

**SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY**

**Board of Trustees
SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY
Sparta, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013**

**Comprehensive Annual
Financial Report**

of the

**SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY**

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2013

**Prepared by
SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY
Finance Department**

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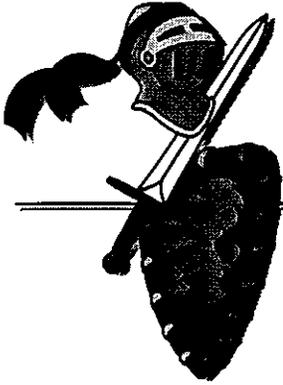
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INTRODUCTORY SECTION



SUSSEX COUNTY

CHARTER SCHOOL FOR TECHNOLOGY

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 Jill A. Eckel, Administrative Principal – jeckel@sussexcharter.org
 Estrella M. Molinet, SBA/Board Secretary – emolinet@sussexcharter.org

August 26, 2013

The Honorable President and Members
 of the Board of Trustees
 Sussex County Charter School for Technology
 Sparta, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Sussex County Charter School for Technology (the "Charter School") for the fiscal year ended June 30, 2013, 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 Trustees (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 Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School'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 Charter School's organizational chart, roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Charter School's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Charter School, generally presented on a multi- year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey OMB's Circular 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 the 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 Charter School for Technology (School) is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. The Sussex County Charter School for Technology constitutes the Charter School's reporting entity.

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

The Charter School provides a full range of educational services appropriate to grade levels 6, 7 and 8. These services include enhancing the academic learning opportunities through the integrated use of available technologies. The program is structured around small class size, a dynamic and integrated curriculum which has been aligned with the New Jersey Core Curriculum Content Standards and the infusion of technology to stimulate student enthusiasm and interest in the learning process.

The Charter School completed the 2012-2013 fiscal year; its fifteenth year of operation, with an enrollment of 224.7 students.

2) ECONOMIC CONDITION AND OUTLOOK:

Enrollment increased to 225 students in the 2012-13 school year which is consistent with the Charter School's enrollment expansion plan. This was the final student phase of our expansion plan. We continue to monitor legislation in Trenton through the Charter Public School Association that would affect Charter funding – specifically facilities cost aid and health and pension reforms.

3) MAJOR INITIATIVES:

To stand out in the community, the Charter School must strive to provide a unique educational experience for students. To this end, differentiation of instruction continues to be a major priority at the Charter School. Changing pace, level, or kind of instruction provided to students in response to individual learning needs, styles, or interests is a major avenue of educational change. This instruction is both rigorous and challenging to motivate students to push themselves forward academically. Learning at the Charter School is relevant, in that it focuses on essential learning while still incorporating the new Common Core Standards. Instruction is both flexible and varied, which allows students, where appropriate, to make choices about how they will learn and how they will demonstrate learning. Finally, differentiated instruction at the Charter School focuses on depth rather than breadth of knowledge, thus providing a higher quality of learning to the students.

The Charter School also continues to develop a reflective, school-wide portfolio culture based on eight key learning objectives essential to academic growth. The reflective portfolio system allows the Charter School to more fully integrate academic subjects, as well as more fully link these academic subjects with the technology emphasis of the School. Not only does this culture help to more fully integrate the curricula, it facilitates ensuring curricula that addresses the life skills students need. Through the portfolio process, students come to understand that learning does not take place in isolated academic segments, but rather, true learning is integrated across all disciplines and throughout a lifetime.

In addition to adopting the all new Common Core State Standards (CCSS) this year, the Charter School now utilizes Study Island to create benchmark measurements in the academic subjects and technology so that we may more closely monitor the academic growth of our students. The Charter School is committed to provide a clear understanding of what students know and are expected to learn. The Charter School is also moving forward to comply with New Jersey Department of Education Initiatives: Charter School Performance Framework, Partnership for Readiness for College and Career (PARCC), and AchieveNJ- the adoption of more rigorous teacher and principal evaluation systems. The Charter School also plans to institute a Bring Your Own Device (BYOD) technology infrastructure.

The Honorable President and Members
of the Board of Trustees
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3) MAJOR INITIATIVES: (Cont'd)

The Charter School is working with the Charter Foundation for the Arts and Science to continue development of three initiatives. The first moved forward this year- a talent identification and development plan, which offers students opportunities to explore and gain understanding of their own interests, talents and strengths, and to empower and enable them to become creatively productive individuals in those areas. The second initiative, 1st Lego League, is a competitive robotics program designed to get students excited about science and technology and is ready to begin next year. The third initiative, Destination Imagination, is an educational program where student teams solve open-ended challenges and present their solutions at tournaments. In working to solve these challenges, students learn important life skills like time management, collaboration, and creative and critical thinking. The Charter School hopes to include this as part of our educational program in the upcoming year.

Now tied into new requirements regarding harassment, intimidation and bullying, Charter Connections continues to provide integrated character education and climate development to support the social and emotional growth of our students, as well as the development of leadership abilities. This initiative teaches responsibility and self-discipline, respect, citizenship, patience and fairness, honesty and trustworthiness, diligence, courage, cooperation and sportsmanship, integrity and dependability. Students learn to accept both the rights and responsibilities of citizenship in a democratic society and to develop the skills necessary to live safe, humane and productive lives in a democratic society.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data is 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 Charter School also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the Charter School's management.

As part of the Charter School'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 Charter School has complied with applicable laws, regulations, contracts and grants.

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the General and Special Revenue Funds.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2013.

6) ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School 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 Charter School is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The Charter School 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of the Charter School's insurance coverage is found on Exhibit J-20.

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 was selected by the Board of Trustees at its organization meeting.

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 Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey OMB's Circular 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 is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Governmental Auditing Standards* are included in the single audit section of this report.

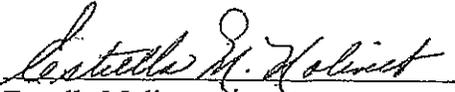
The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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August 26, 2013

10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Board of Trustees of the Sussex County Charter School for Technology for their concern in providing fiscal accountability to the citizens and participating districts of the Charter School 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 the financial and accounting staff.

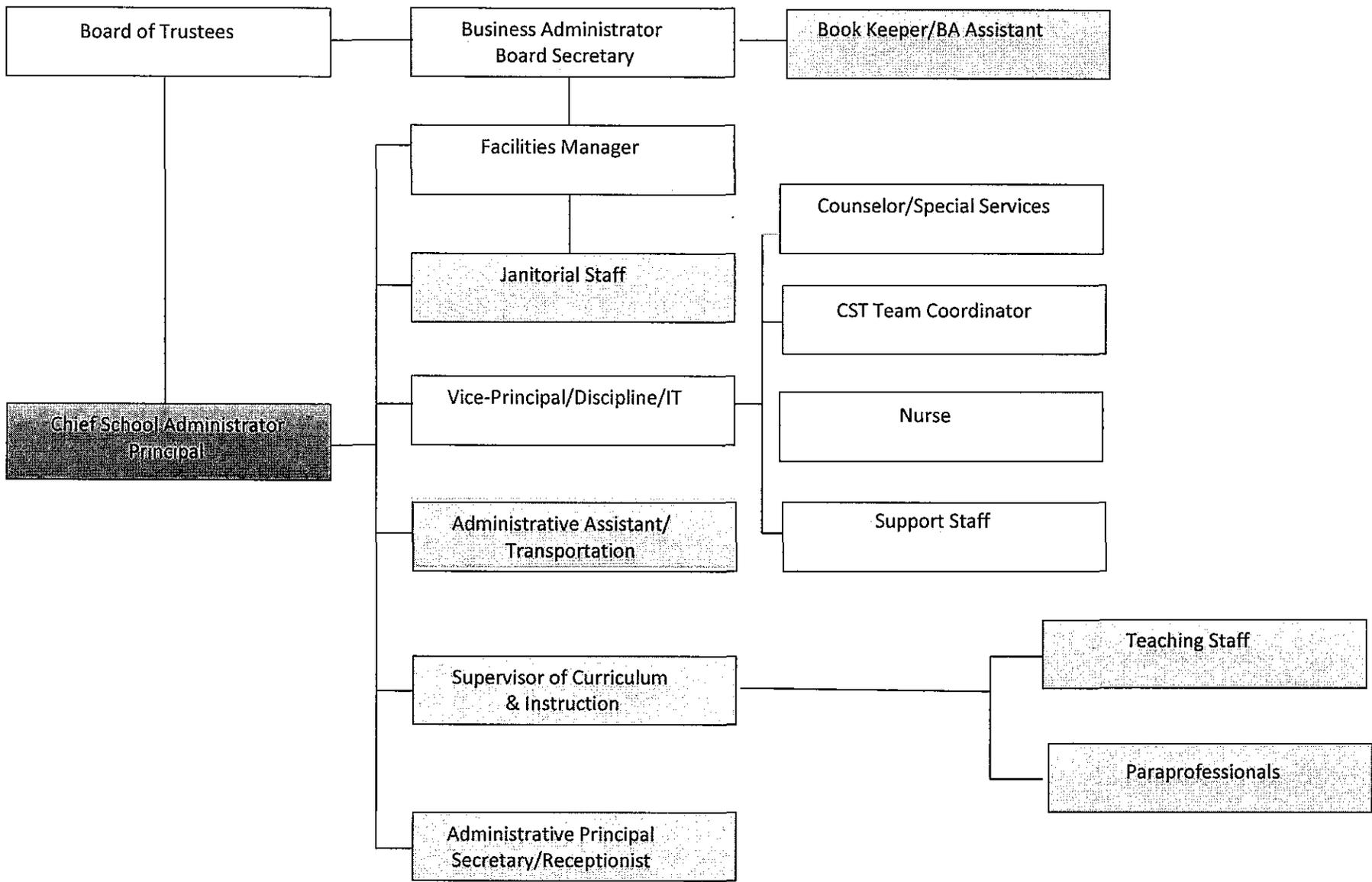


Jill A. Eckel
Administrative Principal



Estrella Molinet
Business Administrator/Board Secretary

Organizational Charter for Sussex County Charter School for Technology



SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
ROSTER OF OFFICIALS
JUNE 30, 2013

<u>Members of the Board of Trustees:</u>	<u>Expiration of Term</u>
Dr. Edwin Selby, President	2016
Charles Teufert, Vice President	2014
Wendie Blanchard	2017
Mary Rapuano	2014
Michael Nelms, Esq.	2015

<u>Other Officials</u>	<u>Title</u>
Jill E. Eckel	Administrative Principal
Estrella M. Molinet	Business Administrator/Board Secretary
Candace Leatham	Treasurer

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY

Consultants and Advisors

Audit Firm

Nisivoccia LLP

Mount Arlington Corporate Center

200 Valley Road, Suite 300

Mount Arlington, NJ, 07856

and

Lawrence Business Park

11 Lawrence Road

Newton, NJ 07860

Attorney

Weiner Lesniak LLP

629 Parsippany Road

PO Box 0483

Parsippany, NJ 07054

Official Depository

PNC Bank

Two Tower Center Boulevard, 21st Floor

East Brunswick, New Jersey 08816

FINANCIAL SECTION



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 Mt. Arlington, NJ 07858
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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 Trustees
 Sussex County Charter School for Technology
 County of Sussex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology (the "Charter School") in the County of Sussex, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise of the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology, in the County of Sussex, as of June 30, 2013, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

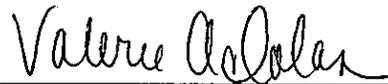
The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2013 on our consideration of the District'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

August 26, 2013
Mount Arlington, New Jersey

NISIVOCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

This section of Sussex County Charter School for Technology's annual financial report presents its discussion and analysis of the Charter School's financial performance during the fiscal year ending June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the Charter School's financial statements, which immediately follow this section.

Financial Highlights

- Total Net Position was \$1,286,588 as of June 30, 2013.
- Overall revenue was \$3,608,040 for the current fiscal year.
- Overall expenses were \$3,231,771 for the current fiscal year.
- Mortgage loans to finance the School's facilities were \$4,903,058 as of June 30, 2013.

Overview of the Financial Statements

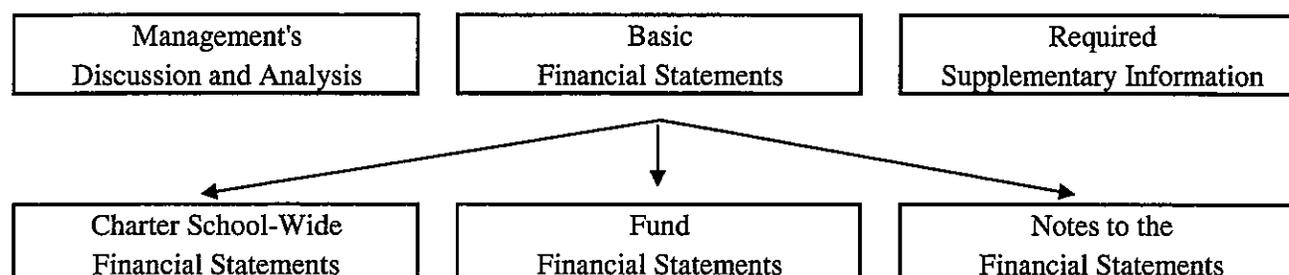
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Charter School:

- The first two statements are *Charter School-wide financial statements* that provide both *short-term* and *long-term* information about the Charter School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the School's operations in *more* detail than the Charter School-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.
- *Fiduciary funds statements* provide information about the financial relationships in which the Charter School 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 Charter School'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 Sussex County Charter School for Technology's Financial Report



**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Figure A-2 summarizes the major features of the Charter School's financial statements, including the portion of the Charter School'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 Charter School-wide and Fund Financial Statements

	Charter School-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance	Not Applicable	Instances in which the School administers resources on behalf of someone else, such as scholarship programs and student activities
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	Not Applicable	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Not Applicable	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 and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	Not Applicable	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	Not Applicable	All additions and deductions during the year, regardless of when cash is received or paid

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Charter School-wide Statements

The Charter School-wide statements report information about the Charter School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Charter School'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 Charter School-wide statements report the Charter School's *net position* and how they have changed. Net position – the difference between the Charter School's assets and liabilities – is one way to measure the Charter School's financial health or *position*.

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

In the Charter School-wide financial statements, the School's activities are in the following category:

- *Governmental activities*: Most of the Charter School'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.

Fund Financial Statements

The fund financial statements provide more detailed information about the Charter School's funds, focusing on its most significant or "major" funds – not the Charter School as a whole. Funds are accounting devices the School 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 Charter School 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 School has two kinds of funds:

- *Governmental funds*: Most of the Charter School'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 Charter School's programs. Because this information does not encompass the additional long-term focus of the Charter School-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Fund Financial Statements

- *Fiduciary funds:* The Charter School is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The Charter School 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 Charter School excludes these activities from the Charter School-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-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 School as a Whole

Net Position. The Charter School's *combined* net position was \$1,286,588 on June 30, 2013, \$376,269 or 41.33% more than the year before. (See Figure A-3).

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities		Percentage
	2013	2012	Change 2012-2013
Current/Other Assets	\$ 450,244	\$ 400,174	12.51%
Capital Assets	5,845,474	5,867,451	-0.37%
Total Assets	<u>6,295,718</u>	<u>6,267,625</u>	0.45%
Long-term Liabilities	4,990,789	5,340,611	-6.55%
Other Liabilities	18,341	6,623	176.93%
Total Liabilities	<u>5,009,130</u>	<u>5,347,234</u>	-6.32%
Net Position:			
Net Investment in Capital Assets	942,416	636,565	48.05%
Restricted for Other Purposes	80,054	60,010	33.40%
Unrestricted	264,118	213,744	23.57%
Total Net Position	<u>\$ 1,286,588</u>	<u>\$ 910,319</u>	41.33%

Changes in Net Position. The Charter School's net position for governmental activities increased \$376,269 over the course of the year. Net investment in capital assets increased \$305,851 due to \$327,828 a retirement of long term liabilities related to capital assets, and additions of \$85,437 of capital assets offset by \$69,208 in current year depreciation and \$38,206 of capital asset deletions. Restricted net position increased \$20,044 due to a deposit of \$20,000 and interest earned of \$44 in the Maintenance Reserve Account. Unrestricted net position increased \$50,374 primarily due to excess revenue and unexpended budget appropriations offset by fund balance used to support the 2012-2013 budget.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
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(Unaudited)**

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Percentage Change 2012-2013
	2013	2012	
Revenue:			
Program Revenue:			
Operating Grants and Contributions	\$ 452,890	\$ 374,417	20.96%
General Revenue:			
Local Property Taxes - Charter School Aid	2,233,073	1,817,171	22.89%
Unrestricted Federal and State Aid	916,531	769,788	19.06%
Other	5,546	2,805	97.72%
Total Revenue	<u>3,608,040</u>	<u>2,964,181</u>	21.72%
Expenses:			
Instruction	1,790,105	1,482,791	20.73%
Administration and Business	1,146,604	945,648	21.25%
Other	295,062	249,563	18.23%
Total Expenses	<u>3,231,771</u>	<u>2,678,002</u>	20.68%
Increase/(Decrease) in Net Position	<u>\$ 376,269</u>	<u>\$ 286,179</u>	31.48%

Revenue Sources. The Charter School's total revenue for the 2012-2013 school year was \$3,608,040. (See Figure A-5). Charter School Aid (Local and State) accounted for most of the Charter School's revenue (87.30%) (See Figure A-5). Another 12.55 percent came from state and federal aid for specific programs and the remaining .15% came from miscellaneous sources.

**Figure A-5
Sources of Revenue for Fiscal Year 2013 and 2012**

Sources of Income	2013	Percentage	2012	Percentage
Local Property Taxes - Charter School Aid	\$ 2,233,073	61.90%	\$ 1,817,171	61.30%
Unrestricted State Aid - Charter School Aid	916,531	25.40%	769,788	25.97%
Federal and State Categorical Grants	452,890	12.55%	374,417	12.63%
Other	5,546	0.15%	2,805	0.10%
	<u>\$ 3,608,040</u>	<u>100.00%</u>	<u>\$ 2,964,181</u>	<u>100.00%</u>

Expenses. The total cost of all programs and services was \$3,231,771. The Charter School's expenses are predominantly related to student instruction (55.40%). (See Figure A-6). The Charter School's administrative and business expenses accounted for 35.48% of total costs. The remaining 9.13% of expenses were related to interest on long-term debt.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
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(Unaudited)**

**Figure A-6
Expenses for Fiscal Year 2013 and 2012**

Expense Category	2013	Percentage	2012	Percentage
Instruction	\$ 1,790,105	55.40%	\$ 1,482,791	55.37%
Administration and Business	1,146,604	35.47%	945,648	35.31%
Other	295,062	9.13%	249,563	9.32%
	<u>\$ 3,231,771</u>	<u>100.00%</u>	<u>\$ 2,678,002</u>	<u>100.00%</u>

Governmental Activities

The financial position of the Charter School improved significantly over the course of the year, primarily due to a \$90,727 net increase in capital assets and \$160,281 net increase in operations (excess revenue and unspent budget appropriations offset by surplus used to fund the current year budget). Through careful budgeting, the Charter School has managed to maintain programs. Careful management of expenses remains essential for the Charter School to sustain its financial health.

Figure A-7 presents the cost of three major Charter School activities: instruction, administration and business, 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):

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
Instruction	\$ 1,790,105	\$ 1,482,791	\$ 1,431,521	\$ 1,176,455
Administration and Business	1,146,604	945,648	1,052,298	877,567
Other	295,062	249,593	295,062	249,593
Total	<u>\$ 3,231,771</u>	<u>\$ 2,678,032</u>	<u>\$ 2,778,881</u>	<u>\$ 2,303,615</u>

- The cost of all governmental activities this year was \$3,231,771.
- A significant portion - \$2,223,073 - of the Charter School's activities was financed through amounts raised by local school district tax levies and transferred to the Charter School in the form of Charter School Aid.
- The federal and state governments subsidized certain programs with \$452,890 in grants and contributions.
- A portion of the governmental activities was financed with \$916,531 in State Charter School Aid.

Financial Analysis of the Charter School's Funds

The financial position of the Charter School increased on a fund basis during the year. However, faculty costs have increased slightly with the addition of new staff. Fringe benefit costs for all staff continue to increase.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

General Fund Budgetary Highlights

Over the course of the year, the Charter School revised the annual operating budget several times. These budget amendments represented changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Capital Assets

Capital assets of governmental activities decreased \$21,977 as a result of the acquisition of capital assets of \$85,437, offset by current year depreciation of \$69,208 and capital asset deletions of \$38,206. (More detailed information about the Charter School's capital assets is presented in the Notes to the Basic Financial Statements, Note 4.)

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Percentage Change 2012-2013
	2013	2012	
Sites (Land)	\$ 500,000	\$ 500,000	0.00%
Buildings and Building Improvements	4,974,197	5,028,656	-1.08%
Machinery and Equipment	371,277	338,795	9.59%
Total Capital Assets, Net of Depreciation	<u>\$ 5,845,474</u>	<u>\$ 5,867,451</u>	-0.37%

Long-term Liabilities

At year-end, the Charter School had \$4,903,058 in mortgage loans payable, \$42,437 in a Loan Brokering Agreement Payable and \$45,294 in compensated absences – as shown in Figure A-9. (More detailed information about the Charter School's long-term liabilities is presented in the Notes to the Basic Financial Statements, Note 5.)

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Percentage Change 2012-2013
	2013	2012	
Mortgage Loans Payable	\$ 4,903,058	\$ 5,230,886	-6.27%
Loan Brokering Agreement Payable	42,437	62,103	-31.67%
Compensated Absences Payable	45,294	47,622	-4.89%
	<u>\$ 4,990,789</u>	<u>\$ 5,340,611</u>	-6.55%

- The Charter School retired \$327,828 of Mortgage Loans Payable, \$19,666 of the Loan Brokering Agreement Payable and \$7,044 of Compensated Absences Payable offset by \$4,716 of accruals during the fiscal year.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)**

Factors Bearing on the Charter School's Future

At this time these financial statements were prepared and audited, the Sussex County Charter School for Technology was aware of existing circumstances that could significantly affect its financial health in the future:

- The completion of the School's expansion plan in 2012-13 school year raises the total student population to 225 and the school continues to maintain full enrollment and a waiting list. Staff salaries have been set through 2015 with the new work agreement, but health benefits, possible pension law changes and the rising cost of special education program costs continue to be a significant factor in planning future budgets. Increased revenue will offset the additional expenses necessary to serve the additional students, but especially in light of the growing number of schools of choice in Sussex County, the Charter School must be mindful about keeping the student body at maximum capacity.
- As our campus was built with a number of older modular units, the School has created a maintenance reserve and a solid capital projects plan for the campus and facility as well as an Information Technology plan to address BYOD and PARRC technology needs.
- The School is also preparing to address the refinancing of one of our mortgages in the future.

Contacting the Charter School's Financial Management

This financial report is designed to provide the Charter School's citizens, taxpayers, customers and investors and creditors with a general overview of the School's finances and to demonstrate the Charter School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Charter School Office, 385 North Church Road, Sparta, New Jersey 07871.

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

Exhibit A-1

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 315,801
Receivable from Local Governments	20,706
Receivable from Federal Government	33,683
Restricted Cash - Maintenance Reserve	80,054
Capital Assets:	
Site (Land)	500,000
Depreciable Buildings and Building Improvements and Machinery and Equipment, Net	<u>5,345,474</u>
Total Assets	<u>6,295,718</u>
LIABILITIES	
Accounts Payable - Vendors	11,158
Payable to State Government	7,183
Noncurrent Liabilities:	
Due Within One Year	155,335
Due Beyond One Year	<u>4,835,454</u>
Total Liabilities	<u>5,009,130</u>
NET POSITION	
Net Investment in Capital Assets	942,416
Restricted for:	
Other Purposes	80,054
Unrestricted	<u>264,118</u>
Total Net Position	<u>\$ 1,286,588</u>

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

Exhibit A-2

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
Governmental Activities:			
Instruction:			
Regular	\$ 1,598,976	\$ 320,435	\$ (1,278,541)
Special Education	191,129	38,149	(152,980)
Support Services:			
General Administration Services	625,620	94,306	(531,314)
School Administration Services	520,984		(520,984)
Interest and Other Charges	295,062		(295,062)
Total Governmental Activities	<u>3,231,771</u>	<u>452,890</u>	<u>(2,778,881)</u>
Total Primary Government	<u>\$ 3,231,771</u>	<u>\$ 452,890</u>	<u>(2,778,881)</u>
General Revenue:			
Taxes:			
Local Property Taxes - Charter School Aid			2,233,073
Unrestricted Federal and State Aid			916,531
Investment Earnings			240
Miscellaneous Income			5,306
Total General Revenue			<u>3,155,150</u>
Change in Net Position			376,269
Net Position - Beginning			<u>910,319</u>
Net Position - Ending			<u>\$ 1,286,588</u>

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

FUND FINANCIAL STATEMENTS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	\$ 315,801			\$ 315,801
Interfund Receivable:				
Special Revenue Fund	28,683			28,683
Intergovernmental Receivable:				
Local	20,706			20,706
Federal		\$ 33,683		33,683
Restricted Cash Maintenance Reserve	80,054			80,054
Total Assets	\$ 445,244	\$ 33,683	\$ - 0 -	\$ 478,927
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 6,158	\$ 5,000		\$ 11,158
Intergovernmental Payable - State	7,183			7,183
Interfund Payable - General Fund		28,683		28,683
Total Liabilities	13,341	33,683	- 0 -	47,024
Fund Balances:				
Restricted:				
Maintenance Reserve	80,054			80,054
Assigned to:				
Encumbrances	17,733			17,733
Mortgage Repayment	100,000			100,000
Unassigned	234,116			234,116
Total Fund Balances	431,903			431,903
Total Liabilities and Fund Balances	\$ 445,244	\$ 33,683	\$ - 0 -	\$ 478,927

Amounts Reported for *Governmental Activities* in the *Statement of Net Position* (Exhibit A-1) are different because

Total Fund Balances - Governmental Funds (Above)	\$ 431,903
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$6,155,027 and the accumulated depreciation is \$309,553.	5,845,474
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(4,990,789)
Net Position of Governmental Activities	\$ 1,286,588

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

Exhibit B-2

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Charter School Aid	\$ 2,233,073			\$ 2,233,073
Interest	196			196
Interest - Maintenance Reserve	44			44
Miscellaneous	5,306			5,306
Total - Local Sources	2,238,619			2,238,619
State Sources	1,276,670			1,276,670
Federal Sources		\$ 92,751		92,751
Total Revenue	3,515,289	92,751		3,608,040
EXPENDITURES:				
Instruction:				
Regular Instruction	1,081,267			1,081,267
Special Education Instruction	98,378	92,751		191,129
Support Services and Undistributed Costs:				
General Administration Services	367,288			367,288
School Administration Services	523,312			523,312
Unallocated Benefits	706,833			706,833
Capital Outlay	119,673			119,673
Debt Service:				
Principal			\$ 242,286	242,286
Interest and Other Charges			327,828	327,828
Total Expenditures	2,896,751	92,751	570,114	3,559,616
Excess/(Deficiency) of Revenue over/(under)				
Expenditures	618,538		(570,114)	48,424
OTHER FINANCING SOURCES/(USES):				
Transfers	(570,114)		570,114	
Net Change in Fund Balances	48,424			48,424
Fund Balance—July 1	383,479			383,479
Fund Balance—June 30	\$ 431,903	\$ - 0 -	\$ - 0 -	\$ 431,903

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

Exhibit B-3

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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, 2013

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	48,424
<p>Amounts Reported for <i>Governmental Activities</i> in the <i>Statement of Activities</i> (Exhibit A-2) are Different Because:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the <i>Statement of Activities</i>, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deletions in the current period.</p>		
Depreciation Expense	\$	(69,208)
Capital Asset Deletions		(38,206)
Capital Outlays		<u>85,437</u>
		(21,977)
<p>Repayment of Mortgage Loans is an expenditure in the Governmental Funds, but the repayment reduces Long-term Liabilities in the <i>Statement of Net Position</i> and is not reported in the <i>Statement of Activities</i>.</p>		
		327,828
<p>Payment of the Loan Brokering Agreement is an expenditure in the Governmental Funds, but the payment reduces Long-term Liabilities in the <i>Statement of Net Position</i> and is not reported in the <i>Statement of Activities</i>.</p>		
		19,666
<p>In the <i>Statement of Activities</i>, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		<u>2,328</u>
Change in Net Position (from Exhibit A-2)	\$	<u><u>376,269</u></u>

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

Exhibit B-4

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 40,130	\$ 54,377
Total Assets	<u>40,130</u>	<u>54,377</u>
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	27,682	
Due to Student Groups	<u>12,448</u>	
Total Liabilities	<u>40,130</u>	<u>- 0 -</u>
<u>NET POSITION:</u>		
Restricted for Unemployment Claims		<u>54,377</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 54,377</u>

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

Exhibit B-5

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employer	\$ 40,000
Employee	<u>3,433</u>
Total Contributions	<u>43,433</u>
Investment Earnings:	
Interest	<u>25</u>
Net Investment Earnings	<u>25</u>
Total Additions	<u>43,458</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>25,000</u>
Total Deductions	<u>25,000</u>
Change in Net Position	18,458
Net Position—Beginning of the Year	<u>35,919</u>
Net Position—End of the Year	<u>\$ 54,377</u>

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Trustees (the "Board") of the Sussex County Charter School for Technology (the "Charter School") 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 volunteer officials and is responsible for the fiscal control of the Charter School. An Administrative Principal is appointed by the Board and is responsible for the administrative control of the Charter School.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and schools by the primary government. The exercise of oversight responsibility includes financial interdependency, and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. 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 Charter School over which the Board exercises operating control. The operations of the Charter School include the Charter School which is situated in the Township of Sparta. 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 Charter School is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Charter School's Governmental activities. These statements include the financial activities of the overall Charter School in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the Charter School'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 is self-financing or draws from the general revenues of the Charter School.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the Charter School segregates transactions related to certain Charter School 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 Charter School'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 schools 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 school financial reporting models.

The Charter School reports the following Governmental Funds:

General Fund: The General Fund is the general operating fund of the Charter School and is used to account for and report all expendable financial resources not accounted for 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 Charter School 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, school taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for 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 or debt service funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

The Charter School does not report any proprietary funds where the stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the Charter School reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the Charter School on behalf of others and includes the Payroll Agency, Student Activities and Unemployment Trust Fund.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

C. Measurement Focus and Basis of Accounting

The Charter School-Wide financial statements 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. Non-exchange transactions, in which the Charter School gives or receives value without directly receiving or giving equal value in exchange, 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 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 Charter School 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 Charter School'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 Charter School's policy to apply committed resources first followed by assigned resources 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 position may be available to finance the program. It is the Charter School's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. 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 Charter of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All 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 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 no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted in the following paragraph. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

D. Budgets/Budgetary Control: (Cont'd)

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.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,515,289	\$ 94,317
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(1,566)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 3,515,289	\$ 92,751
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 2,896,751	\$ 94,317
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.		(1,566)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 2,896,751	\$ 92,751

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to 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 Charter School 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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 other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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. 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.

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 Charter School has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

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

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 Charter School 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 expenditures during the year of purchase.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

K. Capital Assets:

During the Charter School's initial year of operation, a formal system of accounting for its capital assets was established. Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. 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 Charter School does not possess any infrastructure. The Charter School has reviewed capital assets 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 Charter School-Wide statements are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 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 the Governmental Fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the Fund financial statements.

L. Long Term Liabilities:

In the Charter School-Wide Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities in Governmental activities.

M. Accrued Salaries and Wages:

The Charter School does not allow employees, who provide services to the Charter School 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 for this purpose at June 30, 2013.

N. Compensated Absences:

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

Employees are granted varying amounts of vacation and sick leave in accordance with the Charter School's policies and employee contracts. Upon separation, certain employees are paid for accrued vacation. Employees can also accumulate unused sick leave which will be paid, with certain limits, upon the employee's retirement or separation pursuant to the Charter School's policy or employee contracts.

In the Charter School-wide Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components - the amount due within one year and the amount due after one year.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

O. Unearned Revenue:

Unearned revenue in the Special Revenue Fund represents cash which has been received but not yet earned. See Note 1(D) regarding the Special Revenue Fund.

P. Fund Balance Appropriated:

General Fund: Of the \$431,903 General Fund balance at June 30, 2013, \$17,733 is assigned for encumbrances, \$100,000 is assigned for mortgage repayment, \$80,054 is restricted for a maintenance reserve, and \$234,116 is unassigned.

Q. Net Position:

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during the current fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District did not have any deferred inflows or outflows of resources at June 30, 2013.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Fund Balance Restrictions, Commitments and Assignments:

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 Charter School'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 Charter School'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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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

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

The Charter School Board of Trustees 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 Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2013.

The assignment of resources is generally made by the Charter School Board of Trustees through a motion or a resolution passed by a majority of the Members of the Board of Trustees. 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 Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has assigned resources of \$17,733 for year-end encumbrances and \$100,000 for an accelerated mortgage repayment at June 30, 2013.

S. Revenue - Exchange and Non-exchange 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 Charter School, available means within sixty days of the fiscal year end.

Non-exchange transactions, in which the Charter School 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 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 Charter School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Charter School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: Local Levy- Charter School Aid- Local Share, interest and tuition.

T. 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(Continued)

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

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and Charter School-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 Charter School 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 Charter School 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 Charter School 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 Charter School limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

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 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Investments:

New Jersey statutes permit the Charter School 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
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2013, cash and cash equivalents and investments of the Charter School consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Maintenance Reserve</u>	<u>Total Cash and Cash Equivalents</u>
Checking & Savings Accounts	\$ 410,311	\$ 80,054	\$ 490,362

During the period ended June 30, 2013, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2013, was \$490,362 and the bank balance was \$552,240.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2013 were as follows:

	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 500,000			\$ 500,000
Total Capital Assets not Being Depreciated	500,000			500,000
Capital Assets Being Depreciated:				
Buildings and Building Improvements	5,184,656			5,184,656
Machinery and Equipment	423,140	\$ 85,437	\$ (38,206)	470,371
Total Capital Assets Being Depreciated	5,607,796	85,437	(38,206)	5,655,027
Governmental Activities Capital Assets	6,107,796	85,437	(38,206)	6,155,027
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(156,000)	(54,459)		(210,459)
Machinery and Equipment	(84,345)	(14,749)		(99,094)
Total Accumulated Depreciation	(240,345)	(69,208)		(309,553)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 5,867,451</u>	<u>\$ 16,229</u>	<u>\$ (38,206)</u>	<u>\$ 5,845,474</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 53,596
General and School Administration Services	15,612
	<u>\$ 69,208</u>

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2013, the following changes occurred in liabilities reported in the Charter School-Wide financial statements:

	Balance June 30, 2012	Accrued	Retired	Balance June 30, 2013
Mortgage Loans Payable	\$ 5,230,886		\$ 327,828	\$ 4,903,058
Loan Brokering Agreement	62,103		19,666	42,437
Compensated Absences Payable	47,622	\$ 4,716	7,044	45,294
	<u>\$ 5,340,611</u>	<u>\$ 4,716</u>	<u>\$ 354,538</u>	<u>\$ 4,990,789</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 (Continued)

NOTE 5. LONG-TERM LIABILITIES (Cont'd)

A. Mortgage Loans Payable:

On December 27, 2010, the Charter School obtained four mortgage loans totaling \$5,424,787 for the acquisition of land and buildings for the School's new facilities. These loans will be liquidated through the General Fund (but are reflected for reporting purposes through the Debt Service Fund).

The details of the mortgage loans payable outstanding as of June 30, 2013 are as follows:

\$3,000,000 Sussex Bank Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2014	5.50%	\$ 65,422
6/30/2015	5.50%	69,164
6/30/2016	3.86%	80,380
6/30/2017	3.86%	84,236
6/30/2018	3.86%	103,705
6/30/2019	3.86%	99,484
6/30/2020	3.86%	103,201
6/30/2021	3.86%	107,560
6/30/2022	3.86%	111,846
6/30/2023	3.86%	116,302
6/30/2024	3.86%	120,738
6/30/2025	3.86%	125,748
6/30/2026	3.86%	130,758
6/30/2027	3.86%	135,968
6/30/2028	3.86%	141,245
6/30/2029	3.86%	147,014
6/30/2030	3.86%	152,872
6/30/2031	3.86%	158,963
6/30/2032	3.86%	165,223
6/30/2033	3.86%	171,881
6/30/2034	3.86%	178,729
6/30/2035	3.86%	185,851
6/30/2036	3.86%	95,682
		<u>2,851,972</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 5. LONG-TERM LIABILITIES (Cont'd)

A. Mortgage Loans Payable: (Cont'd)

\$1,870,000 USDA Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2014	3.75%	\$ 37,977
6/30/2015	3.75%	39,426
6/30/2016	3.75%	40,755
6/30/2017	3.75%	42,485
6/30/2018	3.75%	44,105
6/30/2019	3.75%	45,788
6/30/2020	3.75%	47,380
6/30/2021	3.75%	49,342
6/30/2022	3.75%	51,225
6/30/2023	3.75%	53,180
6/30/2024	3.75%	55,074
6/30/2025	3.75%	57,309
6/30/2026	3.75%	59,496
6/30/2027	3.75%	61,765
6/30/2028	3.75%	64,013
6/30/2029	3.75%	66,564
6/30/2030	3.75%	69,104
6/30/2031	3.75%	71,740
6/30/2032	3.75%	74,397
6/30/2033	3.75%	77,315
6/30/2034	3.75%	80,265
6/30/2035	3.75%	83,327
6/30/2036	3.75%	86,460
6/30/2037	3.75%	89,804
6/30/2038	3.75%	93,231
6/30/2039	3.75%	96,788
6/30/2040	3.75%	100,473
6/30/2041	3.75%	42,348
		<u>1,781,136</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 5. LONG-TERM LIABILITIES (Cont'd)

A. Mortgage Loans Payable: (Cont'd)

\$430,000 New Jersey Community Capital Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2014	8.00%	\$ 10,972
6/30/2015	8.00%	11,883
6/30/2016	8.00%	184,992
		<u>207,847</u>

\$125,000 READS Sparta, LLC Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2014	8.00%	\$ 19,666
6/30/2015	8.00%	21,298
6/30/2016	8.00%	21,139
		<u>62,103</u>
Total Mortgage Loans Payable		<u>\$ 4,903,058</u>

Principal and interest on the mortgage loans is as follows:

<u>Due Date</u>	<u>Loan Principal</u>	<u>Loan Interest</u>	<u>Total</u>
6/30/2014	\$ 134,037	\$ 261,045	\$ 395,082
6/30/2015	141,771	253,312	395,083
6/30/2016	327,266	213,390	540,656
6/30/2017	126,721	170,968	297,689
6/30/2018	147,810	149,879	297,689
6/30/19-6/30/23	785,308	703,136	1,488,444
6/30/24-6/30/28	952,114	536,330	1,488,444
6/30/29-6/30/33	1,155,073	333,371	1,488,444
6/30/34-6/30/38	893,349	111,183	1,004,532
6/30/39-6/30/41	239,609	20,702	260,311
	<u>\$ 4,903,058</u>	<u>\$ 2,753,316</u>	<u>\$ 7,656,374</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 5. LONG-TERM LIABILITIES (Cont'd)

B. Loan Brokering Agreement:

The Charter School entered a Loan Brokering Agreement with READS, LLC in the amount of \$125,000 for assistance in obtaining financing for the School's facilities. The remaining payments under the agreement are as follows:

<u>Due Date</u>	<u>Amount</u>
6/30/2014	\$ 25,000
6/30/2015	23,227
Total Payments Due	48,227
Amount Representing Interest	<u>(5,790)</u>
Principal Amount Due	<u>\$ 42,437</u>

C. Compensated Absences:

The Charter School's compensated absences payable of its Governmental activities will be liquidated through the General Fund. There is no current portion payable; therefore, the entire balance of \$45,294 as of June 30, 2013 is included in the long-term portion of long-term liabilities.

NOTE 6. 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. Chapter 103 of Public Laws 2007 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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62 of Public Laws 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.

The State is also responsible for the cost attributable to Chapter 126 of Public Laws 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

The State's on behalf Post Retirement Medical Contributions to TPAF for the Charter School were \$88,855, \$68,635, and \$62,090 for 2013, 2012, and 2011, respectively.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 7. PENSION PLANS

Substantially all of the Charter School'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 Employees' 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 on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of credible 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.

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. Effective July 1, 2012, the employee contribution for PERS and TPAF went from 6.5% to 6.64% of employees' annual compensation, as defined. Subsequent increases are being phased in over 7 years effective each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. 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 \$16,107, \$18,870, and \$14,945 for the fiscal years ended June 30, 2013, 2012, and 2011, respectively.

During the fiscal years ended June 30, 2013, 2012 and 2011, the State of New Jersey contributed \$78,579, \$34,143 and \$-0- respectively, to the TPAF for normal pension benefits on-behalf of the Charter School.

NOTE 8. DEFERRED COMPENSATION

The Charter School offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by Equitable Financial Companies, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 9. ECONOMIC DEPENDENCY

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 10. RISK MANAGEMENT

The Charter School 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. Health benefits coverage is provided through the State of New Jersey Health Benefits Program.

Property and Liability Insurance

The Charter School is a member of the New Jersey School Boards Association Insurance Group (the "Group"). 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. The Group 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 Group are elected.

As a member of this Group, the Charter School could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group 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 related to the total assessment of the membership body.

The financial statements for the Group for the fiscal year ended June 30, 2013 were not available as of the date of this report.

Selected, summarized financial information for the Group as of June 30, 2012 is as follows:

	<u>NJ School Boards Association Insurance Group</u>
Total Assets	\$ 267,924,509
Net Position	\$ 64,143,384
Total Revenue	\$ 85,639,095
Total Expenses	\$ 84,297,968
Change in Net Position	\$ 1,341,127
Member Dividends	\$ -0-

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey School Boards Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060
www.njsbaig.org

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The Charter School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Charter School 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 Charter School is billed quarterly for amounts due to the State. The following is a summary of the Charter School contributions, employees' contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the Charter School's expendable trust fund for the current year and previous two years.

<u>Fiscal Year</u>	<u>Employer/ Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$ 43,433	\$ 25	\$ 25,000	\$ 54,377
2011-2012	12,626	24		35,919
2010-2011	2,601	34		23,269

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 28,683	
Special Revenue Fund		\$ 28,683
	<u>\$ 28,683</u>	<u>\$ 28,683</u>

The interfund payable in the Special Revenue Fund is the amount of the cash deficit advanced from the General Fund while awaiting federal grant reimbursements.

NOTE 12. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by Board resolution. Those funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping the warranties valid, but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by Board resolution to meet the required maintenance of the Charter School by transferring unassigned General Fund balance or by transferring excess unassigned General Fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the Maintenance Reserve Account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 12. MAINTENANCE RESERVE ACCOUNT (Cont'd)

plan. Funds withdrawn from the Maintenance Reserve Account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that Maintenance Reserve Account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of Maintenance Reserve Account funds withdrawn, shall be restored to the Maintenance Reserve Account at year-end.

At no time, shall the Maintenance Reserve Account have a balance that exceeds four percent of the replacement cost of the current year of the Charter School's facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget.

The Maintenance Reserve Account is maintained in the General Fund, and its activity is included in the General Fund annual budget. The activity of the Maintenance Reserve Account for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning Balance at July 1, 2012		\$	60,010
Increased by:			
Deposit by Board Resolution June 12, 2013	\$		20,000
Interest Earned			44
			20,044
Ending Balance at June 30, 2013		\$	80,054

NOTE 13. CONTINGENT LIABILITIES

Grant Programs

The Charter School participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The Charter 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 Charter School is periodically involved in lawsuits and estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially adversely affect the financial position of the Charter School.

Encumbrances

At June 30, 2013, there were encumbrances in the amount of \$17,733 and \$2,416 in the General and Special Revenue Funds, respectively.

In the District's Governmental Funds Balance Sheet as of June 30, 2013, no amount is assigned for encumbrances in the Special Revenue Fund since encumbrances are not recognized on the GAAP basis until they are paid. Actual encumbrances of \$2,416 on the budgetary basis are instead reflected as either a reduction of grants receivable or an increase in unearned revenue on the GAAP basis in the Special Revenue Fund.

BUDGETARY COMPARISON SCHEDULES

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Levy - Charter School Aid - Local Share	\$ 2,178,451		\$ 2,178,451	\$ 2,233,073	\$ 54,622
Interest				196	196
Interest on Maintenance Reserve				44	44
Miscellaneous				5,306	5,306
Total - Local Sources	2,178,451		2,178,451	2,238,619	60,168
State Sources:					
Special Education Aid - Charter School Aid	172,602		172,602	178,962	6,360
Security Aid	24,029		24,029	23,170	(859)
Non-Public Aid				87,370	87,370
Local Levy - Charter School Aid - State Share	689,844		689,844	714,399	24,555
On-Behalf TPAF Pension Contributions (Non-Budgeted)				78,579	78,579
On-Behalf TPAF Post-Retirement Medical Benefits (Non-Budgeted)				88,855	88,855
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				105,335	105,335
Total State Sources	886,475		886,475	1,276,670	390,195
Total Revenues	3,064,926		3,064,926	3,515,289	450,363
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,119,250	\$ (69,324)	1,049,926	1,035,835	14,091
Other Salaries for Instruction	137,906	(3,127)	134,779	96,206	38,573
Purchased Professional/Technical Services	4,100	(3,255)	845		845
Other Purchased Services	500	(500)			
General Supplies	56,240	3,331	59,571	44,719	14,852
Textbooks	2,000	(2,000)			
Miscellaneous Expenses	1,530	2,623	4,153	2,885	1,268
Total Instructional Expenditures	1,321,526	(72,252)	1,249,274	1,179,645	69,629

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Administrative:					
Salaries - Administration	\$ 168,086	\$ (30,200)	\$ 137,886	\$ 137,886	
Salaries of Secretarial and Clerical Assistants	112,303	26,200	138,503	138,503	
Total Benefit Costs	479,595	(37,067)	442,528	434,064	\$ 8,464
Purchased Professional/Technical Services	29,120	9,167	38,287	38,098	189
Other Purchased Services	8,173	6,789	14,962	14,894	68
Communications	22,027	2,371	24,398	24,398	
Supplies and Materials	3,200	3,461	6,661	6,455	206
Miscellaneous Expenses	8,031	(809)	7,222	7,054	168
Total Administrative Expense	830,535	(20,088)	810,447	801,352	9,095
Support Services:					
Salaries	290,315	62,589	352,904	344,818	8,086
Purchased Professional/Technical Services	36,173	(23,069)	13,104	6,016	7,088
Cleaning, Repair & Maintenance		14,225	14,225	14,225	
Other Purchased Services	18,485	21,832	40,317	40,058	259
Insurance for Property, Liability and Fidelity	16,672	(1,712)	14,960	14,960	
Supplies and Materials	46,529	58	46,587	40,914	5,673
Transportation - Other than To/From School	20,000		20,000	19,895	105
Energy (Electricity)	68,000		68,000	40,534	27,466
Miscellaneous Expenses		2,297	2,297	1,892	405
Total Support Services	496,174	76,220	572,394	523,312	49,082

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
On Behalf Contributions (Non-Budgeted):					
TPAF Pension Contribution				\$ 78,579	\$ (78,579)
TPAF Post-Retirement Medical Benefits				88,855	(88,855)
Reimbursed TPAF Social Security Contributions				105,335	(105,335)
Total On-Behalf Contributions				272,769	(272,769)
Capital Outlay:					
Equipment:					
Instructional		\$ 9,720	\$ 9,720	9,720	
Non Instructional	\$ 46,881	3,270	50,151	50,143	8
Total Equipment	46,881	12,990	59,871	59,863	8
Facilities Acquisition and Construction:					
Lease Purchase Agreements - Principal	25,000	1,010	26,010	26,010	
Miscellaneous	25,000	8,800	33,800	33,800	
Total Facilities Acquisition and Construction	50,000	9,810	59,810	59,810	
Total Capital Outlay	96,881	22,800	119,681	119,673	8
Total Expenditures	2,745,116	6,680	2,751,796	2,896,751	(144,955)
OTHER FINANCING SOURCES/(USES):					
Transfer to Debt Service Fund	(370,115)	(199,999)	(570,114)	(570,114)	
Total Other Financing Sources/(Uses)	(370,115)	(199,999)	(570,114)	(570,114)	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (50,305)	\$ (206,679)	\$ (256,984)	\$ 48,424	\$ 305,408
Fund Balance, July 1	<u>383,479</u>		<u>383,479</u>	<u>383,479</u>	
Fund Balance, June 30	<u>\$ 333,174</u>	<u>\$ (206,679)</u>	<u>\$ 126,495</u>	<u>\$ 431,903</u>	<u>\$ 305,408</u>
 Recapitulation:					
Restricted for Maintenance Reserve				\$ 80,054	
Assigned to Year-End Encumbrances				17,733	
Assigned to Mortgage Repayment				100,000	
Unassigned Fund Balance				<u>234,116</u>	
Fund Balance per Governmental Funds Budgetary/(GAAP) Basis				<u>\$ 431,903</u>	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenue:					
Federal Sources	\$ 80,879	\$ 23,521	\$ 104,400	\$ 94,317	\$ (10,083)
Total Revenue	<u>80,879</u>	<u>23,521</u>	<u>104,400</u>	<u>94,317</u>	<u>(10,083)</u>
Expenditures:					
Instruction:					
Purchased Professional/Technical Services		6,000	6,000	5,534	466
General Supplies	36,275	8,936	45,211	43,442	1,769
Total Instruction	<u>36,275</u>	<u>14,936</u>	<u>51,211</u>	<u>48,976</u>	<u>2,235</u>
Support Services:					
Purchased Professional/Educational Services	44,604	4,771	49,375	41,712	7,663
Other Purchased Services		1,814	1,814	1,814	
Supplies and Materials		2,000	2,000	1,815	185
Total Support Services	<u>44,604</u>	<u>8,585</u>	<u>53,189</u>	<u>45,341</u>	<u>7,848</u>
Total Expenditures	<u>80,879</u>	<u>23,521</u>	<u>104,400</u>	<u>94,317</u>	<u>10,083</u>
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,515,289	\$ 94,317
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(1,566)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 3,515,289	\$ 92,751
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 2,896,751	\$ 94,317
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.		(1,566)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 2,896,751	\$ 92,751

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. 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. All 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 has 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.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>No Child Left Behind</u>					<u>Totals</u> <u>June 30, 2013</u>
	<u>Title I</u>	<u>Title I</u> <u>ARRA</u> <u>Carryover</u>	<u>Title II</u> <u>Part A</u>	<u>IDEA</u> <u>Part B</u> <u>Basic</u>	<u>REAP</u> <u>Grant</u>	
REVENUE:						
Federal Sources	\$ 24,766	\$ 4,987	\$ 3,055	\$ 37,299	\$ 24,210	\$ 94,317
Total Revenue	<u>24,766</u>	<u>4,987</u>	<u>3,055</u>	<u>37,299</u>	<u>24,210</u>	<u>94,317</u>
EXPENDITURES:						
Instruction:						
Purchased Professional/Technical Services	5,534					5,534
General Supplies	19,232				24,210	43,442
Total Instruction	<u>24,766</u>				<u>24,210</u>	<u>48,976</u>
Support Services:						
Purchased Professional/Educational Services		4,987	1,241	35,484		41,712
Other Purchased Services (400-500 Series)			1,814			1,814
Supplies and Materials				1,815		1,815
Total Support Services		<u>4,987</u>	<u>3,055</u>	<u>37,299</u>		<u>45,341</u>
Total Expenditures	<u>\$ 24,766</u>	<u>\$ 4,987</u>	<u>\$ 3,055</u>	<u>\$ 37,299</u>	<u>\$ 24,210</u>	<u>\$ 94,317</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS
(NOT APPLICABLE)

FIDUCIARY FUNDS

Exhibit H-1

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2013

	<u>Student Activities</u>	<u>Agency Payroll Agency</u>	<u>Total</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 12,448	\$ 27,682	\$ 40,130	\$ 54,377
Total Assets	<u>12,448</u>	<u>27,682</u>	<u>40,130</u>	<u>54,377</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	<u>12,448</u>	<u>27,682</u>	<u>27,682</u> <u>12,448</u>	
Total Liabilities	<u>12,448</u>	<u>27,682</u>	<u>40,130</u>	
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims				<u>54,377</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 54,377</u>

Exhibit H-2

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employer	\$ 40,000
Employee	3,433
Total Contributions	<u>43,433</u>
Investment Earnings:	
Interest	<u>25</u>
Net Investment Earnings	<u>25</u>
Total Additions	<u>43,458</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>25,000</u>
Total Deductions	<u>25,000</u>
Change in Net Position	18,458
Net Position - Beginning of the Year	<u>35,919</u>
Net Position - End of the Year	<u><u>\$ 54,377</u></u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 15,653	\$ 68,647	\$ 71,852	\$ 12,448
Total Assets	<u>\$ 15,653</u>	<u>\$ 68,647</u>	<u>\$ 71,852</u>	<u>\$ 12,448</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 15,653	\$ 68,647	\$ 71,852	\$ 12,448
Total Liabilities	<u>\$ 15,653</u>	<u>\$ 68,647</u>	<u>\$ 71,852</u>	<u>\$ 12,448</u>

Exhibit H-4

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2013</u>
Sussex County Charter School for Technology	\$ 15,653	\$ 68,647	\$ 71,852	\$ 12,448
	<u>\$ 15,653</u>	<u>\$ 68,647</u>	<u>\$ 71,852</u>	<u>\$ 12,448</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 14,578	\$ 1,946,550	\$ 1,933,446	\$ 27,682
Total Assets	<u>\$ 14,578</u>	<u>\$ 1,946,550</u>	<u>\$ 1,933,446</u>	<u>\$ 27,682</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 14,578	\$ 1,946,550	1,933,446	\$ 27,682
Total Liabilities	<u>\$ 14,578</u>	<u>\$ 1,946,550</u>	<u>\$ 1,933,446</u>	<u>\$ 27,682</u>

LONG-TERM DEBT

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
LONG-TERM DEBT
SCHEDULE OF MORTGAGE LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loan Payable		Int. Rate	Balance June 30, 2012	Matured	Additional Principal Paid	Balance June 30, 2013
			Date	Principal					
New Jersey Community Capital	12/27/10	\$ 430,000	06/30/14	\$ 10,972	8.00%	\$ 417,978	\$ 10,131	\$ 200,000	\$ 207,847
			06/30/15	11,883	8.00%				
			06/30/16	184,992	8.00%				
READS Sparta, LLC	12/27/10	124,787	06/30/14	19,666	8.00%	81,338	19,235		62,103
			06/30/15	21,298	8.00%				
			06/30/16	21,139	8.00%				
USDA Loan	12/27/10	1,870,000	06/30/14	37,977	3.75%	1,817,717	36,581		1,781,136
			06/30/15	39,426	3.75%				
			06/30/16	40,755	3.75%				
			06/30/17	42,485	3.75%				
			06/30/18	44,105	3.75%				
			06/30/19	45,788	3.75%				
			06/30/20	47,380	3.75%				
			06/30/21	49,342	3.75%				
			06/30/22	51,225	3.75%				
			06/30/23	53,180	3.75%				
			06/30/24	55,074	3.75%				
			06/30/25	57,309	3.75%				
			06/30/26	59,496	3.75%				
			06/30/27	61,765	3.75%				
06/30/28	64,013	3.75%							
06/30/29	66,564	3.75%							

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
LONG-TERM DEBT
SCHEDULE OF MORTGAGE LOANS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Loan Payable		Int. Rate	Balance June 30, 2012	Matured	Additional Principal Paid	Balance June 30, 2013
			Date	Principal					
USDA Loan	12/27/10	\$ 1,870,000	06/30/30	\$ 69,104	3.75%				
			06/30/31	71,740	3.75%				
			06/30/32	74,397	3.75%				
			06/30/33	77,315	3.75%				
			06/30/34	80,265	3.75%				
			06/30/35	83,327	3.75%				
			06/30/36	86,460	3.75%				
			06/30/37	89,804	3.75%				
			06/30/38	93,231	3.75%				
			06/30/39	96,788	3.75%				
			06/30/40	100,473	3.75%				
			06/30/41	42,348	3.75%				
Sussex Bank	12/27/2010	3,000,000	06/30/14	65,422	5.50%	\$ 2,913,853	\$ 61,881		\$ 2,851,972
			06/30/15	69,164	5.50%				
			06/30/16	80,380	3.86%				
			06/30/17	84,236	3.86%				
			06/30/18	103,705	3.86%				
			06/30/19	99,484	3.86%				
			06/30/20	103,201	3.86%				
			06/30/21	107,560	3.86%				
			06/30/22	111,846	3.86%				
			06/30/23	116,302	3.86%				
			06/30/24	120,738	3.86%				

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOT APPLICABLE

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 264,661	\$ (3,181)	\$ 261,480	\$ 242,286	\$ (19,194)
Redemption of Principal	105,453	203,181	308,634	327,828	19,194
Total Regular Debt Service	<u>370,114</u>	<u>200,000</u>	<u>570,114</u>	<u>570,114</u>	
Total Expenditures	<u>370,114</u>	<u>200,000</u>	<u>570,114</u>	<u>570,114</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(370,114)</u>	<u>(200,000)</u>	<u>(570,114)</u>	<u>(570,114)</u>	
Other Financing Sources:					
Operating Transfer In	<u>370,114</u>	<u>200,000</u>	<u>570,114</u>	<u>570,114</u>	
Total Other Financing Sources	<u>370,114</u>	<u>200,000</u>	<u>570,114</u>	<u>570,114</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Fund Balance, July 1	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of the School'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 School's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the School'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 School'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 School's current levels of outstanding debt and the School'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 School'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 School's operations and resources to help the reader understand how the School's financial information relates to the services the School 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 School implemented GASB Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2006.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NET POSITION BY COMPONENT
LAST EIGHT FISCAL YEARS
 (UNAUDITED)
 (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,							
	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:								
Net Investment in Capital Assets	\$ 23,419	\$ 24,017	\$ 33,291	\$ 33,369	\$ 33,325	\$ 529,932	\$ 636,565	\$ 942,416
Restricted	4,250			294,399	390,387	10,000	60,010	80,054
Unrestricted	267,219	271,440	230,187	26,997	51,507	84,238	213,744	264,118
Total Governmental Activities Net Position	<u>\$ 294,888</u>	<u>\$ 295,457</u>	<u>\$ 263,478</u>	<u>\$ 354,765</u>	<u>\$ 475,219</u>	<u>\$ 624,170</u>	<u>\$ 910,319</u>	<u>\$ 1,286,588</u>

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

Source: Sussex County Charter School for Technology Financial Reports.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS
(UNAUDITED)
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,							
	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:								
Governmental Activities:								
Instruction:								
Regular	\$ 455,414	\$ 758,928	\$ 911,644	\$ 1,211,350	\$ 1,447,747	\$ 1,249,043	\$ 1,240,304	\$ 1,598,976
Special Education		18,549	19,633	19,486	31,463	293,722	242,487	191,129
Support Services:								
General Administration Services	284,954	259,015	193,948	257,667	310,835	467,923	500,725	625,620
School Administration Services	273,741	173,088	233,335	263,336	302,178	446,797	444,923	520,984
Interest on Long-Term Debt						135,380	249,593	295,062
Total Governmental Activities Expenses	<u>1,014,109</u>	<u>1,209,580</u>	<u>1,358,560</u>	<u>1,751,839</u>	<u>2,092,223</u>	<u>2,592,865</u>	<u>2,678,032</u>	<u>3,231,771</u>
Total Charter School-Wide Expenses	<u>1,014,109</u>	<u>1,209,580</u>	<u>1,358,560</u>	<u>1,751,839</u>	<u>2,092,223</u>	<u>2,592,865</u>	<u>2,678,032</u>	<u>3,231,771</u>
Program Revenues:								
Governmental Activities:								
Operating Grants and Contributions	<u>268,548</u>	<u>203,838</u>	<u>246,568</u>	<u>205,607</u>	<u>287,165</u>	<u>329,956</u>	<u>374,417</u>	<u>452,890</u>
Total Governmental Activities Program Revenues	<u>268,548</u>	<u>203,838</u>	<u>246,568</u>	<u>205,607</u>	<u>287,165</u>	<u>329,956</u>	<u>374,417</u>	<u>452,890</u>
Total Charter School-Wide Program Revenues	<u>268,548</u>	<u>203,838</u>	<u>246,568</u>	<u>205,607</u>	<u>287,165</u>	<u>329,956</u>	<u>374,417</u>	<u>452,890</u>
Net (Expenses)/Revenues								
Governmental Activities	<u>(745,561)</u>	<u>(1,005,742)</u>	<u>(1,111,992)</u>	<u>(1,546,232)</u>	<u>(1,805,058)</u>	<u>(2,262,909)</u>	<u>(2,303,615)</u>	<u>(2,778,881)</u>
Total Charter School-Wide Net (Expenses)/Revenues	<u>(745,561)</u>	<u>(1,005,742)</u>	<u>(1,111,992)</u>	<u>(1,546,232)</u>	<u>(1,805,058)</u>	<u>(2,262,909)</u>	<u>(2,303,615)</u>	<u>(2,778,881)</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,							
	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position:								
Governmental Activities:								
Local Property Taxes - Charter School Aid	\$ 594,484	\$ 649,812	\$ 660,244	\$ 1,146,671	\$ 1,316,539	\$ 1,690,763	\$ 1,817,171	\$ 2,233,073
Unrestricted Federal and State Aid	239,385	349,526	401,478	487,908	604,182	778,247	769,788	916,531
Investment Earnings	5,143	5,556	7,279	2,852	1,045	485	1,340	240
Miscellaneous Income	3,752	1,417	11,012	88	3,746		1,465	5,306
Total Governmental Activities General Revenues & Other Changes	<u>842,764</u>	<u>1,006,311</u>	<u>1,080,013</u>	<u>1,637,519</u>	<u>1,925,512</u>	<u>2,469,495</u>	<u>2,589,764</u>	<u>3,155,150</u>
Total Charter School-Wide General Revenues and Other Changes in Net Assets	<u>842,764</u>	<u>1,006,311</u>	<u>1,080,013</u>	<u>1,637,519</u>	<u>1,925,512</u>	<u>2,469,495</u>	<u>2,589,764</u>	<u>3,155,150</u>
Change in Net Assets:								
Governmental Activities	<u>97,203</u>	<u>569</u>	<u>(31,979)</u>	<u>91,287</u>	<u>120,454</u>	<u>206,586</u>	<u>286,149</u>	<u>376,269</u>
Total Charter School-Wide Change in Net Position	<u>\$ 97,203</u>	<u>\$ 569</u>	<u>\$ (31,979)</u>	<u>\$ 91,287</u>	<u>\$ 120,454</u>	<u>\$ 206,586</u>	<u>\$ 286,149</u>	<u>\$ 376,269</u>

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

Source: Sussex County Charter School for Technology Financial Reports.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FUND BALANCES - GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,							
	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:								
Reserved	\$ 4,250			\$ 294,399	\$ 390,387			
Unreserved	301,432	\$ 310,397	\$ 267,230	71,698	104,601			
Restricted						\$ 10,000	\$ 60,010	\$ 80,054
Assigned						75,000	169,305	117,733
Unassigned						153,827	154,164	234,116
Total General Fund	305,682	310,397	267,230	366,097	494,988	238,827	383,479	431,903
Total Governmental Funds	\$ 305,682	\$ 310,397	\$ 267,230	\$ 366,097	\$ 494,988	\$ 238,827	\$ 383,479	\$ 431,903

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

Source: Sussex County Charter School for Technology Financial Reports.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST EIGHT FISCAL YEARS

(UNAUDITED)

(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,							
	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:								
Tax Levy	\$ 594,484	\$ 649,812	\$ 660,244	\$ 1,146,671	\$ 1,316,539	\$ 1,690,763	\$ 1,817,171	\$ 2,233,073
Miscellaneous	8,895	6,973	18,291	2,940	4,791	485	2,805	5,546
State Sources	429,247	491,633	587,969	650,625	827,066	1,024,359	1,054,982	1,276,670
Federal Sources	78,687	61,731	60,077	42,890	64,281	83,844	89,223	92,751
Total Revenue	1,111,313	1,210,149	1,326,581	1,843,126	2,212,677	2,799,451	2,964,181	3,608,040
Expenditures:								
Instruction:								
Regular Instruction	465,029	611,355	716,076	893,600	1,107,666	845,525	865,161	1,081,267
Special Education Instruction		17,530	19,633	19,486	31,463	293,722	242,487	191,129
Support Services:								
General Administration Services	321,610	328,550	161,578	175,933	200,637	313,396	298,748	367,288
School Administration Services	231,732	168,344	235,249	255,678	293,785	436,640	460,552	523,312
Unallocated Benefits		79,655	237,212	328,694	450,235	444,925	539,993	706,833
Capital Outlay				70,868		536,347	42,474	119,673
Debt Service:								
Principal						49,677	120,521	242,286
Interest and Other Charges						135,380	249,593	327,828
Total Expenditures	1,018,371	1,205,434	1,369,748	1,744,259	2,083,786	3,055,612	2,819,529	3,559,616
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	92,942	4,715	(43,167)	98,867	128,891	(256,161)	144,652	48,424
Net Change In Fund Balances	\$ 92,942	\$ 4,715	\$ (43,167)	\$ 98,867	\$ 128,891	\$ (256,161)	\$ 144,652	\$ 48,424
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	7.35%	13.33%	16.57%

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

Source: Sussex County Charter School for Technology Financial Reports.

Exhibit J-5

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)
(Modified Accrual Basis of Accounting)

Fiscal Year Ended June 30,	Interest on Investments	Local Levy - Charter School Aid	Other	Total
2004	\$ 1,498	\$ 507,577	\$ 3,159	\$ 512,234
2005	3,178	565,666	18	568,862
2006	5,144	594,484	2,131	601,759
2007	5,556	649,812	1,417	656,785
2008	7,279	660,244	11,012	678,535
2009	2,852	1,146,671	88	1,149,611
2010	1,045	1,326,434	3,746	1,331,225
2011	485	1,690,763		1,691,248
2012	1,340	1,817,171	1,465	1,819,976
2013	240	2,233,073	5,306	2,238,619

Source: Sussex County Charter School for Technology Financial Reports.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

Year	Sussex County Population ^a	Sussex County Per Capita Personal Income ^b	Sussex County Personal Income ^c	Sussex County Unemployment Rate ^d
2004	150,360	\$ 40,736	\$ 6,125,064,960	3.80%
2005	150,764	42,409	6,393,750,476	3.80%
2006	151,250	45,436	6,872,195,000	4.10%
2007	151,632	48,201	7,308,814,032	4.10%
2008	151,431	49,575	7,507,191,825	3.90%
2009	151,118	47,419	7,165,864,442	3.90%
2010	149,198	49,207	7,341,585,986	8.70%
2011	148,517	49,782	7,393,473,294	9.30%
2012	147,442	49,782 **	7,339,957,644 *	9.30%
2013	147,442 *	49,782 **	7,339,957,644 *	9.00%

N/A - Information is not available.

* - Latest Sussex County population (2012) available was used for calculation purposes.

** - Latest Sussex County per capita personal income available (2011) was used for calculation purposes.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
PRINCIPAL EMPLOYERS - SUSSEX COUNTY
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

2012			2003		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	2.63%	Selective Insurance	954	1.24%
Newton Memorial Hospital	1,200	1.58%	Andover Subacute and Rehab Center	900	1.17%
Selective Insurance	900	1.19%	County of Sussex	800	1.04%
County of Sussex	830	1.09%	Mountain Creek Resort	800	1.04%
Mountain Creek Resort	800	1.05%	Newton Memorial Hospital	757	0.98%
Shop Rite (Ronetco)	445	0.59%	Vernon Board of Education	629	0.81%
Andover Subacute and Rehab Center	301	0.40%	F.O. Phoenix, Inc.	600	0.78%
Sussex County Community College	300	0.40%	Hopatcong Board of Education	450	0.58%
SCARC, Inc.	300	0.40%	Walmart	380	0.49%
Raider Express	287	0.38%	Saint Claire's Hospital	300	0.39%
			Sparta Board of Education	300	0.39%
			Ames Rubber Corp.	300	0.39%
			SCARC, Inc.	296	0.38%
	<u>7,363</u>	<u>9.70%</u>		<u>7,466</u>	<u>9.67%</u>
Total Employment - Sussex County	<u>75,932</u>		Total Employment - Sussex County	<u>77,178</u>	

Source: County of Sussex, Department of Administration and Finance.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction:								
Regular	12.0	12.0	14.0	14.0	18.0	18.0	18.0	20.0
Other Instruction						2.0	2.5	3.5
Support Services:								
General Administration Services	3.0	3.0	3.0	3.0	3.5	3.5	3.5	5.5
School Administration Services						2.0	2.0	3.0
Central Services	1.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5
Administrative Information Technology						1.0	2.0	1.0
Plant Operations and Maintenance						2.0	2.0	2.0
Total	<u>16.0</u>	<u>17.0</u>	<u>19.0</u>	<u>19.0</u>	<u>23.5</u>	<u>30.0</u>	<u>31.5</u>	<u>36.5</u>

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

Source: Sussex County Charter School for Technology Business Office.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures ^a</u>	<u>Cost Per Pupil ^b</u>	<u>Percent Change</u>	<u>Teaching Staff ^c</u>	<u>Pupil/Teacher Ratio Middle</u>	<u>Average Daily Enrollment (ADE) ^d</u>	<u>Average Daily Attendance (ADA) ^d</u>	<u>% Change Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2004	96.0	\$ 741,900	\$ 7,728	-2.52%	8.0	9.6	93.8	88.6	16.09%	94.46%
2005	98.0	880,850	8,988	16.31%	12.0	12.0	99.2	93.7	5.76%	94.46%
2006	98.0	1,018,371	10,392	6.23%	12.0	12.0	98.4	93.1	-0.81%	94.61%
2007	100.0	1,205,434	12,054	16.00%	12.0	8.3	100.0	95.0	1.63%	95.00%
2008	99.6	1,369,748	13,752	14.09%	14.0	14.0	99.6	94.3	-0.40%	94.68%
2009	125.0	1,673,391	13,387	-2.66%	14.0	8.9	124.9	119.0	25.40%	95.28%
2010	150.0	2,083,786	13,892	3.77%	18.0	8.3	150.5	142.4	20.50%	94.62%
2011	200.0	2,334,208	11,671	-15.99%	20.0	10.0	200.3	190.1	33.09%	94.91%
2012	200.0	2,406,941	12,035	3.12%	18.0	9.0	199.4	182.7	-0.45%	91.62%
2013	225.0	2,869,829	12,755	5.98%	20.0	11.1	224.7	212.9	12.69%	94.75%

Note: Enrollment is based on the annual October District count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Cost per pupil is calculated based upon enrollment and operating expenditures presented and may not be the same as other cost per pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: Sussex County Charter School for Technology Business Office.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SCHOOL BUILDING INFORMATION
LAST TEN YEARS
 (UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
Sussex County Charter School (2011)										
Square Feet	N/A	20,000	20,000	20,000						
Capacity (Students)	N/A	200	200	225						
Enrollment	96	98	98	100	99	125	150	200	200	225

Number of Schools at June 30, 2013:

Other = 1

N/A - The Charter School did not own its facilities until 2011.

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

Source: Sussex County Charter School for Technology Business Office.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Undistributed Expenditures - Required Maintenance for School Facilities*
(Account #11-000-261-XXX)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Sussex County</u> <u>Charter School</u> <u>for Technology</u>	<u>Total</u> <u>School</u> <u>Facilities</u>
2004	\$ - 0 -	\$ - 0 -
2005	- 0 -	- 0 -
2006	- 0 -	- 0 -
2007	- 0 -	- 0 -
2008	- 0 -	- 0 -
2009	- 0 -	- 0 -
2010	- 0 -	- 0 -
2011	1,600	1,600
2012	4,377	4,377
2013	14,225	14,225

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

Source: Sussex County Charter School for Technology records.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
INSURANCE SCHEDULE
JUNE 30, 2013
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG:		
Blanket Building and Contents:		
Each Occurrence	\$ 106,900	\$ 1,000
Blanket Hardware and Software:		
Each Occurrence	86,520	1,000
Boiler and Machinery:		
Each Occurrence	100,000,000	1,000
Crime/Faithful Performance:		
Each Occurrence	100,000	500
Comprehensive General Liability:		
Each Occurrence	6,000,000	
Comprehensive Automobile Liability:		
Combined single limit (each accident)	1,000,000	
Employee Benefits Liability:		
Each Occurrence	6,000,000	1,000
Environmental Liability:		
Each Occurrence	1,000,000	10,000
School Board Legal Liability:		
Each Occurrence	1,000,000	5,000
Workers Compensation:		
Each Occurrence	2,000,000	
Student Accident:		
Each Occurrence	1,000,000	
Public Official Bond - Selective Insurance Company of America:		
School Business Administrator	125,000	
Treasurer	125,000	

Exhibit J-21

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FINANCIAL PERFORMANCE- FINANCIAL RATIOS
JUNE 30, 2013
(UNAUDITED)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	
Cash	\$ 126,733	\$ 324,235	\$ 395,855	
Current Assets	185,728	400,174	450,244	
Capital Assets, Net	5,881,339	5,867,451	5,845,474	
Total Assets	<u>6,193,800</u>	<u>6,591,860</u>	<u>6,691,573</u>	
Current Liabilities	73,634	6,673	18,341	
Long Term Liabilities	<u>5,438,361</u>	<u>51,340,611</u>	<u>4,990,789</u>	
Total Liabilities	<u>5,511,995</u>	<u>51,347,284</u>	<u>5,009,130</u>	
Net Position	<u>\$ 681,805</u>	<u>\$ 910,319</u>	<u>\$ 1,286,588</u>	
Total Revenue	\$ 2,799,451	\$ 2,964,181	\$ 3,608,040	
Total Expenses	<u>2,592,865</u>	<u>2,678,002</u>	<u>3,231,771</u>	
Change in Net Position	<u>\$ 206,586</u>	<u>\$ 286,179</u>	<u>\$ 376,269</u>	
Depreciation Expense	\$ 113,120	\$ 69,208	\$ 69,208	
Principal Payments	49,677	120,521	327,828	
Interest Payments	135,380	249,593	261,480	
Final Average Daily Enrollment	200.30	199.40	224.70	
March 30th Budgeted Enrollment	200.00	200.00	225.00	
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>3 Year Cumulative</u>
Near Term Indicators:				
Current Ratio	2.52	59.97	24.55	10.50
Unrestricted Days Cash	7.47	17.95	21.59	46.19
Enrollment Variance	100%	100%	100%	100%
Default	No	No	No	
Sustainability Indicators:				
Total Margin	7%	10%	10%	9%
Debt to Asset	0.89	7.79	0.75	3.18
Cash Flow	(45,450)	197,502	71,620	223,672
Debt Service Coverage Ratio	1.73	0.96	0.76	0.98

SINGLE AUDIT SECTION



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Report on Internal Control over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
 Government Auditing Standards

Independent Auditors' Report

The Honorable President and Members
 of the Board of Trustees
 Sussex County Charter School for Technology
 County of Sussex, New Jersey

We have audited, in accordance with the 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology, in the County of Sussex (the "District") as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued our report thereon dated August 26, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
Page 2

Compliance and Other Matters

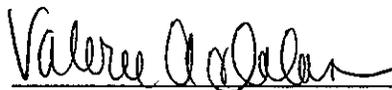
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

August 26, 2013
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant



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Report on Compliance For Each Major State Program:
Report on Internal Control Over Compliance Required by OMB Circular A-133
and New Jersey OMB's Circular 04-04

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
County of Sussex, New Jersey

Report on Compliance for Each Major State Program

We have audited the Sussex County Charter School for Technology's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on the District's major state program for the fiscal year ended June 30, 2013. The District's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the fiscal year ended June 30, 2013.

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

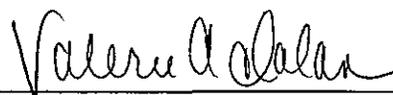
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

August 26, 2013
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2012			Cash Received	Budgetary Expenditures	Balance, June 30, 2013		
					Budgetary					Budgetary		
					Unearned Revenue	Accounts Receivable	Due to Grantor			Unearned Revenue	Accounts Receivable	Due to Grantor
Special Revenue Fund:												
US Department of Education Passed-through State of New Jersey Department of Education Special Education Cluster:												
IDEA- B, Basic	84.027	IDEA7850-13	9/1/12-8/31/13	\$ 49,284				\$ 26,010	\$ 37,299		\$ (11,289)	
IDEA- B, Basic	84.027	IDEA7850-12	9/1/11-8/31/12	49,753		\$ (15,378)		15,378				
Total Special Education Cluster						(15,378)		41,388	37,299		(11,289)	
No Child Left Behind:												
Title I - Part A	84.010A	NCLB7850-13	9/1/12-8/31/13	25,311				8,949	24,766		(15,817)	
Title I - Part A- ARRA	84.010A	NCLB7850-12	9/1/11-8/31/12	19,382		(12,676)		12,676	4,987		(4,987)	
Title I - Part A	84.010A	NCLB7850-10	9/1/10-8/31/11	13,983		(43)		43				
Title II - Part A	84.367A	NCLB7850-13	9/1/12-8/31/13	3,055					3,055		(3,055)	
Title II - Part A	84.367A	NCLB7850-12	9/1/11-8/31/12	2,723		(1,451)		1,451				
Rural Education (REAP)	84.358B	S358A083261	9/1/12-8/31/13	25,900				23,259	24,210		(951)	
Rural Education (REAP)	84.358B	S358A083261	9/1/11-8/31/12	23,299		(429)		429				
Total U.S. Department of Education						(29,977)		88,195	94,317		(36,099)	
Total Federal Awards						\$ - 0 -		\$ 88,195	\$ 94,317		\$ - 0 -	\$ - 0 -

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2012			Cash Received	Budgetary Expenditures	Paid to Grantor	June 30, 2013			MEMO	
				Unearned Revenue	(Accounts Receivable)	Due to Grantor				Unearned Revenue	GAAP Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:														
General Fund:														
"Local Levy" State Share -														
Charter School Aid	13-495-034-5068-003	7/01/12-6/30/13	\$ 714,399				\$ 697,714	\$ 714,399				\$ (16,685)	\$ (16,685)	\$ 714,399
Charter School Aid	12-495-034-5068-003	7/01/11-6/30/12	615,009			\$ 14			\$ 14					615,009
Special Education Aid	13-495-034-5120-011	7/01/12-6/30/13	178,962				184,332	178,962					5,370	178,962
Special Education Aid	12-495-034-5120-011	7/01/11-6/30/12	135,366		\$ (5,492)		5,492							135,366
Security Aid	13-495-034-5120-078	7/01/12-6/30/13	23,170				22,523	23,170				(647)	(647)	23,170
Security Aid	12-495-034-5120-078	7/01/11-6/30/12	19,413			11			11					19,413
Other Categorical Aid:														
Nonpublic Aid	13-999-999-9999-960	7/01/12-6/30/13	87,370				106,520	87,370					19,150	87,370
Nonpublic Aid	12-999-999-9999-960	7/01/11-6/30/12	91,119			2,837			2,837					91,119
Reimbursed TPAF														
Social Security Contributions	13-495-034-5095-002	7/01/12-6/30/13	105,335				105,335	105,335						105,335
Reimbursed TPAF														
Social Security Contributions	12-495-034-5095-002	7/01/11-6/30/12	94,135		(4,680)		4,680							94,135
Total General Fund					(10,172)	2,862	1,126,596	1,109,236	2,862		(17,332)	24,520	(17,332)	2,064,278
Total State Awards				\$ - 0 -	\$ (10,172)	\$ 2,862	\$ 1,126,596	\$ 1,109,236	\$ 2,862	\$ - 0 -	\$ (17,332)	\$ 24,520	\$ (17,332)	\$ 2,064,278

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Board of Trustees, Sussex County Charter School for Technology under programs of the federal and state governments for the fiscal year ended June 30, 2013. The information in these schedules is 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 OMB's Circular 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 Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported in the accompanying Schedules of Expenditures of Federal and State Awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the Charter School'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 and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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. 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.

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.

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$-0- for the General Fund and \$(1,566) for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of revenue from the budgetary basis to the GAAP basis of accounting for the General and Special Revenue. Additionally, the schedule of expenditures of state awards does not include the On-Behalf TPAF Pension and Post Retirement Medical Benefits contributions in the amount of \$78,579 and \$88,855, respectively. Revenue from Federal and State awards is reported on the Charter School's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,276,670	\$ 1,276,670
Special Revenue Fund	\$ 92,751		92,751
	<u>\$ 92,751</u>	<u>\$ 1,276,670</u>	<u>\$ 1,369,421</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2013.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Summary of Auditors' Results:

- An unqualified report was issued on the Charter School's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the Charter School's internal controls.
- The audit did not disclose any noncompliance which is material to the Charter School's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the Charter School's major State program.
- An unqualified report was issued on the Charter School's compliance for its major State program.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2013 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The Charter School's major State program for the current fiscal year consisted of the following State aid:

<u>Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
State Share - Charter School Aid	13-495-034-5068-003	7/1/12-6/30/13	\$ 714,399	\$ 714,399

- The threshold for distinguishing State Type A and Type B programs was \$300,000.
- The Charter School qualified as a "low risk" auditee for State programs under the provisions of section 530 of the federal Circular.

Findings Related 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:

- Not applicable since expenditures of Federal awards were below the single audit threshold.

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 and New Jersey OMB's Circular 04-04.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Status of Prior Year Findings:

There were no prior year audit findings.