

**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, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**SUSSEX COUNTY CHARTER SCHOOL  
FOR TECHNOLOGY**

**Sparta, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by  
Sussex County Charter School  
For Technology  
Finance Department**

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INTRODUCTORY SECTION



# SUSSEX COUNTY

## CHARTER SCHOOL FOR TECHNOLOGY

385 N.Church Rd., Sparta, NJ 07871 phone :( 973) 383-3250 fax :(973) 383-2901

November 20, 2015

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, 2015, 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's OMB Circulars 04-04 and 15-08, *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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November 20, 2015

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 2014-2015 fiscal year; its seventeenth year of operation, with an enrollment of 225 students.

2) ECONOMIC CONDITION AND OUTLOOK:

Enrollment at the Charter school is at a full enrollment of 225 students. The school has a waiting list for all grade levels and projects full enrollment for the 2016-2017 school year. The current fund balance exceeds \$300,000.

3) MAJOR INITIATIVES:

The Charter School is currently on probation and in its fifth year of a five-year Charter Renewal. The Board of Trustees recently reorganized the Charter School's administrative structure from three administrators to two administrators. The administrative team consists of an Executive Director and a Principal. In response to the Department of Education Charter School Office feedback the school has been conducting professional development for teachers in the areas of students centered lessons and data informed instruction. The school is revising policies, procedures and practices to promote an academically focused climate and culture. The school's mission and vision are being considered in the planning for electives in the 2016-2017 school year. This will be in an effort to make the Charter School unique and more competitive in a School Choice environment. Technologies to enhance differentiation are also being reviewed as well as maintaining existing technologies that are effective in the classroom. The addition of instructional coaches is being considered for the current year as well as the 2016-2017 school year. The Charter School's website is being updated to include an online application submission option. A new roof is being installed this winter/spring that will be guaranteed for twenty years non-prorated.

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.

The Honorable President and Members  
of the Board of Trustees  
Sussex County Charter School for Technology  
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#### 4) INTERNAL ACCOUNTING CONTROLS: (Cont'd)

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.

#### 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, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as 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, 2015.

#### 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.

The Honorable President and Members  
of the Board of Trustees  
Sussex County Charter School for Technology  
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November 20, 2015

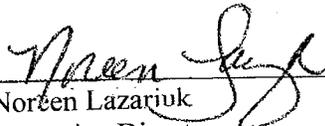
9) OTHER INFORMATION:

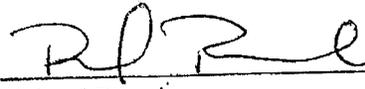
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Trustees at its organization meeting.

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's OMB Circulars 04-04 and 15-08, *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 are included in the single audit section of this report.

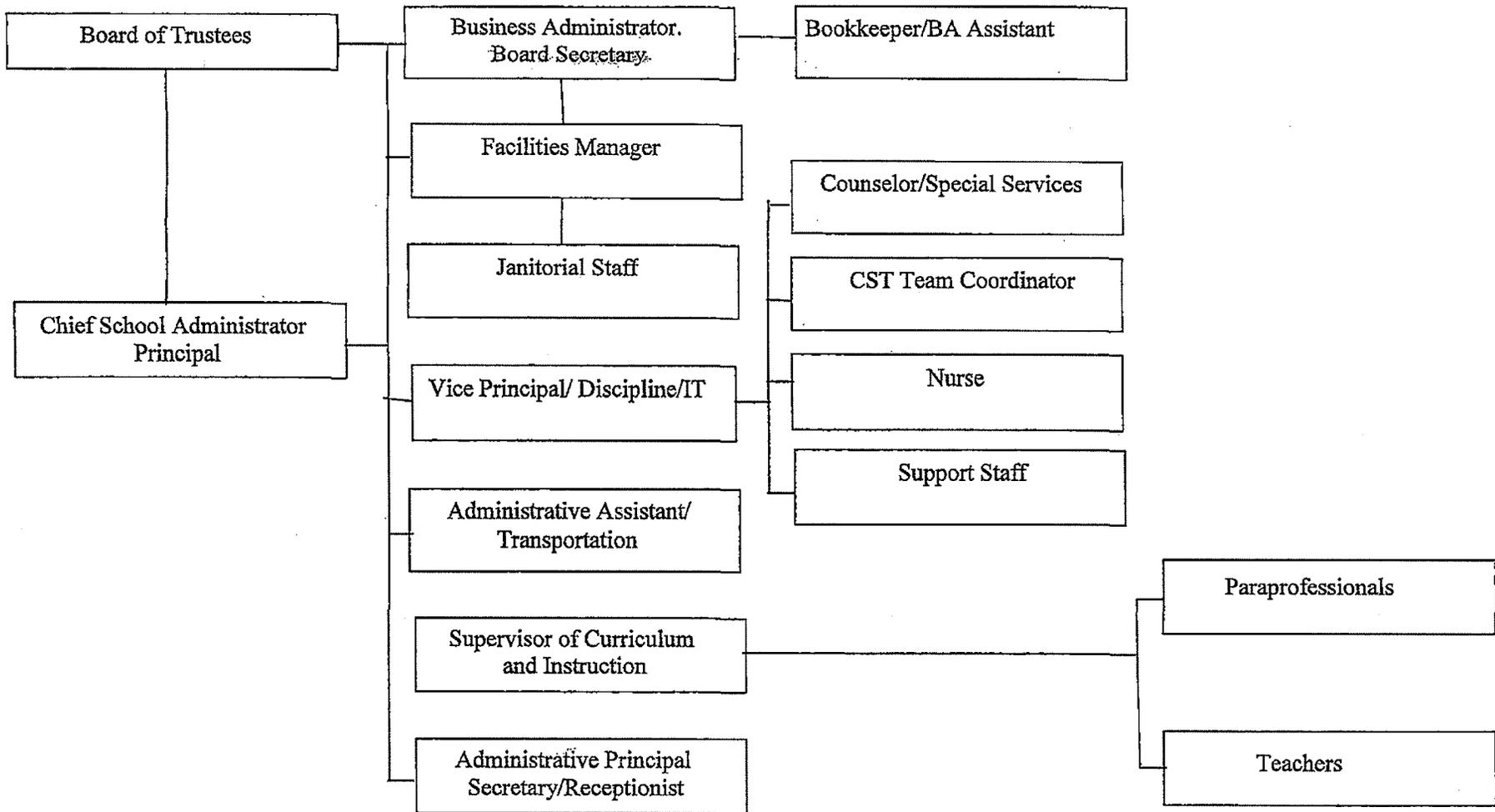
10) ACKNOWLEDGMENTS:

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.

  
\_\_\_\_\_  
Noreen Lazariuk  
Executive Director

  
\_\_\_\_\_  
Richard Rennie  
Business Administrator/Board Secretary

Organizational Chart For Sussex County Charter School for Technology



**SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY**  
**ROSTER OF OFFICIALS**  
**JUNE 30, 2015**

<u>Members of the Board of Trustees:</u>	<u>Expiration of Term</u>
Dr. Edwin Selby, President	2016
Charles Teufert, Vice President	2016
Wendie Blanchard	2017
Mary Rapuano	2016
Michael Nelms, Esq.	2018
<u>Other Officials</u>	<u>Title</u>
Noreen Lazariuk	Executive Director (From August 10, 2015)
Jill E. Eckel	Administrative Principal (Through October 10, 2015)
Dierdre Mastandrea	Principal (From August 10, 2015)
Estrella M. Molinet	Business Administrator/Board Secretary (Through June 30, 2015)
Richard Rennie	Business Administrator/Board Secretary (From July 1, 2015)
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, 21<sup>st</sup> Floor  
East Brunswick, NJ 08816

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

The Honorable President and Members  
 of the Board of 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, the business-type 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 year ended June 30, 2015, 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, the business-type 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 7 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 14 to the basic financial statements.

### ***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, the required supplementary information pension schedules 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 Circulars 04-04 and 15-08, *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 Honorable President and Members  
of the Board of Trustees  
Sussex County Charter School for Technology  
Page 3

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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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.

November 20, 2015  
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2015**

**Sussex County Charter School for Technology  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(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, 2015. 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

- The Charter School's Net Position was \$1,311,755 as of June 30, 2015.
- Overall revenue was \$4,141,332 for the current fiscal year.
- Overall expenses were \$3,859,545 for the current fiscal year.
- Mortgage loans to finance the School's facilities were \$4,484,600 as of June 30, 2015.

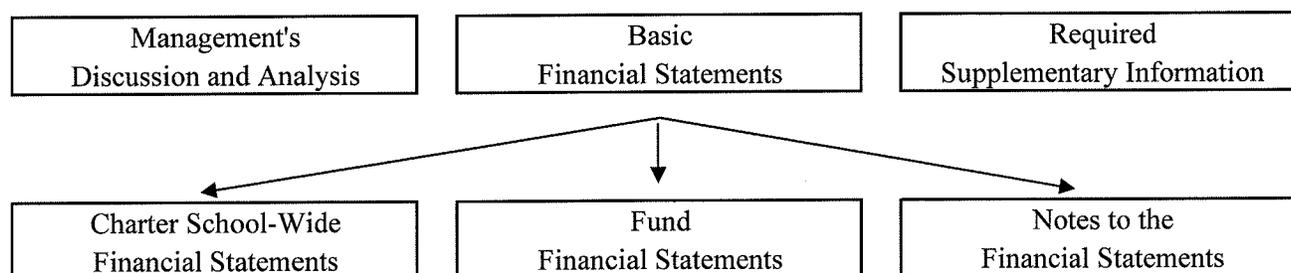
### Overview of the Financial Statements

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.
- The *proprietary funds statements* offer short- and long-term financial information about the activities the School operates like a business, such as food services. The Charter School does not report any proprietary funds.
- *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, 2015  
(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	Activities the School operates similar to private businesses: food services and other similar programs (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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**Sussex County Charter School for Technology  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(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, outflows and deferred inflows, 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 positions – the difference between the Charter School's assets, deferred outflows and deferred inflows, 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, 2015  
(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 \$1,311,755 on June 30, 2015, \$281,787 or 27.36% more than it was the year before. (See Figure A-3).

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

	Governmental Activities		Percentage Change 2014-2015
	2015	2014*	
Current/Other Assets	\$ 552,459	\$ 486,417	13.58%
Capital Assets, Net	<u>5,761,757</u>	<u>5,822,566</u>	-1.04%
Total Assets	<u>6,314,216</u>	<u>6,308,983</u>	0.08%
Deferred Outflows of Resources	<u>12,571</u>	<u>                    </u>	100.00%
Long-term Liabilities	4,919,236	5,208,197	-5.55%
Other Liabilities	<u>5,423</u>	<u>70,818</u>	-92.34%
Total Liabilities	<u>4,924,659</u>	<u>5,279,015</u>	-6.71%
Deferred Inflows of Resources	<u>90,373</u>	<u>                    </u>	100.00%
Net Position:			
Net Investment in Capital Assets	1,277,157	1,143,469	11.69%
Restricted	145,494	39,057	272.52%
Unrestricted	<u>(110,896)</u>	<u>(152,558)</u>	-27.31%
Total Net Position	<u>\$ 1,311,755</u>	<u>\$ 1,029,968</u>	27.36%

\* Restated

*Changes in Net Position.* The Charter School's net position for governmental activities increased \$281,787 over the course of the year. Net investment in capital assets increased \$133,688 due to the retirement of \$194,497 of long term liabilities related to capital assets, and additions of \$56,444 of capital assets offset by \$41,891 of capital asset disposals and \$75,362 in current year depreciation. Restricted net position increased \$106,437 due to a deposit of \$60,000 to the Charter School Escrow Reserve, interest of \$3 in the Charter School Escrow Reserve, a deposit of \$46,419 to Maintenance Reserve and interest earned of \$15 in the Maintenance Reserve Account. Unrestricted net position increased by \$32,370 primarily due to revenues exceeding expenses offset by fund balance used to support the 2014-2015 budget.

**Sussex County Charter School for Technology  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)**

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

	Governmental Activities		Percentage Change 2014-2015
	2015	2014	
Revenue:			
Program Revenue:			
Operating Grants and Contributions	\$ 707,551	\$ 355,171	99.21%
General Revenue:			
Local Property Taxes - Charter School Aid	2,277,903	2,371,406	-3.94%
Unrestricted Federal and State Aid	1,132,068	1,006,678	12.46%
Other	23,810	38,710	-38.49%
Total Revenue	<u>4,141,332</u>	<u>3,771,965</u>	9.79%
Expenses:			
Instruction	2,431,879	1,909,214	27.38%
Pupil and			
Instruction Services	408,086		100.00%
Administration and Business	507,852	1,331,162	-61.85%
Maintenance and			
Operations	239,406		100.00%
Transportation	6,665		100.00%
Capital Outlay	39,736	76,340	-47.95%
Other	225,921	225,014	0.40%
Total Expenses	<u>3,859,545</u>	<u>3,541,730</u>	8.97%
Increase/(Decrease) in Net Position	<u>\$ 281,787</u>	<u>\$ 230,235</u>	22.39%

*Revenue Sources.* The Charter School's total revenue for the 2014-2015 school year was \$4,141,332. (See Figure A-5). Charter School Aid (Local and State) accounted for most of the Charter School's revenue (82.34%) (See Figure A-5). Another 17.09 percent came from state and federal aid for specific programs and the remaining 0.57% came from miscellaneous sources.

**Figure A-5  
Sources of Revenue for Fiscal Year 2015 and 2014**

Sources of Income	2015	Percentage	2014	Percentage
Local Property Taxes - Charter School Aid	\$ 2,277,903	55.00%	\$ 2,371,406	62.86%
Unrestricted State Aid - Charter School Aid	1,132,068	27.34%	1,006,678	26.69%
Federal and State Categorical Grants	707,551	17.09%	355,171	9.42%
Other	23,810	0.57%	38,710	1.03%
	<u>\$ 4,141,332</u>	<u>100.00%</u>	<u>\$ 3,771,965</u>	<u>100.00%</u>

*Expenses.* The total cost of all programs and services was \$3,859,545. The Charter School's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (73.76%). (See Figure A-6). The Charter School's administrative and business expenses accounted for 13.16% of total costs. The remaining 13.08% of expenses were related to maintenance and operations, interest on long-term debt, and capital outlay.

**Sussex County Charter School for Technology  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Figure A-6  
Expenses for Fiscal Year 2015 and 2014**

Expense Category	2015	Percentage	2014	Percentage
Instruction	\$ 2,431,879	63.01%	\$ 1,909,214	53.90%
Pupil and Instruction Services	408,086	10.58%		0.00%
Administration and Business	507,852	13.16%	1,331,162	37.59%
Maintenance and Operations	239,406	6.20%		0.00%
Transportation	6,665	0.17%		0.00%
Other	265,657	6.88%	301,354	8.51%
	<u>\$ 3,859,545</u>	<u>100.00%</u>	<u>\$ 3,541,730</u>	<u>100.00%</u>

***Governmental Activities***

The financial position of the Charter School improved significantly over the course of the year. 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 six major Charter School activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation 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	
	2015	2014	2015	2014
Instruction	\$ 2,431,879	\$ 1,909,214	\$ 1,724,328	\$ 1,644,003
Pupil and Instruction Services	408,086		408,086	
Administration and Business	507,852	1,331,162	507,852	1,241,202
Maintenance and Operations	239,406		239,406	
Transportation	6,665		6,665	
Other	265,657	301,354	265,657	301,354
Total	<u>\$ 3,859,545</u>	<u>\$ 3,541,730</u>	<u>\$ 3,151,994</u>	<u>\$ 3,186,559</u>

- The cost of all governmental activities this year was \$3,859,545.
- A significant portion - \$2,277,903 - 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 \$707,551 in grants and contributions.
- A portion of the governmental activities was financed with \$1,132,068 in State Charter School Aid.

**Financial Analysis of the Charter School's Funds**

The financial position of the Charter School improved on a fund basis during the year. This improvement was mostly attributable to decreases in instruction related expenses and revenue and enrollment remaining stable.

**Sussex County Charter School for Technology  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(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 between 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 by \$60,809 as a result of acquisitions of \$56,444 offset by current year depreciation of \$75,362 and net disposals of \$41,891. (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
	2015	2014	Change 2014-2015
Sites (Land)	\$ 500,000	\$ 500,000	0.00%
Buildings and Building Improvements	4,865,279	4,919,738	-1.11%
Machinery and Equipment	396,478	402,828	-1.58%
Total Capital Assets, Net of Depreciation	<u>\$ 5,761,757</u>	<u>\$ 5,822,566</u>	-1.04%

***Long-term Liabilities***

At year-end, the Charter School had \$4,484,600 in mortgage loans payable, and \$34,875 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
	2015	2014*	Change 2014-2015
Mortgage Loans Payable	\$ 4,484,600	\$ 4,657,958	-3.72%
Loan Brokering Agreement Payable		21,139	-100.00%
Compensated Absences Payable	34,875	42,245	-17.45%
Net Pension Liability	399,761	486,855	-17.89%
	<u>\$ 4,919,236</u>	<u>\$ 5,208,197</u>	-5.55%

\* Restated

- The Charter School retired \$173,358 of Mortgage Loans Payable, \$21,139 of the Loan Brokering Agreement Payable and \$15,000 of Compensated Absences Payable offset by \$7,630 of accruals in compensated absences during the fiscal year and a net decrease of \$87,094 in net pension liability.

**Sussex County Charter School for Technology  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
(Unaudited)**

**Factors Bearing on the Charter School's Future**

The current enrollment cap of 225 students needs to be maintained to ensure revenue will support current programs. The Charter School being renewed and probation status changing will be critical to its future.

Costs to increase technology offerings and hiring instructional coaches is needed but is a financial concern.

**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, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 462,982
Receivable from State Government	6,492
Receivable from Federal Government	12,494
Restricted Cash and Cash Equivalents - Maintenance Reserve	70,491
Capital Assets:	
Site (Land)	500,000
Depreciable Buildings and Building Improvements and Machinery and Equipment, Net	<u>5,261,757</u>
Total Assets	<u>6,314,216</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Changes in Assumptions - Pensions	<u>12,571</u>
Total Deferred Outflow of Resources	<u>12,571</u>
<b>LIABILITIES</b>	
Accounts Payable - Vendors	1,257
Payable to Local Governments	4,166
Noncurrent Liabilities:	
Due Within One Year	181,800
Due Beyond One Year	<u>4,737,436</u>
Total Liabilities	<u>4,924,659</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Investment Gains - Pensions	23,824
Changes in Proportion - Pensions	<u>66,549</u>
Total Deferred Inflow of Resources	<u>90,373</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,277,157
Restricted for:	
Other Purposes	145,494
Unrestricted	<u>(110,896)</u>
Total Net Position	<u>\$ 1,311,755</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, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position  Governmental Activities</u>
Governmental Activities:			
Instruction:			
Regular	\$ 2,151,111	\$ 581,637	\$ (1,569,474)
Special Education	205,211	106,459	(98,752)
Other Instruction	75,557	19,455	(56,102)
Support Services:			
Student & Instruction Related Services	408,086		(408,086)
General Administration Services	217,615		(217,615)
School Administration Services	138,034		(138,034)
Plant Operations and Maintenance	239,406		(239,406)
Pupil Transportation	6,665		(6,665)
Central Services	152,203		(152,203)
Capital Outlay	39,736		(39,736)
Interest and Other Charges	225,921		(225,921)
Total Governmental Activities	<u>3,859,545</u>	<u>707,551</u>	<u>(3,151,994)</u>
Total Primary Government	<u>\$ 3,859,545</u>	<u>\$ 707,551</u>	<u>(3,151,994)</u>
General Revenue:			
Taxes:			
Local Property Taxes - Charter School Aid			2,277,903
Unrestricted Federal and State Aid			1,132,068
Investment Earnings			156
Miscellaneous Income			23,654
Total General Revenue			<u>3,433,781</u>
Change in Net Position			281,787
Net Position - Beginning (Restated)			<u>1,029,968</u>
Net Position - Ending			<u>\$ 1,311,755</u>

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 462,982			\$ 462,982
Interfund Receivable	12,494			12,494
Intergovernmental Receivable:				
Federal		\$ 12,494		12,494
State	6,492			6,492
Restricted Cash Maintenance Reserve	70,491			70,491
<b>Total Assets</b>	<b>\$ 552,459</b>	<b>\$ 12,494</b>	<b>\$ - 0 -</b>	<b>\$ 564,953</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable - Vendors	\$ 1,257			\$ 1,257
Intergovernmental Payable - Local	4,166			4,166
Interfund Payable		\$ 12,494		12,494
<b>Total Liabilities</b>	<b>5,423</b>	<b>12,494</b>	<b>- 0 -</b>	<b>17,917</b>
<b>Fund Balances:</b>				
<b>Restricted:</b>				
Maintenance Reserve	70,491			70,491
Charter School Escrow	75,003			75,003
<b>Assigned to:</b>				
Encumbrances	15,011			15,011
Unassigned	386,531			386,531
<b>Total Fund Balances</b>	<b>547,036</b>	<b>12,494</b>	<b>- 0 -</b>	<b>564,953</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 552,459</b>	<b>\$ 12,494</b>	<b>\$ - 0 -</b>	<b>\$ 564,953</b>
Amounts Reported for <i>Governmental Activities</i> in the <i>Statement of Net Position</i> (Exhibit A-1) are different because				
Total Fund Balances - Governmental Funds (Above)				\$ 547,036
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$6,215,880 and the accumulated depreciation is \$454,123.				5,761,757
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.				(4,519,475)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.				(399,761)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:				
Changes in Assumptions - Pensions				12,571
Investment Gains - Pensions				(23,824)
Changes in Proportions - Pensions				(66,549)
<b>Net Position of Governmental Activities</b>				<b>\$ 1,311,755</b>

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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUE:</b>				
Local Sources:				
Charter School Aid	\$ 2,277,903			\$ 2,277,903
Interest	141			141
Interest - Maintenance Reserve	15			15
Miscellaneous	23,654			23,654
Total - Local Sources	2,301,713			2,301,713
State Sources	1,443,873			1,443,873
Federal Sources		\$ 115,199		115,199
Total Revenue	3,745,586	115,199		3,860,785
<b>EXPENDITURES:</b>				
Instruction:				
Regular Instruction	1,175,948	65,105		1,241,053
Special Education Instruction	88,856	50,094		138,950
Other Instruction	44,385			44,385
Support Services and Undistributed Costs:				
Student & Instruction Related Services	320,917			320,917
General Administration Services	169,434			169,434
School Administration Services	113,933			113,933
Central Services	125,934			125,934
Plant Operations and Maintenance	216,471			216,471
Pupil Transportation	6,665			6,665
Unallocated Benefits	876,899			876,899
Capital Outlay	75,428			75,428
Debt Service:				
Principal			\$ 173,358	173,358
Interest and Other Charges			225,921	225,921
Total Expenditures	3,214,870	115,199	399,279	3,729,348
Excess/(Deficiency) of Revenue over/(under) Expenditures	530,716		(399,279)	131,437
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers	(399,279)		399,279	
Net Change in Fund Balances	131,437			131,437
Fund Balance—July 1	415,599			415,599
Fund Balance—June 30	\$ 547,036	\$ - 0 -	\$ - 0 -	\$ 547,036

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

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, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	131,437
Amounts Reported for <i>Governmental Activities</i> in the <i>Statement of Activities</i> (Exhibit A-2) are Different Because:		
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.		
	Depreciation Expense	\$ (75,362)
	Disposal of Assets with Carrying Value	(41,891)
	Capital Outlays	<u>56,444</u>
		(60,809)
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> .		173,358
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> .		21,139
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 (+).		7,370
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		87,094
Deferred Outflows:		
Changes in Assumptions		12,571
Deferred Inflows:		
Changes in Proportion		(66,549)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>(23,824)</u>
Change in Net Position (from Exhibit A-2)	\$	<u>281,787</u>

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	Agency	Unemployment Compensation Trust
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 37,929	\$ 60,074
Total Assets	37,929	60,074
<u>LIABILITIES:</u>		
Payroll Deductions and Withholdings	25,511	
Due to Student Groups	12,418	
Total Liabilities	37,929	- 0 -
<u>NET POSITION:</u>		
Restricted for Unemployment Claims		60,074
Total Net Position	\$ - 0 -	\$ 60,074

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, 2015

	Unemployment Compensation Trust
Additions:	
Contributions:	
Employee	\$ 3,728
Total Contributions	3,728
Investment Earnings:	
Interest	24
Net Investment Earnings	24
Total Additions	3,752
Deductions:	
State of New Jersey Unemployment Agency Payments	1,864
Total Deductions	1,864
Change in Net Position	1,888
Net Position—Beginning of the Year	58,186
Net Position—End of the Year	\$ 60,074

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, 2015

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, 2015  
 (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 non-instructional equipment which are classified in the capital outlay sub-fund.

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 and Student Activities Agency Fund, and Unemployment Trust Fund.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (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 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 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 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources:</u>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,745,586	\$ 107,075
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not:		
Prior Year Encumbrances		12,382
Current Year Encumbrances		<u>(4,258)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 3,745,586</u>	<u>\$ 115,199</u>
<u>Uses/Outflows of Resources:</u>		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 3,214,870	\$ 107,075
<u>Differences - Budget to GAAP:</u>		
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:		
Prior Year Encumbrances		12,382
Current Year Encumbrances		<u>(4,258)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 3,214,870</u>	<u>\$ 115,199</u>

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, 2015  
 (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 of 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, 2015  
(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, capital assets used in the Governmental Fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital 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 government activities. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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 beyond one year.

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 at June 30, 2015.

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 pursuant to the Charter School's policy or employee contracts.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

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

N. Compensated Absences: (Cont'd)

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.

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 \$547,036 General Fund balance at June 30, 2015, \$15,011 is assigned for encumbrances, \$70,491 is restricted for a maintenance reserve, \$75,003 is restricted for Charter School Escrow, and \$386,531 is unassigned.

Q. Deficit in Net Position:

The District had a deficit in the governmental activities unrestricted net position at June 30, 2015 of \$110,896. This deficit primarily resulted from increases in investment gains in pensions of 23,824, changes in proportion in pensions of \$66,549, and net pension liability of \$399,761; net of \$12,571 for changes in pension assumptions. This deficit does not indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principals.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

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 had a deferred outflow of resources at June 30, 2015 for the deferred amount on refunding of debt related to the District's refunding bonds and changes in assumptions in pensions.

The District had deferred inflows of resources at June 30, 2015 for the changes in proportion in pension and the net difference between projected and actual investment earnings on pension plan investments.

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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

S. 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. The Charter School has funds restricted at June 30, 2015 for Maintenance Reserve and Charter School Escrow.

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.

The 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, 2015.

The assignment of resources is generally made by the 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 \$15,011 of assigned resources at June 30, 2015 for year-end encumbrances.

T. 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: property taxes, interest and tuition.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

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

U. 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.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

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.

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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

As of June 30, 2015, cash and cash equivalents of the Charter School consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Maintenance Reserve	Cash and Cash Equivalents
Checking & Savings Accounts	\$ 485,982	\$ 70,491	\$ 631,476

During the period ended June 30, 2015, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2015, was \$631,476 and the bank balance was \$671,476.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2015 were as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
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	516,671	\$ 56,444	\$ (41,891)	531,224
Total Capital Assets Being Depreciated	5,701,327	56,444	(41,891)	5,715,880
Governmental Activities Capital Assets	6,201,327	56,444	(41,891)	6,215,880
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(264,918)	(54,459)		(319,377)
Machinery and Equipment	(113,843)	(20,903)		(134,746)
Total Accumulated Depreciation	(378,761)	(75,362)		(454,123)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 5,822,566	\$ (18,918)	\$ (41,891)	\$ 5,761,757

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 58,361
General and School Administration Services	17,001
	75,362
	\$ 75,362

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the Charter School-Wide financial statements:

	<u>Balance</u> <u>June 30, 2014*</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2015</u>
Mortgage Loans Payable	\$ 4,657,958		\$ 173,358	\$ 4,484,600
Loan Brokering Agreement	21,139		21,139	
Compensated Absences Payable	42,245	\$ 7,630	15,000	34,875
Net Pension Liability	486,855		87,094	399,761
	<u>\$ 5,208,197</u>	<u>\$ 7,630</u>	<u>\$ 296,591</u>	<u>\$ 4,919,236</u>

\* Restated

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).

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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, 2015 are as follows:

\$3,000,000 Sussex Bank Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2016	3.86%	\$ 80,380
6/30/2017	3.86%	84,236
6/30/2018	3.86%	99,484
6/30/2019	3.86%	103,201
6/30/2020	3.86%	103,705
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%	98,539
		<u>\$ 2,720,243</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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>
6/30/2016	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%	42,227
		<u>\$ 1,703,612</u>

\$430,000 New Jersey Community Capital Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2016	8.00%	<u>\$ 39,606</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

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

A. Mortgage Loans Payable: (Cont'd)

\$125,000 READS Sparta, LLC Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2016	8.00%	\$ 21,139
Total Mortgage Loans Payable		<u>\$ 4,484,600</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>
6/30/2016	\$ 181,880	\$ 212,993	\$ 394,873
6/30/2017	126,721	170,968	297,689
6/30/2018	147,810	149,879	297,689
6/30/2019	145,272	152,417	297,689
6/30/2020	150,581	147,108	297,689
6/30/21-6/30/25	848,324	640,120	1,488,444
6/30/26-6/30/30	1,028,799	459,645	1,488,444
6/30/31-6/30/35	1,247,691	240,753	1,488,444
6/30/36-6/30/40	565,295	54,964	620,259
6/30/41	42,227	9,714	51,941
	<u>\$ 4,484,600</u>	<u>\$ 2,238,561</u>	<u>\$ 6,723,161</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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 final payment under the agreement was made in the year ended June 30, 2015.

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 \$34,875 as of June 30, 2015 is included in the long-term portion of long-term liabilities.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$399,761. See Note 7 for further information on the PERS.

NOTE 6. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. 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 P.L. 1992 c. 126, which provides employer paid 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 \$173.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post Retirement Medical Contributions to TPAF for the Charter School were \$123,029, \$88,433, and \$88,855 for 2015, 2014, and 2013, respectively.

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$8,320 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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

At June 30, 2015, the District reported a liability of \$399,761 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.002%, which was a decrease of 0.0004% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$87,094. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 12,571	
Changes in Proportion		\$ 66,549
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		23,824
	\$ 12,571	\$ 90,373

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2015	\$ (3,645)
2016	(3,645)
2017	(3,645)
2018	(3,645)
2019	2,311
Thereafter	1,016
	\$ (11,253)

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 502,914	\$ 399,761	\$ 313,140

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$77,499 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$358,046.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$6,653,970. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.013%, which was a decrease of 0.001% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		6,653,970
Total	\$	6,653,970

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$358,046 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,268

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

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 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.

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.

The Charter School provides employees with health benefit coverage through the State of New Jersey Health Benefits Plan.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(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 "Contributory Method". Under this plan, the Charter School is required to remit employee withholdings to the State on a quarterly basis. All of the Charter School's claims are paid by the State.

Property and Liability Insurance

The Charter School is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation coverage 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.

Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 293,795,686
Net Position	\$ 66,169,762
Total Revenue	\$ 120,623,875
Total Expenses	\$ 119,843,435
Change in Net Position	\$ 780,440
Distribution to Participating Members	\$ -0-

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

New Jersey Schools Insurance Group  
450 Veterans Drive  
Burlington, NJ 08016  
(609) 386-6060  
[www.njsig.org](http://www.njsig.org)

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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>
2014-2015	\$ 3,728	\$ 24	\$ 1,864	\$ 60,074
2013-2014	3,781	28		58,186
2012-2013	43,433	25	25,000	54,377

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2015.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 12,494	
Special Revenue Fund		\$ 12,494
	<u>\$ 12,494</u>	<u>\$ 12,494</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, 2015  
(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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance at July 1, 2014		\$	24,057
Increased by:			
Deposit by Board Resolution	\$		46,419
Interest Earned			15
			46,434
Ending Balance at June 30, 2015		\$	70,491

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, 2015, there were encumbrances in the amount of \$15,011 and \$4,258 in the General and Special Revenue Funds, respectively.

In the District's Governmental Funds Balance Sheet as of June 30, 2015, 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 \$4,258 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 14. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
<u>Statement of Net Position:</u>			
<u>Liabilities:</u>			
Non-Current Liabilities	\$ 4,721,342	\$ 486,855	\$ 5,208,197
Total Liabilities	4,792,160	486,855	5,279,015
<u>Net Position:</u>			
Unrestricted/(Deficit)	334,297	(486,855)	(152,558)
Total Net Position	1,516,823	(486,855)	1,029,968

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0025473816%	0.0021351659%
District's proportionate share of the net pension liability	\$ 486,855	\$ 399,761
District's covered employee payroll	\$ 218,376	\$ 274,663
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	222.94%	145.55%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 19,194	\$ 17,602
Contributions in relation to the contractually required contribution	<u>(19,194)</u>	<u>(17,602)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 218,376	\$ 274,663
Contributions as a percentage of covered employee payroll	8.79%	6.41%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0118121329%	0.0124497203%
State's proportionate share of the net pension liability attributable to the District	\$ 5,969,759	\$ 6,653,970
District's covered employee payroll	\$ 1,414,129	\$ 1,553,157
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	422.15%	428.42%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,308,927	\$ (37,562)	\$ 2,271,365	\$ 2,277,903	\$ 6,538
Interest Earned				141	141
Interest Earned on Capital Reserve Funds				15	15
Unrestricted Miscellaneous		6,950	6,950	23,654	16,704
Total - Local Sources	<u>2,308,927</u>	<u>(30,612)</u>	<u>2,278,315</u>	<u>2,301,713</u>	<u>23,398</u>
State Sources:					
Special Education Aid - Charter School Aid	162,107	20,060	182,167	191,653	9,486
Security Aid	27,700	(4,580)	23,120	23,524	404
Non-Public Aid		137,959	137,959	137,959	
Local Levy - Charter School Aid - State Share	791,707	(17,148)	774,559	778,932	4,373
On-Behalf TPAF Pension Contributions (Non-Budgeted)				77,499	77,499
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				123,029	123,029
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				111,277	111,277
Total State Sources	<u>981,514</u>	<u>136,291</u>	<u>1,117,805</u>	<u>1,443,873</u>	<u>326,068</u>
TOTAL REVENUES	<u>3,290,441</u>	<u>105,679</u>	<u>3,396,120</u>	<u>3,745,586</u>	<u>349,466</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 1,076,959		\$ 1,076,959	\$ 1,069,662	\$ 7,297
Regular Programs - Home Instruction:					
Salaries of Teachers	2,400	\$ 1,100	3,500	2,154	1,346
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	98,916	(10,656)	88,260	70,293	17,967
General Supplies	24,896	30,094	54,990	33,839	21,151
Total Regular Programs - Instruction	<u>1,203,171</u>	<u>20,538</u>	<u>1,223,709</u>	<u>1,175,948</u>	<u>47,761</u>
Resource Room/Resource Center:					
Salaries of Teachers	84,864	3,992	88,856	88,856	
Total Resource Room/Resource Center	<u>84,864</u>	<u>3,992</u>	<u>88,856</u>	<u>88,856</u>	
Total Special Education Instruction	<u>84,864</u>	<u>3,992</u>	<u>88,856</u>	<u>88,856</u>	
Basic Skills/Remedial - Instruction:					
Salaries of Teachers		4,300	4,300	4,300	
Total Basic Skills/Remedial - Instruction		<u>4,300</u>	<u>4,300</u>	<u>4,300</u>	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Co-curricular Activities - Instruction:					
Salaries	\$ 27,600	\$ (1,323)	\$ 26,277	\$ 25,600	\$ 677
Other Objects	2,000		2,000	1,980	20
Total School-Sponsored Co-curricular Activities - Instruction	<u>29,600</u>	<u>(1,323)</u>	<u>28,277</u>	<u>27,580</u>	<u>697</u>
School-Sponsored Co-curricular Athletics - Instruction:					
Salaries	6,400		6,400	6,400	
Other Objects	725	(31)	694	601	93
Total School-Sponsored Co-curricular Athletics - Instruction	<u>7,125</u>	<u>(31)</u>	<u>7,094</u>	<u>7,001</u>	<u>93</u>
Other Instructional Programs - Summer School:					
Salaries	2,000	3,504	5,504	5,504	
Total Other Instructional Programs - Summer School	<u>2,000</u>	<u>3,504</u>	<u>5,504</u>	<u>5,504</u>	
Total Instruction	<u>1,326,760</u>	<u>30,980</u>	<u>1,357,740</u>	<u>1,309,189</u>	<u>48,551</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 53,299	\$ (1,800)	\$ 51,499	\$ 51,499	
Purchased Professional/Technical Services	500		500	500	
Supplies and Materials	1,200	(479)	721	721	
Total Health Services	<u>54,999</u>	<u>(2,279)</u>	<u>52,720</u>	<u>52,720</u>	
Guidance:					
Salaries of Other Professional Staff	58,533	(1,000)	57,533	57,533	
Supplies and Materials	400	(244)	156	156	
Total Guidance	<u>58,933</u>	<u>(1,244)</u>	<u>57,689</u>	<u>57,689</u>	
Child Study Teams:					
Salaries of Other Professional Staff	70,000	225	70,225	70,225	
Miscellaneous Purchased Services		9,361	9,361	9,361	
Other Objects	100		100	100	
Total Child Study Teams	<u>70,100</u>	<u>9,586</u>	<u>79,686</u>	<u>79,686</u>	
Educational Media Services/School Library:					
Salaries	40,651	(4,515)	36,136	36,136	
Total Educational Media Services/School Library	<u>40,651</u>	<u>(4,515)</u>	<u>36,136</u>	<u>36,136</u>	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 80,323	\$ 9,000	\$ 89,323	\$ 86,823	\$ 2,500
Other Purchased Professional/Technical Services	7,963		7,963	7,706	257
Total Improvement of Instructional Services	<u>88,286</u>	<u>9,000</u>	<u>97,286</u>	<u>94,529</u>	<u>2,757</u>
Instructional Staff Training Services:					
Purchased Professional/Educational Services		100	100		100
Other Purchased Services	300		300	157	143
Total Instructional Staff Training Services	<u>300</u>	<u>100</u>	<u>400</u>	<u>157</u>	<u>243</u>
Support Services - General Administration:					
Salaries	109,353		109,353	108,103	1,250
Legal Services	15,000	(11,965)	3,035	547	2,488
Audit Fees	14,875	15	14,890	14,890	
Other Purchased Professional Services	6,573		6,573	6,555	18
Communications/Telephones	18,227	16,101	34,328	26,149	8,179
Other Purchased Services (400-500 series)	7,326	1,824	9,150	8,440	710
Miscellaneous Expenditures	10,000	49,000	59,000		59,000
BOE Membership Dues and Fees	4,531	219	4,750	4,750	
Total Support Services - General Administration	<u>185,885</u>	<u>55,194</u>	<u>241,079</u>	<u>169,434</u>	<u>71,645</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 40,651	\$ 21	\$ 40,672	\$ 36,154	\$ 4,518
Salaries of Secretarial and Clerical Assistants	69,169	3,788	72,957	72,957	
Other Purchased Services (400-500 series)	400	222	622	622	
Supplies and Materials	1,600		1,600	1,600	
Other Objects	1,200	1,400	2,600	2,600	
Total Support Services - School Administration	<u>113,020</u>	<u>5,431</u>	<u>118,451</u>	<u>113,933</u>	<u>4,518</u>
Central Services:					
Salaries	90,372	700	91,072	91,072	
Purchased Technical Services	13,105		13,105	13,105	
Supplies and Materials	20,900		20,900	20,857	43
Miscellaneous Expenditures	900		900	900	
Total Central Services	<u>125,277</u>	<u>700</u>	<u>125,977</u>	<u>125,934</u>	<u>43</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Required Maintenance of School Facilities:					
Salaries	\$ 53,867		\$ 53,867	\$ 50,867	\$ 3,000
Cleaning, Repair and Maintenance Services	5,000		5,000		5,000
General Supplies	10,000		10,000	8,883	1,117
Total Required Maintenance of School Facilities	<u>68,867</u>		<u>68,867</u>	<u>59,750</u>	<u>9,117</u>
Custodial Services:					
Salaries	28,650		28,650	28,650	
Cleaning, Repair and Maintenance Services	33,000		33,000	32,645	355
Insurance	17,325	\$ 74	17,399	17,399	
Miscellaneous Purchased Services	400		400	336	64
General Supplies	10,000	2,465	12,465	9,559	2,906
Energy (Natural Gas)	12,000	2,500	14,500	13,236	1,264
Energy (Electricity)	36,000		36,000	31,478	4,522
Other Objects	16,000	8,500	24,500	23,418	1,082
Total Custodial Services	<u>153,375</u>	<u>13,539</u>	<u>166,914</u>	<u>156,721</u>	<u>10,193</u>
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	3,000	5,035	8,035	6,665	1,370
Total Student Transportation Services	<u>3,000</u>	<u>5,035</u>	<u>8,035</u>	<u>6,665</u>	<u>1,370</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Other Retirement Contributions - PERS	\$ 23,500	\$ (3,725)	\$ 19,775	\$ 17,602	\$ 2,173
Social Security Contributions	38,000		38,000	34,667	3,333
Unemployment Compensation	10,000	(1,035)	8,965		8,965
Workmen's Compensation	18,257	(74)	18,183	10,559	7,624
Health Benefits	534,962	(42,755)	492,207	476,834	15,373
Tuition Reimbursement	5,000		5,000	5,000	
Other Employee Benefits	20,000	432	20,432	20,432	
Total Unallocated Benefits	<u>649,719</u>	<u>(47,157)</u>	<u>602,562</u>	<u>565,094</u>	<u>37,468</u>
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				77,499	(77,499)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				123,029	(123,029)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				111,277	(111,277)
Total On-Behalf Contributions				<u>311,805</u>	<u>(311,805)</u>
Total Personal Services - Employee Benefits	<u>649,719</u>	<u>(47,157)</u>	<u>602,562</u>	<u>876,899</u>	<u>(274,337)</u>
Total Undistributed Expenses	<u>1,612,412</u>	<u>43,390</u>	<u>1,655,802</u>	<u>1,830,253</u>	<u>(174,451)</u>
TOTAL CURRENT EXPENSE	<u>2,939,172</u>	<u>74,370</u>	<u>3,013,542</u>	<u>3,139,442</u>	<u>(125,900)</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures - Instruction	\$ 4,000		\$ 4,000	\$ 3,994	\$ 6
Total Equipment	<u>4,000</u>		<u>4,000</u>	<u>3,994</u>	<u>6</u>
Facilities Acquisition and Construction Services:					
Lease Purchase Agreements - Principal	25,000		25,000	25,000	
Other Purchased Professional and Technical Services	25,000	\$ 21,434	46,434	46,434	
Total Facilities Acquisition and Construction Services	<u>50,000</u>	<u>21,434</u>	<u>71,434</u>	<u>71,434</u>	
TOTAL CAPITAL OUTLAY	<u>54,000</u>	<u>21,434</u>	<u>75,434</u>	<u>75,428</u>	<u>6</u>
TOTAL EXPENDITURES	<u>2,993,172</u>	<u>95,804</u>	<u>3,088,976</u>	<u>3,214,870</u>	<u>(125,894)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>297,269</u>	<u>9,875</u>	<u>307,144</u>	<u>530,716</u>	<u>223,572</u>
Other Financing Sources/(Uses):					
Transfer to Debt Service Fund	<u>(399,279)</u>		<u>(399,279)</u>	<u>(399,279)</u>	
Total Other Financing Sources/(Uses)	<u>(399,279)</u>		<u>(399,279)</u>	<u>(399,279)</u>	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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					
Over (Under) Expenditures and Other Financing Uses	\$ (102,010)	\$ 9,875	\$ (92,135)	\$ 131,437	\$ 223,572
Fund Balance, July 1	<u>415,599</u>		<u>415,599</u>	<u>415,599</u>	
Fund Balance, June 30	<u>\$ 313,589</u>	<u>\$ 9,875</u>	<u>\$ 323,464</u>	<u>\$ 547,036</u>	<u>\$ 223,572</u>
Recapitulation:					
Restricted for:					
Maintenance Reserve				\$ 70,491	
Charter School Escrow				75,003	
Assigned to:					
Year-end Encumbrances				15,011	
Unassigned				<u>386,531</u>	
Fund Balance per Governmental Funds Budgetary/(GAAP) Basis				<u>\$ 547,036</u>	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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	\$ 84,002	\$ 23,185	\$ 107,187	\$ 107,075	\$ (112)
Total Revenue	<u>84,002</u>	<u>23,185</u>	<u>107,187</u>	<u>107,075</u>	<u>(112)</u>
Expenditures:					
Instruction:					
Salaries of Teachers	17,992	(3,992)	14,000	14,000	
General Supplies	<u>20,660</u>	<u>7,615</u>	<u>28,275</u>	<u>28,163</u>	<u>112</u>
Total Instruction	<u>38,652</u>	<u>3,623</u>	<u>42,275</u>	<u>42,163</u>	<u>112</u>
Support Services:					
Employee Benefits		3,640	3,640	3,640	
Purchased Professional/Educational Services	45,350	13,336	58,686	58,686	
Other Purchased Services		<u>2,586</u>	<u>2,586</u>	<u>2,586</u>	
Total Support Services	<u>45,350</u>	<u>19,562</u>	<u>64,912</u>	<u>64,912</u>	
Total Expenditures	<u>84,002</u>	<u>23,185</u>	<u>107,187</u>	<u>107,075</u>	<u>112</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, 2015  
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 3,745,586	\$ 107,075
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:		
Prior Year Encumbrances -		12,382
Current Year Encumbrances -		(4,258)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 3,745,586	\$ 115,199
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 3,214,870	\$ 107,075
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:		
Prior Year Encumbrances -		12,382
Current Year Encumbrances -		(4,258)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 3,214,870	\$ 115,199

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 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 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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, 2015

	<u>No Child Left Behind</u>			<u>IDEA Part B Basic</u>	<u>Rural Education Achievement Program</u>	<u>Totals June 30, 2015</u>
	<u>Title I</u>	<u>Title I Carryover</u>	<u>Title II Part A</u>			
REVENUE:						
Federal Sources	\$ 20,973	\$ 4,985	\$ 2,586	\$ 53,063	\$ 25,468	\$ 107,075
Total Revenue	20,973	4,985	2,586	53,063	25,468	107,075
EXPENDITURES:						
Instruction:						
Salaries of Teachers	14,000					14,000
General Supplies	1,333			1,362	25,468	28,163
Total Instruction	15,333			1,362	25,468	42,163
Support Services:						
Employee Benefits	3,640					3,640
Purchased Professional/Educational Services	2,000	4,985		51,701		58,686
Other Purchased Services (400-500 Series)			2,586			2,586
Total Support Services	5,640	4,985	2,586	51,701		64,912
Total Expenditures	\$ 20,973	\$ 4,985	\$ 2,586	\$ 53,063	\$ 25,468	\$ 107,075

CAPITAL PROJECTS FUND  
(NOT APPLICABLE)

PROPRIETARY FUNDS  
(NOT APPLICABLE)

FIDUCIARY FUNDS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Student Activities</u>	<u>Agency Payroll Agency</u>	<u>Total</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 12,418	\$ 25,511	\$ 37,929	\$ 60,074
Total Assets	<u>12,418</u>	<u>25,511</u>	<u>37,929</u>	<u>60,074</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings Due to Student Groups	<u>12,418</u>	<u>25,511</u>	<u>25,511</u> <u>12,418</u>	<u>                    </u>
Total Liabilities	<u>12,418</u>	<u>25,511</u>	<u>37,929</u>	<u>                    </u>
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>60,074</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 60,074</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, 2015

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee	\$ 3,728
Total Contributions	<u>3,728</u>
Investment Earnings:	
Interest	<u>24</u>
Net Investment Earnings	<u>24</u>
Total Additions	<u>3,752</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>1,864</u>
Total Deductions	<u>1,864</u>
Change in Net Position	1,888
Net Position - Beginning of the Year	<u>58,186</u>
Net Position - End of the Year	<u><u>\$ 60,074</u></u>

Exhibit H-3

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 11,681	\$ 61,835	\$ 61,098	\$ 12,418
Total Assets	<u>\$ 11,681</u>	<u>\$ 61,835</u>	<u>\$ 61,098</u>	<u>\$ 12,418</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 11,681	\$ 61,835	\$ 61,098	\$ 12,418
Total Liabilities	<u>\$ 11,681</u>	<u>\$ 61,835</u>	<u>\$ 61,098</u>	<u>\$ 12,418</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>June 30, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
Sussex County Charter School for Technology	\$ 11,681	\$ 61,835	\$ 61,098	\$ 12,418
	<u>\$ 11,681</u>	<u>\$ 61,835</u>	<u>\$ 61,098</u>	<u>\$ 12,418</u>

Exhibit H-5

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 25,536	\$ 2,176,899	\$ 2,176,924	\$ 25,511
Total Assets	<u>\$ 25,536</u>	<u>\$ 2,176,899</u>	<u>\$ 2,176,924</u>	<u>\$ 25,511</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 25,536	\$ 2,176,899	2,176,924	\$ 25,511
Total Liabilities	<u>\$ 25,536</u>	<u>\$ 2,176,899</u>	<u>\$ 2,176,924</u>	<u>\$ 25,511</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 Loans			Interest Rate	Balance June 30, 2014	Matured	Additional Principal Paid	Balance June 30, 2015
			Outstanding June 30, 2015							
			Date	Amount						
New Jersey Community Capital	12/27/10	\$ 430,000	06/30/16	\$ 39,606	8.00%	\$ 85,812	\$ 11,883	\$ 34,323	\$ 39,606	
READS Sparta, LLC	12/27/10	124,787	06/30/16	21,139	8.00%	42,437	21,298		21,139	
USDA Loan	12/27/10	1,870,000	06/30/16	40,755	3.75%	1,743,159	39,426	121	1,703,612	
			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%					
			06/30/30	69,104	3.75%					
			06/30/31	71,740	3.75%					
			06/30/32	74,397	3.75%					

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

Purpose	Date of Issue	Original Issue	Maturities of Loans Outstanding June 30, 2015		Interest Rate	Balance June 30, 2014	Matured	Additional Principal Paid	Balance June 30, 2015
			Date	Amount					
USDA Loan	12/27/10	\$ 1,870,000	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	42,227	3.75%				
			Sussex Bank	12/27/2010	3,000,000	06/30/16	80,380	3.86%	\$ 2,786,550
06/30/17	84,236	3.86%							
06/30/18	99,484	3.86%							
06/30/19	103,201	3.86%							
06/30/20	103,705	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%							
06/30/25	125,748	3.86%							
06/30/26	130,758	3.86%							
06/30/27	135,968	3.86%							

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

Purpose	Date of Issue	Original Issue	Maturities of Loans			Interest Rate	Balance June 30, 2014	Matured	Additional Principal Paid	Balance June 30, 2015
			Outstanding June 30, 2015							
			Date	Amount						
Sussex Bank	12/27/2010	\$ 3,000,000	06/30/28	\$ 141,245	3.86%					
			06/30/29	147,014	3.86%					
			06/30/30	152,872	3.86%					
			06/30/31	158,963	3.86%					
			06/30/32	165,223	3.86%					
			06/30/33	171,881	3.86%					
			06/30/34	178,729	3.86%					
			06/30/35	185,851	3.86%					
			06/30/36	98,539	3.86%					
						\$ 4,657,958	\$ 138,914	\$ 34,444	\$ 4,484,600	

Exhibit I-2

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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	\$ 236,682	\$ (10,761)	\$ 225,921	\$ 225,921	
Redemption of Principal	133,432	39,926	173,358	173,358	
Total Regular Debt Service	<u>370,114</u>	<u>29,165</u>	<u>399,279</u>	<u>399,279</u>	
Total Expenditures	<u>370,114</u>	<u>29,165</u>	<u>399,279</u>	<u>399,279</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(370,114)</u>	<u>(29,165)</u>	<u>(399,279)</u>	<u>(399,279)</u>	
Other Financing Sources:					
Operating Transfer In	<u>370,114</u>	<u>29,165</u>	<u>399,279</u>	<u>399,279</u>	
Total Other Financing Sources	<u>370,114</u>	<u>29,165</u>	<u>399,279</u>	<u>399,279</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-21

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 23,419	\$ 24,017	\$ 33,291	\$ 33,369	\$ 33,325	\$ 529,932	\$ 636,565	\$ 942,416	\$ 1,143,469	\$ 1,277,157
Restricted	4,250			294,399	390,387	10,000	60,010	80,054	89,057	145,494
Unrestricted	267,219	271,440	230,187	26,997	51,507	84,238	213,744	264,118	(202,558)	(110,896)
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>	<u>\$ 1,029,968</u>	<u>\$ 1,311,755</u>

\* Restated

Source: Sussex County Charter School for Technology Financial Reports.

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

Expenses:	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	\$ 1,753,069	\$ 2,151,111
Special Education		18,549	19,633	19,486	31,463	293,722	242,487	191,129	156,145	205,211
Other Instruction										75,557
Support Services:										
Student & Instruction Related Services										408,086
General Administration Services	284,954	259,015	193,948	257,667	310,835	467,923	500,725	625,620	750,688	217,615
School Administration Services	273,741	173,088	233,335	263,336	302,178	446,797	444,923	520,984	580,474	138,034
Central Services										152,203
Plant Operations And Maintenance										239,406
Pupil Transportation										6,665
Capital Outlay									76,340	39,736
Interest on Long-Term Debt						135,380	249,593	295,062	225,014	225,921
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>	<u>3,541,730</u>	<u>3,859,545</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>	<u>3,541,730</u>	<u>3,859,545</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>	<u>355,171</u>	<u>707,551</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>	<u>355,171</u>	<u>707,551</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>	<u>355,171</u>	<u>707,551</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>	<u>(3,186,559)</u>	<u>(3,151,994)</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>	<u>(3,186,559)</u>	<u>(3,151,994)</u>

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets:										
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	\$ 2,371,406	\$ 2,277,903
Unrestricted Federal and State Aid	239,385	349,526	401,478	487,908	604,182	778,247	769,788	916,531	1,006,678	1,132,068
Investment Earnings	5,143	5,556	7,279	2,852	1,045	485	1,340	240	206	156
Miscellaneous Income	3,752	1,417	11,012	88	3,746		1,465	5,306	18,460	23,654
Cancellation of Prior Year Payable									20,044	
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>	<u>3,416,794</u>	<u>3,433,781</u>
Total Charter School-Wide General Revenues and Other Changes in Net Position	<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>	<u>3,416,794</u>	<u>3,433,781</u>
Change in Net Position:										
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>	<u>230,235</u>	<u>281,787</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>	<u>\$ 230,235</u>	<u>\$ 281,787</u>

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	\$ 89,057	\$ 145,494
Assigned						75,000	169,305	117,733	33,073	15,011
Unassigned						153,827	154,164	234,116	293,469	386,531
Total General Fund	<u>305,682</u>	<u>310,397</u>	<u>267,230</u>	<u>366,097</u>	<u>494,988</u>	<u>238,827</u>	<u>383,479</u>	<u>431,903</u>	<u>415,599</u>	<u>547,036</u>
Total Governmental Funds	<u>\$ 305,682</u>	<u>\$ 310,397</u>	<u>\$ 267,230</u>	<u>\$ 366,097</u>	<u>\$ 494,988</u>	<u>\$ 238,827</u>	<u>\$ 383,479</u>	<u>\$ 431,903</u>	<u>\$ 415,599</u>	<u>\$ 547,036</u>

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Tax Levy	\$ 594,484	\$ 649,812	\$ 660,244	\$ 1,146,671	\$ 1,316,539	\$ 1,690,763	\$ 1,817,171	\$ 2,233,073	\$ 2,371,406	\$ 2,277,903
Miscellaneous	8,895	6,973	18,291	2,940	4,791	485	2,805	5,546	18,666	23,810
State Sources	429,247	491,633	587,969	650,625	827,066	1,024,359	1,054,982	1,276,670	1,257,889	1,443,873
Federal Sources	78,687	61,731	60,077	42,890	64,281	83,844	89,223	92,751	103,960	115,199
<b>Total Revenue</b>	<b>1,111,313</b>	<b>1,210,149</b>	<b>1,326,581</b>	<b>1,843,126</b>	<b>2,212,677</b>	<b>2,799,451</b>	<b>2,964,181</b>	<b>3,608,040</b>	<b>3,751,921</b>	<b>3,860,785</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	465,029	611,355	716,076	893,600	1,107,666	845,525	865,161	1,081,267	1,202,724	1,241,053
Special Education Instruction		17,530	19,633	19,486	31,463	293,722	242,487	191,129	156,145	138,950
Other Instruction										44,385
<b>Support Services:</b>										
Student & Instruction Related Services										320,917
General Administration Services	321,610	328,550	161,578	175,933	200,637	313,396	298,748	367,288	442,051	169,434
School Administration Services	231,732	168,344	235,249	255,678	293,785	436,640	460,552	523,312	583,523	113,933
Central Services										125,934
Plant Operations And Maintenance										216,471
Pupil Transportation										6,665
Unallocated Benefits		79,655	237,212	328,694	450,235	444,925	539,993	706,833	789,774	876,899
Capital Outlay				70,868		536,347	42,474	119,673	143,938	75,428
<b>Debt Service:</b>										
Principal						49,677	120,521	261,480	245,100	173,358
Interest and Other Charges						135,380	249,593	308,634	225,014	225,921
<b>Total Expenditures</b>	<b>1,018,371</b>	<b>1,205,434</b>	<b>1,369,748</b>	<b>1,744,259</b>	<b>2,083,786</b>	<b>3,055,612</b>	<b>2,819,529</b>	<b>3,559,616</b>	<b>3,788,269</b>	<b>3,729,348</b>
<b>Excess/(Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>92,942</b>	<b>4,715</b>	<b>(43,167)</b>	<b>98,867</b>	<b>128,891</b>	<b>(256,161)</b>	<b>144,652</b>	<b>48,424</b>	<b>(36,348)</b>	<b>131,437</b>
<b>Other Financing Sources:</b>										
Cancellation of Prior Year Payable									20,044	
<b>Net Change In Fund Balances</b>	<b>\$ 92,942</b>	<b>\$ 4,715</b>	<b>\$ (43,167)</b>	<b>\$ 98,867</b>	<b>\$ 128,891</b>	<b>\$ (256,161)</b>	<b>\$ 144,652</b>	<b>\$ 48,424</b>	<b>\$ (16,304)</b>	<b>\$ 131,437</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>7.35%</b>	<b>13.33%</b>	<b>16.57%</b>	<b>12.90%</b>	<b>10.93%</b>

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
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
2014	206	2,371,406	18,460	2,390,072
2015	156	2,277,903	23,654	2,301,713

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 <sup>a</sup>	Sussex County Per Capita Personal Income <sup>b</sup>	Sussex County Personal Income <sup>c</sup>	Sussex County Unemployment Rate <sup>d</sup>
2006	151,250	\$ 46,200	\$ 6,987,750,000	4.10%
2007	151,632	48,898	7,414,501,536	4.10%
2008	151,431	49,750	7,533,692,250	3.90%
2009	151,118	48,261	7,293,105,798	3.90%
2010	149,265	49,042	7,320,254,130	8.70%
2011	148,034	50,800	7,520,127,200	9.30%
2012	146,985	52,592	7,730,235,120	9.30%
2013	145,740	52,958	7,718,098,920	7.80%
2014	144,909	52,958 **	7,674,090,822	6.00%
2015	144,909 *	52,958 **	7,674,090,822 *	6.20%

N/A - Information is not available.

\* - Latest Sussex County population (2014) available was used for calculation purposes.

\*\* - Latest Sussex County per capita personal income available (2013) was used for calculation purposes.

Sources:

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.
- <sup>b</sup> Per capita personal income by county estimated based upon the 2010 Census published by the US Bureau of Economic Analysis.
- <sup>c</sup> Personal income has been estimated based upon the county population and per capita personal income presented.
- <sup>d</sup> 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)

2014			2005		
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2,000	2.71%	Selective Insurance	975	N/A
Newton Memorial Hosptial	1,200	1.63%	Andover Subacute & Rehab Center	900	N/A
Selective Insurance	900	1.22%	County of Sussex	825	N/A
County of Sussex	830	1.13%	Mountain Creek Resort	775	N/A
Mountain Creek Resort	800	1.08%	Newton Memorial Hosptial	711	N/A
Ames Rubber Corp.	445	0.60%	Ronetco Supermarkets	629	N/A
Shop Rite Supermarkets	301	0.41%	Vernon Township Board of Education	600	N/A
Andover Subacute & Rehab Center	300	0.41%	F.O. Phoenix, Inc.	474	N/A
Sussex County Community College	300	0.41%	Hopatcong Board of Education	450	N/A
SCARC, Inc.	287	0.39%	Wal-Mart	380	N/A
	<u>7,363</u>			<u>6,719</u>	

N/A - Information is not available.

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN 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>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	12.0	12.0	14.0	14.0	18.0	18.0	18.0	20.0	22.0	22.0
Other Instruction						2.0	2.5	3.5	3.5	3.5
Support Services:										
General Administration Services	3.0	3.0	3.0	3.0	3.5	3.5	3.5	5.5	5.5	5.5
School Administration Services						2.0	2.0	3.0	3.0	3.0
Central Services	1.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5
Administrative Information Technology						1.0	2.0	1.0	1.0	1.0
Plant Operations and Maintenance						2.0	2.0	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>	<u>38.5</u>	<u>38.5</u>

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<sup>a</sup></u>	<u>Cost Per Pupil<sup>b</sup></u>	<u>Percent Change</u>	<u>Teaching Staff<sup>c</sup></u>	<u>Pupil/Teacher Ratio Middle</u>	<u>Average Daily Enrollment (ADE)<sup>d</sup></u>	<u>Average Daily Attendance (ADA)<sup>d</sup></u>	<u>% Change Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
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	9.29%	20.0	11.1	224.7	212.9	12.18%	94.75%
2014	225.0	3,174,217	14,108	17.22%	22.0	10.2	224.8	212.6	12.74%	94.57%
2015	225.0	3,254,641	14,465	13.41%	22.0	10.2	221.5	209.0	-1.42%	94.36%

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

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

<sup>b</sup> Cost per pupil is calculated based upon enrollment and operating expenditures presented and may not be the same as other cost per pupil calculations.

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

<sup>d</sup> 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)

<u>District Building</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>	<u>2014</u>	<u>2015</u>
Sussex County Charter School										
Square Feet	N/A	N/A	N/A	N/A	N/A	20,000	20,000	20,000	20,000	20,000
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	200	200	225	225	225
Enrollment	98	100	99	125	150	200	200	225	225	225

Number of Schools at June 30, 2015:

Other = 1

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

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

Source: Sussex County Charter School for Technology Business Office.

Exhibit J-19

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>
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
2014	85,621	85,621
2015	59,750	59,750

\* - 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, 2015  
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG:		
Blanket Building and Contents:		
Each Occurrence	\$ 6,469,000	\$ 1,000
Blanket Hardware and Software:		
Each Occurrence	230,130	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	1,000
Comprehensive Automobile Liability:		
Combined single limit (each accident)	6,000,000	1,000
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	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
FINAL PERFORMANCE  
JUNE 30, 2015  
(UNAUDITED)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Cash	\$ 324,235	\$ 395,855	\$ 395,461	\$ 533,473	
Current Assets	63,729	450,244	90,956	18,986	
Capital Assets, Net	5,867,451	5,845,474	5,822,566	5,761,757	
Total Assets	<u>6,255,415</u>	<u>6,691,573</u>	<u>6,308,983</u>	<u>6,314,216</u>	
Current Liabilities	9,485	18,341	70,818	5,423	
Long Term Liabilities	<u>51,340,611</u>	<u>4,990,789</u>	<u>4,721,342</u>	<u>4,519,475</u>	
Total Liabilities	<u>51,350,096</u>	<u>5,009,130</u>	<u>4,792,160</u>	<u>4,524,898</u>	
Net Position	<u>\$ 910,319</u>	<u>\$ 1,286,588</u>	<u>\$ 1,516,823</u>	<u>\$ 1,789,318</u>	
Total Revenue	\$ 2,964,181	\$ 3,608,040	\$ 3,771,965	\$ 3,860,785	
Total Expenses	<u>2,678,032</u>	<u>3,231,771</u>	<u>3,541,730</u>	<u>3,588,290</u>	
Change in Net Position	<u>\$ 286,149</u>	<u>\$ 376,269</u>	<u>\$ 230,235</u>	<u>\$ 272,495</u>	
Depreciation Expense	\$ 69,208	\$ 69,208	\$ 69,208	\$ 75,362	
Principal Payments	120,521	327,828	245,100	173,358	
Interest Payments	249,593	261,480	246,312	225,921	
Final Average Daily Enrollment	199.40	224.70	224.80	221.50	
March 30th Budgeted Enrollment	200.00	225.00	225.00	225.00	
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>4 Year Cumulative</u>
Near Term Indicators:					
Current Ratio	6.72	24.55	1.28	3.50	6.00
Unrestricted Days Cash	18.92	21.59	22.88	30.84	95.32
Enrollment Variance	-0.30%	-0.13%	-0.09%	-1.56%	-0.53%
Default	No	No	No	No	
Sustainability Indicators:					
Total Margin	9.65%	10.43%	6.10%	7.06%	8.07%
Debt to Asset	8.21	0.75	0.76	0.72	2.24
Cash Flow	\$ 197,502	\$ 71,620	\$ (394)	\$ 138,012	\$ 209,238
Debt Service Coverage Ratio	0.96	0.76	0.61	0.87	0.87

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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, the business-type 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2015.

**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.

November 20, 2015  
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's OMB Circulars 04-04 and 15-08

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 each of the District's major state programs for the fiscal year ended June 30, 2015. The District's major state programs are 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 each of the District's major state programs 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 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 each 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 each of its major state programs for the fiscal year ended June 30, 2015.

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 each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, 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.

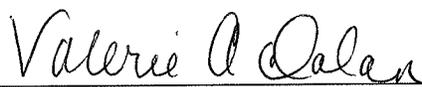
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

November 20, 2015  
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, 2015

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2014			Cash Received	Budgetary Expenditures	Balance, June 30, 2015			
					Budgetary					Budgetary			
					Unearned Revenue	Accounts Receivable	Due to Grantor			Unearned Revenue	Accounts Receivable	Due to Grantor	
<u>Special Revenue Fund:</u>													
US Department of Education Passed-through State of New Jersey Department of Education Special Education Cluster:													
IDEA- B, Basic	84.027	IDEA7850-15	7/1/14-6/30/15	\$ 53,063				\$ 51,922	\$ (53,063)		\$ (1,141)		
IDEA- B, Basic	84.027	IDEA7850-14	7/1/13-6/30/14	63,802		\$ (23,952)		23,952					
Total Special Education Cluster						(23,952)		75,874	(53,063)		(1,141)		
<u>No Child Left Behind:</u>													
Title I - Part A	84.010A	NCLB7850-15	7/1/14-6/30/15	25,958				19,817	(25,958)		(6,141)		
Title I - Part A	84.010A	NCLB7850-14	7/1/13-6/30/14	21,168		(8,901)		8,901					
Title II - Part A	84.367A	NCLB7850-15	7/1/14-6/30/15	2,586				300	(2,586)		(2,286)		
Rural Education Achievement Program	84.358	S358A083261	7/1/14-6/30/15	25,581				18,284	(25,468)		(7,184)		
Rural Education Achievement Program	84.358	S358A083261	7/1/13-6/30/14	24,306		(10,637)		10,637					
Total U.S. Department of Education						(43,490)		133,813	(107,075)		(16,752)		
Total Federal Awards						\$ - 0 -	\$ (43,490)	\$ - 0 -	\$ 133,813	\$ (107,075)	\$ - 0 -	\$ (16,752)	\$ - 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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2014		Cash Received	Budgetary Expenditures	June 30, 2015		MEMO	
				(Accounts Receivable)	Due to Grantor			GAAP Receivable	Unearned Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund:											
Local Levy - State Share	15-495-034-7850-003	7/01/14-6/30/15	\$ 778,932			\$ 777,701	\$ (778,932)	\$ (1,231)		\$ (1,231)	\$ 778,932
Local Levy - State Share	14-495-034-7850-003	7/01/13-6/30/14	787,623	\$ (18,325)		18,325					787,623
Special Education Aid	15-495-034-7850-011	7/01/14-6/30/15	191,653			191,653	(191,653)				191,653
Security Aid	15-495-034-7850-078	7/01/14-6/30/15	23,524			23,524	(23,524)				23,524
Other Categorical Aid:											
Nonpublic Aid	15-999-999-9999-960	7/01/14-6/30/15	137,959			137,959	(137,959)				137,959
Nonpublic Aid	14-999-999-9999-960	7/01/13-6/30/14	10,220	(10,220)		10,220					10,220
Reimbursed TPAF Social											
Security Contribution:	15-495-034-5095-002	7/01/14-6/30/15	111,277			106,016	(111,277)	(5,261)		(5,261)	111,277
Security Contribution:	14-495-034-5095-002	7/01/13-6/30/14	103,656	(5,034)		5,034					103,656
Total General Fund				(33,579)		1,270,432	(1,243,345)	(6,492)		(6,492)	2,168,014
Total State Awards				\$ (33,579)	\$ - 0 -	\$ 1,270,432	\$ (1,243,345)	\$ (6,492)	\$ - 0 -	\$ (6,492)	\$ 2,168,014

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, 2015

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, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *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 net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$-0- for the General Fund and \$8,124 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 \$77,499 and \$123,029, 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		\$ 1,443,873	\$ 1,443,873
Special Revenue Fund	\$ 115,199		115,199
	<u>\$ 115,199</u>	<u>\$ 1,443,873</u>	<u>\$ 1,559,072</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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 year ended June 30, 2015.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Charter School.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major state programs for the Charter School expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The Charter School was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2015 as federal grant expenditures were less than the single audit threshold of \$500,000 identified in the Circular.
- The Charter School's major State programs 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	15-495-034-7850-003	7/1/14-6/30/15	\$ 778,932	\$ 778,932
Security Aid	15-495-034-7850-078	7/1/14-6/30/15	23,524	23,524
Special Education Aid	15-495-034-7850-011	7/1/14-6/30/15	191,653	191,653

- The threshold used for distinguishing between State Type A and Type B programs was \$300,000.
- The Charter School was determined to be 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's OMB Circulars 04-04 and 15-08.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year audit findings.