</u>
<b>EXPENDITURES</b>						
Instruction:						
Salaries of Teachers						
Purchased Professional - Educational Services						
Purchased Professional - Technical Services						
General Supplies					41,110	61,528
Textbooks						
<b>Total Instruction</b>					<u>41,110</u>	<u>61,528</u>
Support Services:						
Salaries of Program Directors				9,650	3,874	4,423
Salaries of Other Professional Staff	41,355		190,955		296	
Personal Services - Employee Benefits	9,338		42,740	1,000		338
Purchased Professional - Technical Services	4,000		4,000			
Purchased Professional - Educational Services						7,500
Other Purchased Services						
Transportation						
Supplies and Materials	5,706	17	9,532			
Other Objects	532		5,219			
<b>Total Support Services</b>	<u>60,931</u>	<u>17</u>	<u>252,446</u>	<u>10,650</u>	<u>4,170</u>	<u>12,261</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment					38,174	32,164
Building/Renovation						
<b>Total Facilities Acquisition and Construction Services</b>					<u>38,174</u>	<u>32,164</u>
<b>Total Expenditures</b>	<u>\$ 60,931</u>	<u>\$ 17</u>	<u>\$ 252,446</u>	<u>\$ 10,650</u>	<u>\$ 83,454</u>	<u>\$ 105,953</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind			Title II D FY 10
	Title I	Title I FY 10	Title II A	
<b>REVENUES</b>				
Local Sources				
State Sources				
Federal Sources	\$ 29,177	\$ 2,449	\$ 7,305	\$ 251
<b>Total Revenues</b>	<u>29,177</u>	<u>2,449</u>	<u>7,305</u>	<u>251</u>
<b>EXPENDITURES</b>				
Instruction:				
Salaries of Teachers	23,102		6,372	
Purchased Professional - Educational Services	1,493			
General Supplies				35
Textbooks				
<b>Total Instruction</b>	<u>24,595</u>		<u>6,372</u>	<u>35</u>
Support Services:				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits	3,382		933	
Purchased Professional - Technical Services	1,200	2,449		216
Purchased Professional - Educational Services				
Other Purchased Services				
Transportation				
Supplies and Materials				
Other Objects				
<b>Total Support Services</b>	<u>4,582</u>	<u>2,449</u>	<u>933</u>	<u>216</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Building/Renovation				
<b>Total Facilities Acquisition and Construction Services</b>				
<b>Total Expenditures</b>	<u>\$ 29,177</u>	<u>\$ 2,449</u>	<u>\$ 7,305</u>	<u>\$ 251</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Local Grants		Rural Education Achievement Program		ARRA	
	Lemelson MIT	Wal-Mart	FY 11	Carryover FY 10	I.D.E.A. Basic	Title I
<b>REVENUES</b>						
Local Sources	\$ 7	\$ 908				
State Sources						
Federal Sources			\$ 3,614	\$ 13,311	\$ 22,975	\$ 8,283
<b>Total Revenues</b>	<u>7</u>	<u>908</u>	<u>3,614</u>	<u>13,311</u>	<u>22,975</u>	<u>8,283</u>
<b>EXPENDITURES</b>						
Instruction:						
Salaries of Teachers						4,877
Purchased Professional - Educational Services						1,657
General Supplies	7	908	1,443	10,732	2,383	
Textbooks			500			
<b>Total Instruction</b>	<u>7</u>	<u>908</u>	<u>1,943</u>	<u>10,732</u>	<u>2,383</u>	<u>6,534</u>
Support Services:						
Salaries of Program Directors						
Salaries of Other Professional Staff						
Personal Services - Employee Benefits						714
Purchased Professional - Technical Services						1,035
Purchased Professional - Educational Services			1,671	2,579		
Other Purchased Services						
Transportation						
Supplies and Materials						
Other Objects						
<b>Total Support Services</b>			<u>1,671</u>	<u>2,579</u>		<u>1,749</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Building/Renovation					20,592	
<b>Total Facilities Acquisition and Construction Services</b>					<u>20,592</u>	
<b>Total Expenditures</b>	<u>\$ 7</u>	<u>\$ 908</u>	<u>\$ 3,614</u>	<u>\$ 13,311</u>	<u>\$ 22,975</u>	<u>\$ 8,283</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Curriculum for Agricultural Science Education	I.D.E.A. Part B, Basic	Workforce Investment Act Program	Tech Prep Carryover FY10	Total
<b>REVENUES</b>					
Local Sources					\$ 915
State Sources	\$ 7,800				331,844
Federal Sources		\$ 162,792	\$ 36,572	\$ 73,103	549,239
<b>Total Revenues</b>	<u>7,800</u>	<u>162,792</u>	<u>36,572</u>	<u>73,103</u>	<u>881,998</u>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
Salaries of Teachers		142,003	13,900	20,862	211,116
Purchased Professional - Educational Services					3,150
General Supplies				4,741	122,887
Textbooks					500
<b>Total Instruction</b>		<u>142,003</u>	<u>13,900</u>	<u>25,603</u>	<u>337,653</u>
<b>Support Services:</b>					
Salaries of Program Directors				2,180	20,127
Salaries of Other Professional Staff			11,685		244,291
Personal Services - Employee Benefits		20,789	1,987	1,806	83,027
Purchased Professional - Technical Services	7,800				20,700
Purchased Professional - Educational Services				42,462	54,212
Other Purchased Services				975	975
Transportation			9,000		9,000
Supplies and Materials				77	15,332
Other Objects					5,751
<b>Total Support Services</b>	<u>7,800</u>	<u>20,789</u>	<u>22,672</u>	<u>47,500</u>	<u>453,415</u>
<b>Facilities Acquisition and Construction Services:</b>					
Instructional Equipment					70,338
Building/Renovation					20,592
<b>Total Facilities Acquisition and Construction Services</b>					<u>90,930</u>
<b>Total Expenditures</b>	<u>\$ 7,800</u>	<u>\$ 162,792</u>	<u>\$ 36,572</u>	<u>\$ 73,103</u>	<u>\$ 881,998</u>

CAPITAL PROJECTS FUND

SUSSEX COUNTY TECHNICAL SCHOOL  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 668,400
Net County Bond Ordinance Proceeds	717,600
	<hr/>
Total Revenue and Other Financing Sources	1,386,000
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	56,851
Construction Services	500,591
Cancel Accounts Receivable from County	190,000
	<hr/>
Total Expenditures	747,442
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	638,558
	<hr/>
Fund Balance - Beginning of Year	644,132
	<hr/>
Fund Balance - End of Year	\$ 1,282,690
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 1,175,874
Committed - Year End Encumbrances	106,816
	<hr/>
Total Fund Balance - Budgetary Basis	1,282,690
	<hr/>
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	(478,400)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 804,290
	<hr/> <hr/>

SUSSEX COUNTY TECHNICAL SCHOOL  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
VARIOUS IMPROVEMENTS TO THE SUSSEX COUNTY TECHNICAL SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Bond Ordinance Proceeds	\$ 500,000		\$ 500,000	\$ 500,000
Revenue and Other Financing Sources	<u>500,000</u>		<u>500,000</u>	<u>500,000</u>
Expenditures:				
Purchased Professional and Technical Services	153,770	\$ 4,716	158,486	66,750
Construction Services	323,509	6,335	329,844	415,250
Equipment	11,670		11,670	18,000
Total Expenditures	<u>488,949</u>	<u>11,051</u>	<u>500,000</u>	<u>500,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 11,051</u>	<u>\$ (11,051)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

County Bond Ordinance Authorization Date	8/22/07
County Bond Ordinance Authorized	\$ 500,000
Original Authorized Cost	\$ 500,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 500,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/08
Revised Target Completion Date	06/11

SUSSEX COUNTY TECHNICAL SCHOOL  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
VARIOUS IMPROVEMENTS TO THE SUSSEX COUNTY TECHNICAL SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Bond Ordinance Proceeds	\$ 800,000		\$ 800,000	\$ 800,000
Revenue and Other Financing Sources	<u>800,000</u>		<u>800,000</u>	<u>800,000</u>
Expenditures:				
Purchased Professional and Technical Services		\$ 12,776	12,776	
Construction Services	648,641	97,858	746,499	800,000
Total Expenditures	<u>648,641</u>	<u>110,634</u>	<u>759,275</u>	<u>800,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 151,359</u>	<u>\$ (110,634)</u>	<u>\$ 40,725</u>	<u>\$ -0-</u>

Additional Project Information:

County Bond Ordinance Authorization	
Date	3/11/09
County Bond Ordinance Authorized	\$ 800,000
Original Authorized Cost	\$ 800,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 800,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	95%
Original Target Completion Date	11/09
Revised Target Completion Date	01/12

**SUSSEX COUNTY TECHNICAL SCHOOL**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**CONNECTION TO SPARTA TOWNSHIP WATER SUPPLY SYSTEM**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 190,000	\$ 190,000	\$ 190,000
County Bond Ordinance Proceeds	\$ 500,000	(190,000)	310,000	310,000
Revenue and Other Financing Sources	<u>500,000</u>		<u>500,000</u>	<u>500,000</u>
Expenditures:				
Purchased Professional and Technical Services	18,278	6,320	24,598	22,500
Construction Services		396,398	396,398	477,500
Total Expenditures	<u>18,278</u>	<u>402,718</u>	<u>420,996</u>	<u>500,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 481,722</u>	<u>\$ (402,718)</u>	<u>\$ 79,004</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Numbers	5110-010-09-GOXR
Grant Date	11/24/10
County Bond Ordinance Authorization Date	10/14/09
County Bond Ordinance Authorized	\$ 500,000
Original Authorized Cost	\$ 500,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 500,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	84%
Original Target Completion Date	06/11
Revised Target Completion Date	01/12

SUSSEX COUNTY TECHNICAL SCHOOL  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
KITCHEN HVAC AND ELECTRICAL UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenue and Other Financing Sources:</b>				
State Sources - SDA Grant		\$ 188,000	\$ 188,000	\$ 188,000
County Bond Ordinance Proceeds		282,000	282,000	282,000
<b>Total Revenue and Other Financing Sources</b>		<b>470,000</b>	<b>470,000</b>	<b>470,000</b>
<b>Expenditures:</b>				
Purchased Professional and Technical Services		4,100	4,100	41,000
Construction Services				429,000
<b>Total Expenditures</b>		<b>4,100</b>	<b>4,100</b>	<b>470,000</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<b>\$ -0-</b>	<b>\$ 465,900</b>	<b>\$ 465,900</b>	<b>\$ -0-</b>

Additional Project Information:

Project Numbers	5110-010-09-G0XO
Grant Date	6/1/11
County Bond Ordinance Authorization Date	3/9/11
County Bond Ordinance Authorized	\$ 282,000
Original Authorized Cost	\$ 470,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 470,000
Percentage Increase over Original Authorized Cost	0.87%
Percentage Completion	1%
Original Target Completion Date	10/12
Revised Target Completion Date	10/12

SUSSEX COUNTY TECHNICAL SCHOOL  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
MAIN ELECTRICAL SERVICE PANELS REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenue and Other Financing Sources:</b>				
State Sources - SDA Grant		\$ 52,400	\$ 52,400	\$ 52,400
County Bond Ordinance Proceeds		78,600	78,600	78,600
<b>Total Revenue and Other Financing Sources</b>		<b>131,000</b>	<b>131,000</b>	<b>131,000</b>
<b>Expenditures:</b>				
Purchased Professional and Technical Services		9,339	9,339	11,100
Construction Services				119,900
<b>Total Expenditures</b>		<b>9,339</b>	<b>9,339</b>	<b>131,000</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<b>\$ -0-</b>	<b>\$ 121,661</b>	<b>\$ 121,661</b>	<b>\$ -0-</b>

Additional Project Information:

Project Numbers	5110-010-09-G0XP
Grant Date	6/1/11
County Bond Ordinance Authorization Date	3/9/11
County Bond Ordinance Authorized	\$ 78,600
Original Authorized Cost	\$ 131,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 131,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	7%
Original Target Completion Date	10/11
Revised Target Completion Date	10/11

SUSSEX COUNTY TECHNICAL SCHOOL  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
BOILER REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenue and Other Financing Sources:</b>				
State Sources - SDA Grant		\$ 168,000	\$ 168,000	\$ 168,000
County Bond Ordinance Proceeds		252,000	252,000	252,000
<b>Total Revenue and Other Financing Sources</b>		<b>420,000</b>	<b>420,000</b>	<b>420,000</b>
<b>Expenditures:</b>				
Purchased Professional and Technical Services		19,600	19,600	35,000
Construction Services				385,000
<b>Total Expenditures</b>		<b>19,600</b>	<b>19,600</b>	<b>420,000</b>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<b>\$ -0-</b>	<b>\$ 400,400</b>	<b>\$ 400,400</b>	<b>\$ -0-</b>

Additional Project Information:

Project Numbers	5110-010-09-G0XQ
Grant Date	6/1/11
County Bond Ordinance Authorization Date	3/9/11
County Bond Ordinance Authorized	\$ 252,000
Original Authorized Cost	\$ 420,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 420,000
Percentage Increase over Original Authorized Cost	4.67%
Percentage Completion	5%
Original Target Completion Date	10/12
Revised Target Completion Date	10/12

**SUSSEX COUNTY TECHNICAL SCHOOL**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**TELEPHONE SYSTEM REPLACEMENT/UPGRADE**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
<b>Revenue and Other Financing Sources:</b>				
State Sources - SDA Grant		\$ 30,000	\$ 30,000	\$ 30,000
County Bond Ordinance Proceeds		45,000	45,000	45,000
<b>Total Revenue and Other Financing Sources</b>		<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
<b>Expenditures:</b>				
Purchased Professional and Technical Services				9,000
Construction Services				66,000
<b>Total Expenditures</b>				<u>75,000</u>
<b>Excess of Revenue and Other Financing Sources Over Expenditures</b>	<u>\$ -0-</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -0-</u>

**Additional Project Information:**

Project Numbers	5110-010-09-G0XU
Grant Date	6/1/11
County Bond Ordinance Authorization Date	3/9/11
County Bond Ordinance Authorized	\$ 45,000
Original Authorized Cost	\$ 75,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 75,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	12/11
Revised Target Completion Date	12/11

SUSSEX COUNTY TECHNICAL SCHOOL  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
TECHNOLOGY SYSTEM UPGRADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 40,000	\$ 40,000	\$ 40,000
County Bond Ordinance Proceeds		60,000	60,000	60,000
Total Revenue and Other Financing Sources		100,000	100,000	100,000
Expenditures:				
Purchased Professional and Technical Services				12,000
Construction Services				88,000
Total Expenditures				100,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 100,000	\$ 100,000	\$ -0-

Additional Project Information:

Project Numbers	5110-010-09-G0XV
Grant Date	6/1/11
County Bond Ordinance Authorization Date	3/9/11
County Bond Ordinance Authorized	\$ 60,000
Original Authorized Cost	\$ 100,000
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 100,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	10/12
Revised Target Completion Date	10/12

PROPRIETARY FUNDS

SUSSEX COUNTY TECHNICAL SCHOOL  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Juvenile Detention Center</u>	<u>Swimming Pool</u>	<u>Transportation</u>	<u>Use of Facilities</u>	<u>Charter School</u>	<u>Food Service</u>	<u>Totals</u>
<b>ASSETS:</b>							
<b>Current Assets:</b>							
Intrafund Receivable				\$ 21,600		\$ 3,596	\$ 25,196
<b>Intergovernmental Accounts Receivable:</b>							
State						212	212
Federal						5,837	5,837
Other			\$ 54,317			1,740	56,057
Other Accounts Receivable			10,118	22,747		7,071	39,936
Inventories						8,471	8,471
<b>Total Current Assets</b>			<b>64,435</b>	<b>44,347</b>		<b>26,927</b>	<b>135,709</b>
<b>Non-Current Assets:</b>							
Capital Assets			415,296			68,464	483,760
Less: Accumulated Depreciation			(16,724)			(15,732)	(32,456)
<b>Total Non-Current Assets</b>			<b>398,572</b>			<b>52,732</b>	<b>451,304</b>
<b>Total Assets</b>			<b>463,007</b>	<b>44,347</b>		<b>79,659</b>	<b>587,013</b>
<b>LIABILITIES:</b>							
<b>Current Liabilities:</b>							
Intrafund Payable			125,606				125,606
Accounts Payable			10,527				10,527
Deferred Revenue						1,147	1,147
<b>Total Current Liabilities:</b>			<b>136,133</b>			<b>1,147</b>	<b>137,280</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Juvenile Detention Center</u>	<u>Swimming Pool</u>	<u>Transportation</u>	<u>Use of Facilities</u>	<u>Charter School</u>	<u>Food Service</u>	<u>Totals</u>
<b>LIABILITIES: (Cont'd)</b>							
<b>Noncurrent Liabilities:</b>							
<b>Capital Leases Payable:</b>							
Due Within One Year			\$ 72,140				\$ 72,140
Due Beyond One Year			259,700				259,700
<b>Total Noncurrent Liabilities</b>			<u>331,840</u>				<u>331,840</u>
<b>Total Liabilities</b>			<u>467,973</u>			<u>\$ 1,147</u>	<u>469,120</u>
<b>NET ASSETS:</b>							
Investment in Capital Assets Net of Related Debt Unrestricted/(Deficit)			66,732			52,732	119,464
			<u>(71,698)</u>	<u>\$ 44,347</u>		<u>25,780</u>	<u>(1,571)</u>
<b>Total Net Assets</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ (4,966)</u>	<u>\$ 44,347</u>	<u>\$ -0-</u>	<u>\$ 78,512</u>	<u>\$ 117,893</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Juvenile Detention Center	Swimming Pool	Transportation	Use of Facilities	Charter School	Food Service	Totals
<b>Operating Revenue:</b>							
Daily Sales - Reimbursable Programs						\$ 123,787	\$ 123,787
Daily Sales - Non-Reimbursable Programs						56,387	56,387
Charges for Services - Program Fees		\$ 5,805	\$ 719,144	\$ 127,752	\$ 53,608		906,309
Special Events						52,046	52,046
Miscellaneous Revenue						22,198	22,198
<b>Total Operating Revenue</b>		<b>5,805</b>	<b>719,144</b>	<b>127,752</b>	<b>53,608</b>	<b>254,418</b>	<b>1,160,727</b>
<b>Operating Expenses:</b>							
Cost of Sales						129,142	129,142
Salaries		15,404	452,084	30,856		87,467	585,811
Employee Benefits		1,178	147,128	2,861		34,947	186,114
Unemployment Compensation	\$ 4,682						4,682
Purchased Professional Technical Services		1,446		14,187			15,633
Maintenance			20,994		53,608		74,602
Lease Purchase Payment			34,011				34,011
Other Purchased Services			11,725			69,933	81,658
Supplies and Materials		8,989	102,367			9,007	120,363
Energy				60,550			60,550
Miscellaneous Expenditures			4,294	5,375		2,936	12,605
Depreciation Expense		1,228	9,399			6,813	17,440
<b>Total Operating Expenses</b>	<b>4,682</b>	<b>28,245</b>	<b>782,002</b>	<b>113,829</b>	<b>53,608</b>	<b>340,245</b>	<b>1,322,611</b>
<b>Operating Income/(Loss)</b>	<b>(4,682)</b>	<b>(22,440)</b>	<b>(62,858)</b>	<b>13,923</b>		<b>(85,827)</b>	<b>(161,884)</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Juvenile Detention Center	Swimming Pool	Transportation	Use of Facilities	Charter School	Food Service	Totals
Non-Operating Income:							
State Sources:							
State School Lunch Program						\$ 2,610	\$ 2,610
Federal Sources:							
National School Lunch Program						56,509	56,509
School Breakfast Program						12,790	12,790
Food Distribution Program						11,263	11,263
<b>Total Non-Operating Income</b>						<b>83,172</b>	<b>83,172</b>
Change in Net Assets Before Other Financing Sources/(Uses)	\$ (4,682)	\$ (22,440)	\$ (62,858)	\$ 13,923		(2,655)	(78,712)
Other Financing Sources/(Uses):							
Cancellation of Prior Year Accounts Receivable Residual (Equity)/Deficit Transfer to General Fund	9,366	40,211	(15,606)	(54)	\$ (325)		(15,985)
Residual Equity Transfer of Capital Assets to Governmental Activities		(9,690)			(25,629)		23,948
<b>Total Other Financing Sources/(Uses)</b>	<b>9,366</b>	<b>30,521</b>	<b>(15,606)</b>	<b>(54)</b>	<b>(25,954)</b>		<b>(1,727)</b>
Change in Net Assets	4,684	8,081	(78,464)	13,869	(25,954)	(2,655)	(80,439)
Net Assets/(Deficit) - Beginning of Year	(4,684)	(8,081)	73,498	30,478	25,954	81,167	198,332
Net Assets - End of Year	\$ -0-	\$ -0-	\$ (4,966)	\$ 44,347	\$ -0-	\$ 78,512	\$ 117,893

SUSSEX COUNTY TECHNICAL SCHOOL  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Juvenile Detention Center	Swimming Pool	Transportation	Use of Facilities	Charter School	Food Service	Totals
<b>Cash Flows from Operating Activities:</b>							
Receipts from Customers		\$ 15,305	\$ 697,177	\$ 123,400	\$ 53,608	\$ 253,485	\$ 1,142,975
Intrafund Advanced			125,606	(21,600)		(3,596)	100,410
Collection of Prior Year Intrafund Receivable				12,029	25,629	6,786	44,444
Settlement of Prior Year Intrafund Payable	\$ (4,684)	(28,499)	(12,721)				(45,904)
Payments to/for Employees	(4,682)	(16,582)	(597,669)	(33,717)		(122,414)	(775,064)
Payments to Suppliers		(10,435)	(166,207)	(80,112)	(53,608)	(203,448)	(513,810)
<b>Net Cash Provided by/(Used for) Operating Activities</b>	<b>(9,366)</b>	<b>(40,211)</b>	<b>46,186</b>		<b>25,629</b>	<b>(69,187)</b>	<b>(46,949)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Purchase of Capital Assets			(24,626)				(24,626)
Lease Purchase Principal Payment			(21,560)				(21,560)
<b>Net Cash Used for Capital and Related Financing Activities</b>			<b>(46,186)</b>				<b>(24,626)</b>
<b>Cash Flows by Noncapital Financing Activities:</b>							
Residual (Equity)/Deficit Transfer to General Fund	9,366	40,211			(25,629)		23,948
State Sources						2,632	2,632
Federal Sources						66,555	66,555
<b>Net Cash Provided by/(Used for) Noncapital Financing Activities</b>	<b>9,366</b>	<b>40,211</b>			<b>(25,629)</b>	<b>69,187</b>	<b>93,135</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>21,560</b>
<b>Cash and Cash Equivalents, July 1</b>							
<b>Cash and Cash Equivalents, June 30</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 21,560</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Juvenile Detention Center	Swimming Pool	Transportation	Use of Facilities	Charter School	Food Service	Totals
Operating Income/(Loss)	\$ (4,682)	\$ (22,440)	\$ (62,858)	\$ 13,923	\$ -0-	\$ (85,827)	\$ (161,884)
Adjustment to Reconcile Operating Income/(Loss) to Cash Provided by/(Used for) for Operating Activities:							
Depreciation		1,228	9,399			6,813	17,440
Food Distribution Program						11,263	11,263
Changes in Assets and Liabilities:							
(Increase)/Decrease in Accounts Receivable		9,500	(21,967)	(4,352)		(933)	(17,752)
(Increase)/Decrease in Intrafund Receivable				(9,571)	25,629	3,190	19,248
Increase in Accounts Payable			8,727				8,727
Increase/(Decrease) in Intrafund Payable	(4,684)	(28,499)	112,885				79,702
Increase in Deferred Revenue						14	14
(Increase) in Inventory						(3,707)	(3,707)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (9,366)</u>	<u>\$ (40,211)</u>	<u>\$ 46,186</u>	<u>\$ -0-</u>	<u>\$ 25,629</u>	<u>\$ (69,187)</u>	<u>\$ (46,949)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$11,277 and utilized Commodities valued at \$11,263. The Transportation Fund purchased capital assets valued at \$378,026, of which \$353,400 was purchased through lease purchase agreements. The Transportation Fund paid down \$21,560 of lease purchase payable.

FIDUCIARY FUNDS

SUSSEX COUNTY TECHNICAL SCHOOL  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<u>Agency</u>		<u>Total Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<b><u>ASSETS:</u></b>					
Cash and Cash Equivalents	\$ 57,513	\$ 24,379	\$ 81,892	\$ 2,611	\$ 116,678
Investments				5,725	
Total Assets	<u>57,513</u>	<u>24,379</u>	<u>81,892</u>	<u>8,336</u>	<u>116,678</u>
<b><u>LIABILITIES:</u></b>					
Interfund Payable:					
General Fund		3,161	3,161		
Payroll Deductions and Withholdings		21,218	21,218		
Due to Student Groups	57,513		57,513		
Total Liabilities	<u>57,513</u>	<u>24,379</u>	<u>81,892</u>		
<b><u>NET ASSETS:</u></b>					
Held in Trust for Unemployment Claims					116,678
Reserved for Health Promotion Expenses				8,336	
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,336</u>	<u>\$ 116,678</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
FIDUCIARY FUND  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Members		\$ 14,796
Budget Appropriation:		
General Fund		165,000
Enterprise Fund - Juvenile Detention Center		4,682
Investment Earnings:		
Interest	\$ 143	345
Net Investment Earnings	<u>143</u>	<u>345</u>
Total Additions	<u>143</u>	<u>184,823</u>
 <b>DEDUCTIONS:</b>		
Unemployment Benefit Claims		185,631
Disbursement	<u>176</u>	
Total Deductions	<u>176</u>	<u>185,631</u>
 Change in Net Assets	 (33)	 (808)
 Net Assets - Beginning of the Year	 <u>8,369</u>	 <u>117,486</u>
 Net Assets - End of the Year	 <u>\$ 8,336</u>	 <u>\$ 116,678</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 64,909	\$ 182,930	\$ 190,326	\$ 57,513
Total Assets	<u>\$ 64,909</u>	<u>\$ 182,930</u>	<u>\$ 190,326</u>	<u>\$ 57,513</u>
 <b><u>LIABILITIES:</u></b>				
Due to Student Groups	\$ 64,909	\$ 182,930	\$ 190,326	\$ 57,513
Total Liabilities	<u>\$ 64,909</u>	<u>\$ 182,930</u>	<u>\$ 190,326</u>	<u>\$ 57,513</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b><u>ASSETS:</u></b>				
Cash and Cash Equivalents	\$ 29,074	\$ 14,201,406	\$ 14,206,101	\$ 24,379
Total Assets	<u>\$ 29,074</u>	<u>\$ 14,201,406</u>	<u>\$ 14,206,101</u>	<u>\$ 24,379</u>
 <b><u>LIABILITIES:</u></b>				
Interfund Payable:				
General Fund		\$ 3,161		\$ 3,161
Payroll Deductions and Withholdings	\$ 29,074	14,198,245	\$ 14,206,101	21,218
Total Liabilities	<u>\$ 29,074</u>	<u>\$ 14,201,406</u>	<u>\$ 14,206,101</u>	<u>\$ 24,379</u>

LONG-TERM DEBT

SUSSEX COUNTY TECHNICAL SCHOOL  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2010</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance June 30, 2011</u>
Student Center Copier with Accessories	N/A	\$ 4,478	\$ 521		\$ 521	
Two 2009 54-Passenger School Buses	4.00%	155,792	93,920		30,010	\$ 63,910
Savin Digital Imaging System	5.90%	29,098	28,196		5,215	22,981
40-Passenger Bus with Wheelchair Lift	3.88%	99,900		\$ 99,900	21,560	78,340
Three Type C 54-Passenger School Buses	2.88%	253,500		253,500		253,500
			<u>\$ 122,637</u>	<u>\$ 353,400</u>	<u>\$ 57,306</u>	<u>\$ 418,731</u>

N/A - Not Available

**STATISTICAL SECTION**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

**SUSSEX COUNTY TECHNICAL SCHOOL**  
**NET ASSETS BY COMPONENT**  
**LAST SEVEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**UNAUDITED**

	2005	2006	2007	June 30, 2008	2009	2010	2011
<b>Governmental Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 8,212,744	\$ 7,765,311	\$ 7,646,547	\$ 7,318,782	\$ 7,662,551	\$ 8,135,523	\$ 8,501,170
Restricted/(Deficit)	212,264	(17,500)	405,056	467,105	962,480	792,365	1,201,928
Unrestricted/(Deficit)	<u>(2,443,611)</u>	<u>(2,154,519)</u>	<u>(1,754,201)</u>	<u>(1,437,682)</u>	<u>(1,522,644)</u>	<u>(768,516)</u>	<u>(707,840)</u>
<b>Total Governmental Activities Net Assets</b>	<u><u>\$ 5,981,397</u></u>	<u><u>\$ 5,593,292</u></u>	<u><u>\$ 6,297,402</u></u>	<u><u>\$ 6,348,205</u></u>	<u><u>\$ 7,102,387</u></u>	<u><u>\$ 8,159,372</u></u>	<u><u>\$ 8,995,258</u></u>
<b>Business-Type Activities:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 1,612	\$ 1,382	\$ 1,152	\$ 21,502	\$ 30,951	\$ 100,408	\$ 119,464
Unrestricted/(Deficit)	95,329	134,244	155,897	216,986	274,994	97,924	(1,571)
<b>Total Business-Type Activities Net Assets</b>	<u><u>\$ 96,941</u></u>	<u><u>\$ 135,626</u></u>	<u><u>\$ 157,049</u></u>	<u><u>\$ 238,488</u></u>	<u><u>\$ 305,945</u></u>	<u><u>\$ 198,332</u></u>	<u><u>\$ 117,893</u></u>
<b>District-Wide:</b>							
Invested in Capital Assets, Net of Related Debt	\$ 8,214,356	\$ 7,766,693	\$ 7,647,699	\$ 7,340,284	\$ 7,693,502	\$ 8,235,931	\$ 8,620,634
Restricted/(Deficit)	212,264	(17,500)	405,056	467,105	962,480	792,365	1,201,928
Unrestricted/(Deficit)	<u>(2,348,282)</u>	<u>(2,020,275)</u>	<u>(1,598,304)</u>	<u>(1,220,696)</u>	<u>(1,247,650)</u>	<u>(670,592)</u>	<u>(709,411)</u>
<b>Total District Net Assets</b>	<u><u>\$ 6,078,338</u></u>	<u><u>\$ 5,728,918</u></u>	<u><u>\$ 6,454,451</u></u>	<u><u>\$ 6,586,693</u></u>	<u><u>\$ 7,408,332</u></u>	<u><u>\$ 8,357,704</u></u>	<u><u>\$ 9,113,151</u></u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

SUSSEX COUNTY TECHNICAL SCHOOL  
CHANGES IN NET ASSETS, LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Expenses:							
Governmental Activities:							
Instruction:							
Regular	\$ 3,369,890	\$ 3,339,925	\$ 2,985,514	\$ 3,400,265	\$ 3,567,971	\$ 3,352,925	\$ 3,014,188
Special Education	240,993	258,916	242,686	205,202	515,844	515,634	369,177
Other Special Instruction	123,926	147,648	223,261	247,074	145,436	170,273	177,878
Vocational Education	3,161,510	3,135,878	3,224,780	3,230,634	3,070,617	2,736,234	3,057,019
School-Sponsored/Other Instruction	595,948	594,230	661,116	584,005	659,416	677,808	666,075
Support Services:							
Student and Instruction Related Services	1,738,584	1,906,543	2,075,835	1,811,315	2,140,572	2,009,482	2,032,388
General Administrative Services	457,316	455,235	398,084	422,633	372,621	410,736	385,125
School Administrative Services	353,154	470,894	513,836	536,642	557,053	511,940	428,820
Central Services	434,604	521,266	463,044	402,774	517,469	412,099	453,552
Administrative Information Technology	142,313	115,601	141,090	113,641	55,773	101,361	121,765
Plant Operations and Maintenance	1,723,985	1,716,764	1,867,812	1,715,959	1,682,487	1,712,496	1,750,396
Pupil Transportation	542,583	642,003	713,802	260,186	156,698	129,353	141,247
Special Schools	285,976	286,915	331,689	476,119	516,417	435,073	596,556
Capital Outlay	36,583	471,290	65,362	115,191	33,242	32,058	35,841
Unallocated Depreciation	322,779	601,292	348,429	351,212	318,180	328,004	307,277
Total Governmental Activities Expenses	<u>13,530,144</u>	<u>14,664,400</u>	<u>14,256,340</u>	<u>13,872,852</u>	<u>14,309,796</u>	<u>13,535,476</u>	<u>13,537,304</u>
Business-Type Activities:							
Juvenile Detention Center	157,977	173,596	167,982	184,743	156,214	173,807	4,682
Swimming Pool	115,795	107,411	123,585	136,443	109,641	112,018	28,245
Transportation				548,991	703,465	756,640	782,002
Use of Facilities				71,866	73,239	83,640	113,829
Charter School				127,771	132,269	152,154	53,608
ETTC	92,495	60,753	59,909				
Food Service	318,046	327,952	349,791	367,563	435,902	366,462	340,245
Total Business-Type Activities Expense	<u>684,313</u>	<u>669,712</u>	<u>701,267</u>	<u>1,437,377</u>	<u>1,610,730</u>	<u>1,644,721</u>	<u>1,322,611</u>
Total District Expenses	<u>14,214,457</u>	<u>15,334,112</u>	<u>14,957,607</u>	<u>15,310,229</u>	<u>15,920,526</u>	<u>15,180,197</u>	<u>14,859,915</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
CHANGES IN NET ASSETS, LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Program Revenues:</b>							
<b>Governmental Activities:</b>							
<b>Charges for Services:</b>							
Pupil Transportation	\$ 405,410	\$ 456,402	\$ 469,505				
Operating Grants and Contributions	3,211,575	3,479,483	3,866,481	\$ 3,973,180	\$ 2,369,888	\$ 2,181,752	\$ 1,937,007
Capital Grants and Contributions	59,029						255,449
<b>Total Governmental Activities Program Revenues</b>	<u>3,676,014</u>	<u>3,935,885</u>	<u>4,335,986</u>	<u>3,973,180</u>	<u>2,369,888</u>	<u>2,181,752</u>	<u>2,192,456</u>
<b>Business-Type Activities:</b>							
<b>Charges for Services:</b>							
Juvenile Detention Center	169,008	169,008	187,858	180,000	170,000	82,500	
Swimming Pool	120,696	112,743	110,206	134,365	110,791	102,570	5,805
Transportation				537,220	781,666	755,238	719,144
Use of Facilities				87,123	73,797	100,985	127,752
Charter School				136,097	150,792	151,259	53,608
ETTC	77,970	51,703	57,804				
Food Service	266,432	311,578	306,853	274,233	323,428	274,247	254,418
Operating Grants and Contributions	66,325	63,365	59,969	57,465	57,748	67,497	83,172
<b>Total Business-Type Activities Program Revenues</b>	<u>700,431</u>	<u>708,397</u>	<u>722,690</u>	<u>1,406,503</u>	<u>1,668,222</u>	<u>1,534,296</u>	<u>1,243,899</u>
<b>Total District Program Revenues</b>	<u>4,376,445</u>	<u>4,644,282</u>	<u>5,058,676</u>	<u>5,379,683</u>	<u>4,038,110</u>	<u>3,716,048</u>	<u>3,436,355</u>
<b>Net (Expense)/Revenue:</b>							
Governmental Activities	(9,854,130)	(10,728,515)	(9,920,354)	(9,899,672)	(11,939,908)	(11,353,724)	(11,344,848)
Business-Type Activities	16,118	38,685	21,423	(30,874)	57,492	(110,425)	(78,712)
<b>Total District-Wide Net Expense</b>	<u>(9,838,012)</u>	<u>(10,689,830)</u>	<u>(9,898,931)</u>	<u>(9,930,546)</u>	<u>(11,882,416)</u>	<u>(11,464,149)</u>	<u>(11,423,560)</u>
<b>General Revenues and Other Changes in Net Assets:</b>							
<b>Governmental Activities:</b>							
County Tax Levy	6,582,646	6,582,646	7,047,646	7,047,646	7,561,362	7,561,362	\$ 7,826,010
Tuition	11,328	25,620	22,287	18,529	41,428	21,356	15,810

SUSSEX COUNTY TECHNICAL SCHOOL  
CHANGES IN NET ASSETS, LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets (Cont'd):							
Governmental Activities (Cont'd):							
Federal and State Aid not Restricted	\$ 2,649,048	\$ 2,518,025	\$ 2,518,025	\$ 2,638,903	\$ 3,827,325	\$ 4,148,033	\$ 3,624,889
NJEDA Project Grant				134,256			
Transfers				(67,664)			(14,258)
Miscellaneous Income	624,365	557,702	598,603	178,805	172,978	179,958	200,683
Sale of Administration Building		952,423					
Special Item - Transfer of Portion of Proceeds from Sale of Administrative Building to Sussex County to Offset Existing Debt Service on the Original Purchase of the Administrative Building		(296,006)					
County Bond Ordinance Proceeds and Capital Lease Proceeds	503,458		437,903		1,090,997	500,000	717,600
Cancellation of Intergovernmental Accts Receivable							(190,000)
Total Governmental Activities	<u>10,370,845</u>	<u>10,340,410</u>	<u>10,624,464</u>	<u>9,950,475</u>	<u>12,694,090</u>	<u>12,410,709</u>	<u>12,180,734</u>
Business-Type Activities:							
Miscellaneous Income	38,671			44,649			
Transfers				67,664			14,258
Cancellation of Prior Year Accounts Receivable					(948)	(3,661)	(15,985)
Cancellation of Prior Year Accounts Payable					10,913	6,473	
Total Business-Type Activities	<u>38,671</u>			<u>112,313</u>	<u>9,965</u>	<u>2,812</u>	<u>(1,727)</u>
Total District-Wide	<u>10,409,516</u>	<u>10,340,410</u>	<u>10,624,464</u>	<u>10,062,788</u>	<u>12,704,055</u>	<u>12,413,521</u>	<u>12,179,007</u>
Change in Net Assets:							
Governmental Activities	516,715	(388,105)	704,110	50,803	754,182	1,056,985	835,886
Business-Type Activities	54,789	38,685	21,423	81,439	67,457	(107,613)	(80,439)
Total District	<u>\$ 571,504</u>	<u>\$ (349,420)</u>	<u>\$ 725,533</u>	<u>\$ 132,242</u>	<u>\$ 821,639</u>	<u>\$ 949,372</u>	<u>\$ 755,447</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

SUSSEX COUNTY TECHNICAL SCHOOL  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>June 30, 2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund:</b>							
Reserved/Restricted	\$ 28,988	\$ 68,777	\$ 90,325	\$ 138,268	\$ 128,238	\$ 213,682	\$ 100,001
Assigned							297,637
Unreserved/(Deficit)	<u>(29,137)</u>	<u>312,130</u>	<u>278,023</u>	<u>36,905</u>	<u>(172,457)</u>	<u>42,943</u>	
<b>Total General Fund</b>	<u>\$ (149)</u>	<u>\$ 380,907</u>	<u>\$ 368,348</u>	<u>\$ 175,173</u>	<u>\$ (44,219)</u>	<u>\$ 256,625</u>	<u>\$ 397,638</u>
<b>All Other Governmental Funds:</b>							
Reserved/Restricted	\$ 286,135	\$ 16,213	\$ 80,343	\$ 130,829	\$ 27,410	\$ 8,597	
Committed							\$ 804,290
Unreserved/(Deficit), Reported In:							
Special Revenue Fund	(775)	(775)	(775)	(775)			
Capital Projects Fund	<u>(102,084)</u>	<u>(101,715)</u>	<u>235,163</u>	<u>198,782</u>	<u>806,832</u>	<u>570,086</u>	
<b>Total All Other Governmental Funds</b>	<u>\$ 183,276</u>	<u>\$ (86,277)</u>	<u>\$ 314,731</u>	<u>\$ 328,836</u>	<u>\$ 834,242</u>	<u>\$ 578,683</u>	<u>\$ 804,290</u>
<b>Governmental Funds:</b>							
Reserved/Restricted	\$ 315,123	\$ 84,990	\$ 170,668	\$ 269,097	\$ 155,648	\$ 222,279	\$ 100,001
Committed							804,290
Assigned							297,637
Unreserved/(Deficit)	<u>(131,996)</u>	<u>209,640</u>	<u>512,411</u>	<u>234,912</u>	<u>634,375</u>	<u>613,029</u>	
<b>Total Governmental Funds</b>	<u>\$ 183,127</u>	<u>\$ 294,630</u>	<u>\$ 683,079</u>	<u>\$ 504,009</u>	<u>\$ 790,023</u>	<u>\$ 835,308</u>	<u>\$ 1,201,928</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

SUSSEX COUNTY TECHNICAL SCHOOL  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>							
County Tax Levy	\$ 6,582,646	\$ 6,582,646	\$ 7,047,646	\$ 7,047,646	\$ 7,561,362	\$ 7,561,362	\$ 7,826,010
Tuition from LEA's	1,328	10,620	14,247	11,029	31,428	18,856	13,310
Other Tuition	10,000	15,000	8,040	7,500	10,000	2,500	2,500
Transportation Fees from Other LEA's	405,410	456,402	469,505				
Other Restricted Miscellaneous Revenue	510,127	488,344	500,509	54,897	112,069	98,164	118,253
Unrestricted Miscellaneous Revenue	114,523	77,861	101,206	123,907	61,170	83,168	83,345
State Sources	5,442,424	5,478,673	5,955,911	6,190,855	5,359,701	5,131,702	5,267,495
Federal Sources	476,943	510,332	425,483	555,484	837,251	1,196,709	548,935
<b>Total Revenue</b>	<b>13,543,401</b>	<b>13,619,878</b>	<b>14,522,547</b>	<b>13,991,318</b>	<b>13,972,981</b>	<b>14,092,461</b>	<b>13,859,848</b>
<b>Expenditures:</b>							
<b>Instruction:</b>							
Regular Instruction	2,438,652	2,289,051	2,363,803	2,414,759	2,393,859	2,419,298	2,113,452
Special Education Instruction	238,905	211,400	204,660	212,184	196,601	240,874	144,386
Other Special Instruction	123,926	147,648	149,074	161,348	145,436	170,273	177,878
Vocational Education Instruction	2,377,150	2,325,064	2,245,240	2,287,526	2,479,059	2,490,274	2,383,526
School-Sponsored/Other Instruction	477,845	454,070	436,177	458,840	509,460	548,040	518,769
<b>Support Services:</b>							
Student and Instruction Related Services	1,388,617	1,448,081	1,569,017	1,434,453	1,697,894	1,671,028	1,613,906
General Administrative Services	409,850	346,019	354,953	371,332	312,174	337,696	342,265
School Administrative Services	309,673	336,535	343,121	383,093	391,267	375,799	317,765
Central Services	358,800	367,264	369,432	324,751	339,622	327,461	342,185
Administrative Information Technology	79,358	84,613	88,375	76,015	57,899	72,871	84,876
Plant Operations and Maintenance	1,455,792	1,423,522	1,526,633	1,419,324	1,373,494	1,432,266	1,469,974
Pupil Transportation	414,721	450,784	573,794	95,816	129,721	105,784	102,704
Unallocated Benefits	2,833,840	3,190,337	3,675,965	3,655,797	3,475,120	3,044,776	3,083,644
Special Schools	285,057	331,927	330,420	474,721	496,712	350,654	496,746
Capital Outlay	732,803	892,453	341,337	332,766	623,856	989,180	804,804
<b>Total Expenditures</b>	<b>13,924,989</b>	<b>14,298,768</b>	<b>14,572,001</b>	<b>14,102,725</b>	<b>14,622,174</b>	<b>14,576,274</b>	<b>13,996,880</b>
<b>Deficit of Revenues Under Expenditures</b>	<b>(381,588)</b>	<b>(678,890)</b>	<b>(49,454)</b>	<b>(111,407)</b>	<b>(649,193)</b>	<b>(483,813)</b>	<b>(137,032)</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST SEVEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED  
(Continued)

	Fiscal Year Ending June 30,						
	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources (Uses):							
County Bond Ordinance Proceeds	\$ 503,458		\$ 437,903		\$ 935,207	\$ 500,000	\$ 717,600
Sale of Administration Building		\$ 952,423					
Residual Deficit Transfer from Enterprise Funds				\$ (67,663)			(23,948)
Special Item - Transfer of Portion of Proceeds from Sale of Administrative Building to Sussex County to Offset Existing Debt Service on the Original Purchase of the Administrative Building		(296,006)					
Capital Leases (Non-Budgeted)	53,900	133,976				29,098	
Cancellation of Intergovernmental Accts Receivable							(190,000)
<b>Total Other Financing Sources (Uses)</b>	<u>557,358</u>	<u>790,393</u>	<u>437,903</u>	<u>(67,663)</u>	<u>935,207</u>	<u>529,098</u>	<u>503,652</u>
<b>Net Change in Fund Balances</b>	<u>\$ 175,770</u>	<u>\$ 111,503</u>	<u>\$ 388,449</u>	<u>\$ (179,070)</u>	<u>\$ 286,014</u>	<u>\$ 45,285</u>	<u>\$ 366,620</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not Applicable

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

SUSSEX COUNTY TECHNICAL SCHOOL  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
UNAUDITED

Fiscal Year Ended June 30,	Evening School/ Other Program Fees	Transportation Fees	Interest on Investments	Montague/ Teen Learning Center Fees	Use of Facilities Fees	Miscellaneous	Total
2002	\$ 178,971	\$ 327,885	\$ 2,169	\$ 32,000	\$ 155,316	\$ 130,498	\$ 826,839
2003	156,015	365,451	159		102,933	156,364	780,922
2004	176,214	403,829	14,350		150,091	144,359	888,843
2005	260,169	405,410	18,965		148,467	208,092	1,041,103
2006	217,397	456,402	43,011		136,628	186,286	1,039,724
2007	208,269	469,505	57,556		160,771	194,294	1,090,395
2008	82,242		34,589			80,502	197,333
2009	71,632		10,949			131,825	214,406
2010	48,004		5,874			147,436	201,314
2011	34,787		4,027			177,679	216,493

**SUSSEX COUNTY TECHNICAL SCHOOL**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY - COUNTY OF SUSSEX**  
**LAST SEVEN YEARS**  
**UNAUDITED**

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>#</sup>	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2004	\$ 326,503,392	\$ 8,363,204,830	\$ 322,485,045	\$ 28,243,870	\$ 954,905,328	\$ 127,264,400	\$ 59,164,300	\$ 10,181,771,165	\$ 1,065,830,829	\$ 41,609,130	\$ 10,223,380,295	N/A	\$ 13,322,723,189
2005	329,856,482	8,748,339,330	347,304,245	30,284,560	981,004,712	133,172,300	61,940,500	10,631,902,129	1,082,352,979	37,710,586	10,669,612,715	N/A	15,302,213,079
2006	414,359,748	9,937,682,981	474,143,645	28,595,434	1,126,352,247	159,716,600	66,948,300	12,207,798,955	1,196,194,189	37,362,240	12,245,161,195	N/A	17,498,320,138
2007	418,601,914	11,318,102,014	497,170,600	30,229,684	1,199,892,682	157,424,500	63,576,300	13,684,997,694	1,496,537,911	35,395,191	13,720,392,885	N/A	19,828,925,789
2008	429,601,226	12,411,226,199	585,799,800	28,232,791	1,354,639,782	176,684,700	89,346,500	15,075,530,998	1,681,419,711	41,725,885	15,117,256,883	N/A	21,501,944,724
2009	478,591,800	14,170,397,149	622,201,400	29,726,448	1,519,357,862	189,601,400	88,826,800	17,098,702,859	1,799,332,757	43,009,952	17,141,712,811	N/A	20,797,257,348
2010	488,554,580	14,579,690,049	627,217,400	28,989,196	1,634,261,535	225,413,100	98,403,600	17,682,529,460	1,927,044,857	34,228,867	17,716,758,327	N/A	20,842,547,207

N/A - Not Applicable

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation

<sup>#</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: Sussex County Tax Assessor

SUSSEX COUNTY TECHNICAL SCHOOL  
PRINCIPAL PROPERTY TAX PAYERS, COUNTY OF SUSSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total County Net Assessed Value
Crystal Springs, Grand Cascades, Skylands Ballyowen Spa	\$ 134,627,200	1	0.76%
Mountain Creek Resorts	41,066,000	2	0.23%
Wantage Avenue Holding Co., Inc.	38,696,700	3	0.22%
Kenneth D. Martin Properties	31,252,100	4	0.18%
Schering Plough Corporation	29,273,000	5	0.17%
Metairie Corp.	24,730,000	6	0.14%
Wal-Mart Stores	23,010,200	7	0.13%
Gordon Byram Associates LLC	22,696,700	8	0.13%
Weldon Quarry	18,309,400	9	0.10%
Weis Market, Inc.	17,775,200	10	0.10%
Total	<u>\$ 381,436,500</u>		<u>2.15%</u>

Taxpayer	2001		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Wantage Avenue Holding Co., Inc.	\$ 48,512,800	1	0.50%
United Telephone/Sprint	40,964,258	2	0.42%
Turco Properties	25,829,200	3	0.27%
Great Gorge Resort	23,297,600	4	0.24%
City of Newark	20,094,100	5	0.21%
Gordon Byram Associates (Shop Rite)	18,903,600	6	0.19%
Schering Plough Corp.	16,357,800	7	0.17%
WalMart	15,949,100	8	0.16%
Metairie Corp.	11,791,600	9	0.12%
Ames Rubber	10,398,800	10	0.11%
Total	<u>\$ 232,098,858</u>		<u>2.39%</u>

SUSSEX COUNTY TECHNICAL SCHOOL  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 5,849,784	\$ 5,849,784	100.00%	-0-
2003	6,083,776	6,083,776	100.00%	-0-
2004	6,387,966	6,387,966	100.00%	-0-
2005	6,582,646	6,582,646	100.00%	-0-
2006	6,582,646	6,582,646	100.00%	-0-
2007	7,047,646	7,047,646	100.00%	-0-
2008	7,047,646	7,047,646	100.00%	-0-
2009	7,561,362	7,561,362	100.00%	-0-
2010	7,561,362	7,561,362	100.00%	-0-
2011	7,826,010	7,826,010	100.00%	-0-

<sup>a</sup> School taxes are collected by the County Treasurer. Under New Jersey State Statute, a County is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

SUSSEX COUNTY TECHNICAL SCHOOL  
RATIOS OF OUSTANDING DEBT BY TYPE  
LAST SEVEN FISCAL YEARS  
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)				
2005	\$ -0-	\$ -0-	\$ 284,725	\$ -0-	\$ -0-	\$ 284,725	0.0047%	\$ 1.87
2006	-0-	-0-	276,486	-0-	-0-	276,486	0.0043%	1.83
2007	-0-	-0-	133,421	-0-	-0-	133,421	0.0019%	0.88
2008	-0-	-0-	221,811	-0-	-0-	221,811	0.0030%	1.46
2009	-0-	-0-	149,141	-0-	-0-	149,141	0.0020%	0.98
2010	-0-	-0-	122,637	-0-	-0-	122,637	0.0017%	0.81
2011	-0-	-0-	418,731	-0-	-0-	418,731	0.0058%	2.77

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

SUSSEX COUNTY TECHNICAL SCHOOL  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Year</u>	<u>Population<sup>a</sup></u>	<u>Sussex County Per Capita Personal Income<sup>b</sup></u>	<u>Total County Personal Income</u>	<u>Unemployment Rate<sup>c</sup></u>
2002	147,936	\$ 38,723	\$ 5,728,525,728	5.10%
2003	149,553	39,336	5,882,816,808	5.50%
2004	150,360	40,819	6,137,544,840	4.10%
2005	150,764	42,450	6,399,931,800	3.80%
2006	151,250	45,448	6,874,010,000	4.10%
2007	151,632	48,474	7,350,209,568	3.90%
2008	151,431	48,828	7,394,072,868	5.00%
2009	151,118	47,497	7,177,651,646	8.70%
2010	151,118 **	47,497 *	7,177,651,646	9.30%
2011	151,118 **	47,497 *	7,177,651,646	N/A

\* - Latest Sussex County per capita personal income available (2009) was used for calculation purposes.

\*\* - Latest population data available (2009) was used for calculation purposes.

N/A - Information unavailable.

Source: <sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Per Capita Personal Income provided by the NJ Dept of Labor and Workforce Development

<sup>c</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

SUSSEX COUNTY TECHNICAL SCHOOL  
PRINCIPAL EMPLOYERS, COUNTY OF SUSSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2010		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	1	N/A
Newton Memorial Hospital	1,490	2	N/A
Selective Insurance	900	3	N/A
County of Sussex	830	4	N/A
Mountain Creek Resort	800	5	N/A
Shop Rite (Ronetco)	697	6	N/A
Ames Rubber Corp	445	7	N/A
Walmart	412	8	N/A
Andover Subacute and Rehab Center	300	9	N/A
Sussex County Community College	300	10	N/A
	8,174		0.00%

Employer	2001		
	Employees	Rank (Optional)	Percentage of Total Employment
Selective Insurance	954	1	N/A
Andover Subacute and Rehab Center	906	2	N/A
County of Sussex	815	3	N/A
Mountain Creek Resort	800	4	N/A
Newton Memorial Hospital	757	5	N/A
Ronetco Supermarkets	711	6	N/A
Vernon Township Bd. of Education	629	7	N/A
F.O. Phoenix, Inc.	600	8	N/A
Hopatcong Board of Education	450	9	N/A
Walmart	380	10	N/A
	7,002		

N/A - Not Available

Source: Sussex County

SUSSEX COUNTY TECHNICAL SCHOOL  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST SEVEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Instruction:</b>							
Regular	36.0	34.4	33.7	33.0	33.0	33.0	30.0
Special Education	9.0	9.0	9.0	9.0	9.0	9.0	5.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Vocational	23.5	23.5	23.5	23.0	23.0	23.0	24.0
Other Instruction	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Adult/Continuing Education Programs	1.7	1.7	1.7	1.2	1.2	1.2	
<b>Support Services:</b>							
Student & Instruction Related Services	13.5	13.5	13.5	14.0	14.0	14.0	12.0
School Administrative Services	7.5	7.5	7.5	6.5	6.5	6.5	5.5
General Administrative Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Central Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Administrative Information Technology	1.5	1.5	1.5	1.0	1.5	1.5	1.5
Plant Operations and Maintenance	16.8	15.8	15.9	15.8	15.5	15.5	15.0
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total</b>	<u>125.0</u>	<u>122.4</u>	<u>121.8</u>	<u>119.0</u>	<u>119.2</u>	<u>119.2</u>	<u>107.5</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

SUSSEX COUNTY TECHNICAL SCHOOL  
OPERATING STATISTICS  
LAST SEVEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u>	<u>* Enrollment</u>	<u>Operating Expenditures<sup>a</sup></u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff<sup>b</sup></u>	<u>Pupil/Teacher Ratio High School</u>	<u>* Average Daily Enrollment (ADE)<sup>c</sup></u>	<u>* Average Daily Attendance (ADA)<sup>c</sup></u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2005	629	\$ 13,192,186	\$ 20,973	-8.71%	83	1:9	629	583	13.54%	92.69%
2006	626	13,406,315	21,416	2.11%	80	1:9	626	582	-0.48%	93.00%
2007	599	14,230,664	23,757	10.93%	80	1:7.5	595	553	-4.95%	92.94%
2008	602	13,769,959	22,893	-3.64%	80	1:7.5	582	560	-2.18%	96.22%
2009	604	13,998,318	23,176	1.24%	80	1:7.5	598	578	2.75%	96.71%
2010	572	13,587,094	23,754	2.49%	80	1:7.5	565	547	-5.52%	96.81%
2011	616	13,192,076	21,433	-9.77%	68	1:9.2	592	554	4.78%	93.58%

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

\* Figures represent high school, grades 9-12 enrollment

The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment. This Cost Per Pupil may be different from other Cost Per Pupil calculations.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Sources: School District records

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHOOL BUILDING INFORMATION  
LAST SEVEN FISCAL YEARS  
UNAUDITED

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>District Buildings</u>							
Vocational High School (1967)							
Square Feet	225,249	225,249	225,249	225,249	225,249	225,249	225,249
Capacity (students) *	734.4	734.4	734.4	734.4	734.4	734.4	734.4
Enrollment *	616.0	626.0	598.5	601.5	603.5	571.5	615.5
Number of Schools at June 30, 2011							
Vocational High School = 1							

\* Represents high school, grades 9-12 enrollment

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Facilities Office

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities  
Account # 11-000-261-xxx

Facility	Fiscal Year Ended June 30,									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<u>School Facilities:</u>										
Sussex County Technical School	\$ 779,683	\$ 684,145	\$ 682,629	\$ 651,533	\$ 593,158	\$ 555,069	\$ 611,836	\$ 588,650	\$ 564,151	\$ 779,712
Total School Facilities	<u>779,683</u>	<u>684,145</u>	<u>682,629</u>	<u>651,533</u>	<u>593,158</u>	<u>555,069</u>	<u>611,836</u>	<u>588,650</u>	<u>564,151</u>	<u>779,712</u>
<u>Other Facilities:</u>										
Administrative Offices**							6,820	15,094	14,465	19,993
Grand Total	<u>\$ 779,683</u>	<u>\$ 684,145</u>	<u>\$ 682,629</u>	<u>\$ 651,533</u>	<u>\$ 593,158</u>	<u>\$ 555,069</u>	<u>\$ 618,656</u>	<u>\$ 603,744</u>	<u>\$ 578,616</u>	<u>\$ 799,705</u>

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

\*\* Administrative Office Building was sold on July 15, 2005.

Source: School District records.

SUSSEX COUNTY TECHNICAL SCHOOL  
INSURANCE SCHEDULE  
JUNE 30, 2011  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
School Package Policy:		
Building & Personal Property	\$ 250,000,000 Fund Aggregate	\$ 1,000
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits:		
Per Occurrence	5,000,000	
General Aggregate	50,000,000 Fund Aggregate	
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses (excluding students taking part in athletics)	10,000	
Automobile Coverage		
Environmental Impairment Liability	1,000,000 / 25,000,000 Fund Aggregate	5,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability	5,000,000 / 5,000,000	5,000
Excess School Board Legal Liability	5,000,000 / 5,000,000	
Workers' Compensation:	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Student Accident including Football - School Alliance Insurance Fund (full excess plan)	Bollinger Student Accident Program	
Public Officials' Bonds - Selective Insurance Company		
Treasurer of School Monies	200,000	
School Business Administrator/Board Secretary	200,000	

Source: Sussex County Technical School Insurance Agent

SINGLE AUDIT



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

Independent Auditors' 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  
Sussex County Technical School  
County of Sussex, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the remaining fund information of the Board of Education of the Sussex County Technical School, in the County of Sussex (the "Board"), a component unit of the County of Sussex, as of, and for the fiscal year ended, June 30, 2011, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members  
of the Board of Education  
Sussex County Technical School  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance*, dated November 10, 2011.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 10, 2011  
Mount Arlington, New Jersey

  
NISIVOCCIA LLP

  
Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members  
 of the Board of Education  
 Sussex County Technical School  
 County of Sussex, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Sussex County Technical School in the County of Sussex (the "Board"), a component unit of the County of Sussex, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Letter NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's Circular NJOMB 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

The Honorable President and Members  
of the Board of Education  
Sussex County Technical School  
Page 2

### Internal Control Over Compliance

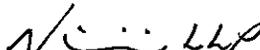
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 10, 2011  
Mount Arlington, New Jersey

  
NISIVOC CIA LLP



Francis J. Jones, Jr.  
Licensed Public School Accountant #1154  
Certified Public Accountant

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2010					Cancellations of Prior Year Encumbrance	Repayment of Prior Years' Balances	Balance at June 30, 2011			
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Cash Received	Budgetary Expenditures			Adjustments	Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
<b>U.S. Department of Agriculture:</b>														
Passed-through State Department of Education:														
Food Distribution Program	10.550	7/1/10-6/30/11	\$ 11,277				\$ 11,277	\$ (10,130)				\$ 1,147		
Food Distribution Program	10.550	7/1/09-6/30/10	11,533		\$ 1,133			(1,133)						
Total Food Distribution Program					1,133		11,277	(11,263)				1,147		
Child Nutrition Cluster:														
School Breakfast Program	10.553	7/1/10-6/30/11	12,790				11,353	(12,790)				\$ (1,437)		
School Breakfast Program	10.553	7/1/09-6/30/10	5,968	\$ (542)			542							
National School Lunch Program	10.555	7/1/10-6/30/11	56,509				52,109	(56,509)				(4,400)		
National School Lunch Program	10.555	7/1/09-6/30/10	45,883	(2,551)			2,551							
Total Child Nutrition Cluster				(3,093)			66,555	(69,299)				(5,837)		
Total U.S. Department of Agriculture				(3,093)	1,133		77,832	(80,562)				(5,837)	1,147	
<b>U.S. Department of Education:</b>														
Special Revenue Fund:														
Rural Education Achievement Program	84.358	7/1/10-9/30/11	49,663				2,615	(3,614)				(999)		
Rural Education Achievement Program	84.358	7/1/09-9/30/10	45,622	(32,311)			13,311	(13,311)				(32,311)		
Rural Education Achievement Program	84.358	7/1/08-9/30/09	47,587			\$ 801								\$ 801
Rural Education Achievement Program	84.358	7/1/07-9/30/08	45,871	(177)								(177)		
Total Rural Education Achievement Program				(32,488)		801	15,926	(16,925)				(33,487)		801
Passed-through State Department of Education:														
No Child Left Behind:														
Title I	84.010A	9/1/10-8/31/11	36,784				15,449	(29,177)				(13,728)		
Title I	84.010A	9/1/09-8/31/10	44,388	(10,637)			13,086	(2,449)						
Title I	84.010A	9/1/08-8/31/09	96,620	(35,408)			35,408							
ARRA - Title I	84.389	7/1/09-8/31/11	19,504				4,399	(8,283)				(3,884)		
Total Title I				(46,045)			68,342	(39,909)				(17,612)		
Title ID	84.013	9/1/10-8/31/11	18,641	(1,040)			1,040							
Title IIA	84.367A	9/1/10-8/31/11	7,305				4,260	(7,305)				(3,045)		
Title IIA	84.367A	9/1/09-8/31/10	8,572	(2,858)			2,858							
Title IIA	84.367A	9/1/08-8/31/09	12,639	(4,551)			4,551							
Total Title IIA				(7,409)			11,669	(7,305)				(3,045)		
Title IID	84.318X	9/1/09-8/31/10	442				251	(251)						
Title IID	84.318X	9/1/08-8/31/10	413	(274)			218		\$ 56					
Title IID	84.318X	9/1/07-8/31/08	224			\$ 56			(56)					
Total Title IID				(274)		56	469	(251)						
Title IV	84.186A	9/1/10-8/31/11	86											
Title IV	84.186A	9/1/09-8/31/10	1,323	(642)			642							
Total Title IV				(642)			642							

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant Period	Award Amount	Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Adjustments	Cancellation of Prior Year Encumbrance	Repayment of Prior Years' Balances	Balance at June 30, 2011		
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor						Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor
<u>U.S. Department of Education:</u>														
Passed-through State Department of Education:														
Carl D. Perkins Secondary	84.048	7/1/10-6/30/11	\$ 105,953				\$ 80,675	\$ (105,953)				\$ (25,278)		
Carl D. Perkins Secondary	84.048	7/1/09-6/30/10	87,552	\$ (16,659)			17,118		\$ 252					\$ 711
Carl D. Perkins Secondary	84.048	7/1/08-6/30/09	89,455			\$ 578								578
Carl D. Perkins Post Secondary	84.048	7/1/10-6/30/11	83,454				80,276	(83,454)				(3,178)		
Carl D. Perkins Post Secondary	84.048	7/1/09-6/30/10	83,454	(35,864)			35,864							
Carl D. Perkins Post Secondary	84.048	7/1/08-6/30/09	83,454			319								319
Total Carl D. Perkins				(52,523)		897	213,933	(189,407)		252		(28,456)		1,608
Tech Prep Associate Degree	84.243	9/1/09-8/31/10	240,000		\$ 48,759		45,215	(73,103)			\$ (24,602)	(3,731)		
Total Tech Prep Associate Degree					48,759		45,215	(73,103)			(24,602)	(3,731)		
Special Education Cluster:														
I.D.E.A. Part B, Basic	84.027	9/1/10-8/31/11	162,792				122,094	(162,792)				(40,698)		
I.D.E.A. Part B, Basic	84.027	9/1/09-8/31/10	165,153	(55,050)			55,050							
ARRA - I.D.E.A. Part B, Basic	84.391	7/1/09-8/31/11	129,654	(12,201)			14,560	(22,975)				(20,616)		
Total Special Education Cluster				(67,251)			191,704	(185,767)				(61,314)		
Total U.S. Department of Education				(207,672)	48,759	\$ 1,754	548,940	(512,667)		252	(24,602)	(147,645)		2,409
<u>U.S. Department of Labor:</u>														
(Passed Through Morris County Private Industry Council):														
Workforce Investment Act Program	17.259	7/1/10-6/30/11	36,835				33,517	(36,572)				(3,055)		
Workforce Investment Act Program	17.259	7/1/09-6/30/10	35,973	(16,523)			16,523							
Workforce Investment Act Program	17.259	7/1/06-6/30/07	45,714			257								257
Workforce Investment Act Program	17.259	7/1/05-6/30/06	76,617			996								996
				(16,523)		1,253	50,040	(36,572)				(3,055)		1,253
Total Federal Awards				\$ (227,288)	\$ 49,892	\$ 3,007	\$ 676,812	\$ (629,801)	\$ -0-	\$ 252	\$ (24,602)	\$ (156,537)	\$ 1,147	\$ 3,662

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Cancellation of Prior Year Encumbrance	Balance at June 30, 2011			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received		Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Due to Grantor	
<b>NJ Department of Education:</b>											
<b>General Fund State Aid:</b>											
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 2,149,036			\$ 1,934,297	\$(2,149,036)			\$ (214,739)	\$ 2,149,036
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	279,364			251,449	(279,364)			(27,915)	279,364
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	45,759			41,187	(45,759)			(4,572)	45,759
Adjustment Aid	11-495-034-5120-085	7/1/10-6/30/11	1,370,348			1,233,418	(1,370,348)			(136,930)	1,370,348
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	1,982,454	\$ (242,193)		242,193					1,982,454
Special Education Categorical Aid	10-495-034-5120-089	7/1/09-6/30/10	296,194	(29,620)		29,620					296,194
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	47,542	(4,754)		4,754					47,542
Adjustment Aid	10-495-034-5120-085	7/1/09-6/30/10	1,690,373	(169,040)		169,040					1,690,373
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10-6/30/11	393,995			374,798	(393,995)		\$ (19,197)	(19,197)	393,995
<b>Total General Fund State Aid</b>				<b>(445,607)</b>		<b>4,280,756</b>	<b>(4,238,502)</b>		<b>(19,197)</b>	<b>(403,353)</b>	<b>8,680,926</b>
<b>Enterprise Fund:</b>											
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	2,610			2,398	(2,610)		\$ (212)	(212)	2,610
State School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	3,127	(171)		171					3,127
State School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	748	(63)		63					748
<b>Total Enterprise Fund</b>				<b>(234)</b>		<b>2,632</b>	<b>(2,610)</b>		<b>(212)</b>	<b>(212)</b>	<b>6,485</b>
<b>Total NJ Department of Education</b>				<b>(445,841)</b>		<b>4,283,388</b>	<b>(4,241,112)</b>		<b>(19,409)</b>	<b>(403,565)</b>	<b>8,687,411</b>
<b>NJ Department of Human Services:</b>											
<b>Adolescent Pregnancy Prevention Initiative:</b>											
FY11	#SB05037	7/1/10-6/30/11	62,777			57,906	(60,931)		(1)	(3,025)	60,931
FY10	#SB05037	7/1/09-6/30/10	62,777		\$ 4,209		(17)	\$ 17	\$ 4,209		58,568
FY08	#SB05037	7/1/07-6/30/08	61,863		433				433		61,430
					4,642	57,906	(60,948)	17	(1)	4,642	180,929
<b>School Based Youth Services:</b>											
FY11	#SB05037	7/1/10-6/30/11	256,601			236,113	(252,446)		(12,033)	(16,333)	252,446
FY10	#SB05037	7/1/09-6/30/10	256,601		5,592			5,670		11,262	245,339
FY09	#SB05037	7/1/08-6/30/09	256,201	(1,000)					(1,000)	(1,000)	250,851
FY08	#SB05037	7/1/07-6/30/08	252,864		29					29	252,835
FY07	100-054-7500-068	7/1/06-6/30/07	234,797	(26,589)					(26,589)	(26,589)	234,797
				(27,589)	5,621	236,113	(252,446)	5,670	(39,622)	(43,922)	1,236,268
<b>Total NJ Department of Human Services</b>				<b>(27,589)</b>	<b>10,263</b>	<b>294,019</b>	<b>(313,394)</b>	<b>5,687</b>	<b>(39,623)</b>	<b>15,933</b>	<b>1,417,197</b>

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Balance at June 30, 2011			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Budgetary Due to Grantor	Budgetary Receivable	
NJ Department of Labor and Workforce Development:												
Apprenticeship Coordinator	100-062-4545-341-	7/1/10-6/30/11	\$ 11,401			\$ 7,455	\$ (10,650)		\$ (3,195)		\$ (3,195)	\$ 10,650
Apprenticeship Coordinator	6140	7/1/09-6/30/10	15,339	\$ (3,550)		3,636				\$ 86		14,046
Apprenticeship Coordinator		7/1/07-6/30/08	20,250	(8,835)					(8,835)		(8,835)	20,250
Total Department of Labor and Workforce Development				(12,385)		11,091	(10,650)		(12,030)	86	(12,030)	44,946
NJ Board of Public Utilities:												
New Jersey Clean Energy Program	N/A	4/14/09-10/14/09	52,978	(13,245)		13,245						52,978
NJ Department of Agriculture:												
Curriculum for Agricultural Science Education	N/A	4/1/11-8/30/11	7,800			7,800	(7,800)					7,800
NJ School Development Authority:												
Capital Projects Fund:												
Educational Facilities Construction and Financing Act:												
Roof/Fire Alarm/Emergency Generator	5110-010-04-00QA	N/A	335,638	(65,449)					(65,449)		(65,449)	335,638
Connection to Municipal Water System	5110-010-09-GOXR	N/A	190,000				(190,000)		(190,000)		(190,000)	190,000
Total NJ School Development Authority				(65,449)			(190,000)		(255,449)		(255,449)	525,638
Total State Awards				\$ (564,509)	\$ 10,263	\$ 4,609,543	\$ (4,762,956)	\$ 5,687	\$ (326,511)	\$ 16,019	\$ (717,991)	\$10,735,970

N/A - Not Available

SUSSEX COUNTY TECHNICAL SCHOOL  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Sussex County Technical School under programs of the federal and state governments for the fiscal year ended June 30, 2011. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects 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 those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments 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 revenue, whereas the GAAP basis does not. Grant Revenue in the capital projects fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on actual expenditures and when funds are requested for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$61,451 for the general fund, \$2,042 for the special revenue fund and \$65,449 for the capital projects 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. Additionally, the schedule of expenditures of state awards does not include the TPAF Non-Contributory Insurance and the Post Retirement Contributions of \$16,992 and \$360,911 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

**SUSSEX COUNTY TECHNICAL SCHOOL**  
**NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(Continued)

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,677,856	\$ 4,677,856
Special Revenue Fund	\$ 548,935	334,190	883,125
Capital Projects Fund		255,449	255,449
Enterprise Fund	<u>80,562</u>	<u>2,610</u>	<u>83,172</u>
Total Federal and State Awards	<u>\$ 629,497</u>	<u>\$ 5,270,105</u>	<u>\$ 5,899,602</u>

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

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

**NOTE 5. OTHER**

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2011.

**NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS**

The District has seven active grants in the amount of \$1,004,038 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2011, \$255,449 of the grant funds have been expended and drawn down on a GAAP basis on these seven grants. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and is realizing the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal or state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133 *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

The District's major federal and state programs for the current fiscal year consisted of the following awards:

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 2,149,036	\$2,149,036
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	279,364	279,364
Security Aid	11-495-034-5120-084	7/1/10-6/30/11	45,759	45,759
Adjustment Aid	11-495-034-5120-085	7/1/10-6/30/11	1,370,348	1,370,348
<u>Federal:</u>				
Carl D. Perkins Cluster:				
Carl D. Perkins Secondary	84.048	7/1/10-6/30/11	105,953	105,953
Carl D. Perkins Post Secondary	84.048	7/1/10-6/30/11	83,454	83,454

- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular.
- The threshold for determining federal and state Type A and B programs was \$300,000.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 were \$500,000.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

SUSSEX COUNTY TECHNICAL SCHOOL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJOMB 04-04.

SUSSEX COUNTY TECHNICAL SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

There were no prior year findings.