

**SCHOOL DISTRICT OF
SUSSEX COUNTY TECHNICAL**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017**

**Comprehensive Annual
Financial Report**

of the

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

For the Fiscal Year Ended June 30, 2017

Prepared by

**Sussex County Technical School District
Business Office**

SUSSEX COUNTY TECHNICAL SCHOOL
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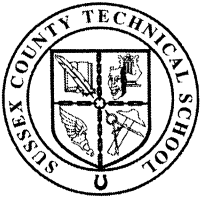
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INTRODUCTORY SECTION



SUSSEX COUNTY TECHNICAL SCHOOL

105 North Church Road, Sparta, New Jersey 07871

Andrew Italiano
School Business Administrator\ Board Secretary

Phone: (973) 383-6700
Extension 219
Fax: (973) 383-0337

November 15, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Sussex County Technical School District (the "District") for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels 9 through 12 and an adult evening school. The District also has several management agreements with other agencies to provide services.

Transportation services are provided to the Sparta Township Board of Education. Fleet maintenance services are provided to Frankford Township Board of Education, Newton Board of Education and Sparta Township Board of Education. Food Services are provided to the Sussex County Educational Services Commission, the Sussex County Charter School for Technology, and Willowglen Academy.

The District completed the 2016-17 fiscal year with an average daily enrollment of 785. This figure was taken from the District's Application for State School Aid (ASSA) and includes both high school and post-secondary day students.

2. ECONOMY: The County primarily is an agricultural, mining and recreational-based economy. The population in the County has tapered off as of late which has led to a slowdown in construction activity, retail and office development, as well as other service sector jobs. The County encourages economic growth that is consistent with its zoning and subdivision laws. Over sixty percent of county residents are employed outside the County. These commuters are employed in Morris, Bergen, and Essex Counties in New Jersey as well as in New York City. The development of commercial complexes in Morris County has supported the residential growth in Sussex County.

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

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

3. MAJOR INITIATIVES: The Sussex County Technical School continues to thrive as a significant secondary school of choice for students, remaining a viable resource to Sussex County residents. For the seventh consecutive year, enrollment increased and is projected to increase for the 2017-2018 school year. The District continues to focus on managing student population and program growth in conjunction with demonstrated fiscal responsibility and budget constraint. At all times, the Board of Education and the administration remain responsive to the needs of County taxpayers and our need to remain accountable to our constituents.

The District maintains a superior offering of twenty-four shop programs. Highly Qualified faculty, with many holding Masters Degrees, staffs an academic program for fulltime students. The District continues to serve a significant number of special needs students, thereby adding to our overall enrollment increase as well as to our level of financial efficiency and stability. Serving a broader population also expands the District's role as an important resource to County sending districts.

The Concurrent/College credit program continues to offer students exposure to college level work at a tremendous cost savings to parents. The above program benefits students and parents and also serves to

strengthen the School's foundation as a very viable option for students. In addition to providing Sussex County residents with many outstanding educational opportunities, the District provides businesses with skilled employees who drive the local economy through their work and entrepreneurship.

The Solar Energy Project has been completed, and will result in reduced energy costs. Thanks to the utilization of state construction grants plus significant support of the Freeholder Board and the Board of Education, the parking lot on the McNiece Auditorium side of campus has been completed. The McNiece building continues to attract a considerable rental population during the school year by outside organizations. The McNiece Auditorium is currently soliciting bids for stage one of a three phase renovation of the facility. The main building is currently having its roof replaced, funded by an SDA grant. After the roof project is complete, the entire campus will have roofs that have been replaced within the last five years.

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

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data 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 District 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 District's management.

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimate. Annual appropriated budgets are adopted for the general fund and the special revenue fund. Capital improvements are funded by the County of Sussex, which pays the resulting debt service. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2017.

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

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

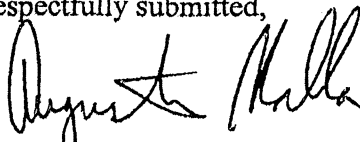
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The Public Entity Group Administrative Services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

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

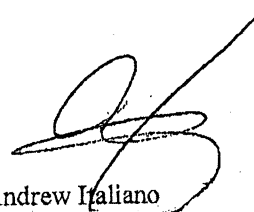
9. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey’s OMB Circular 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 are included in the financial section of this report. The auditors’ reports related specifically to the Single Audit and *Government Auditing Standards* are included in the single audit section of this report.

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

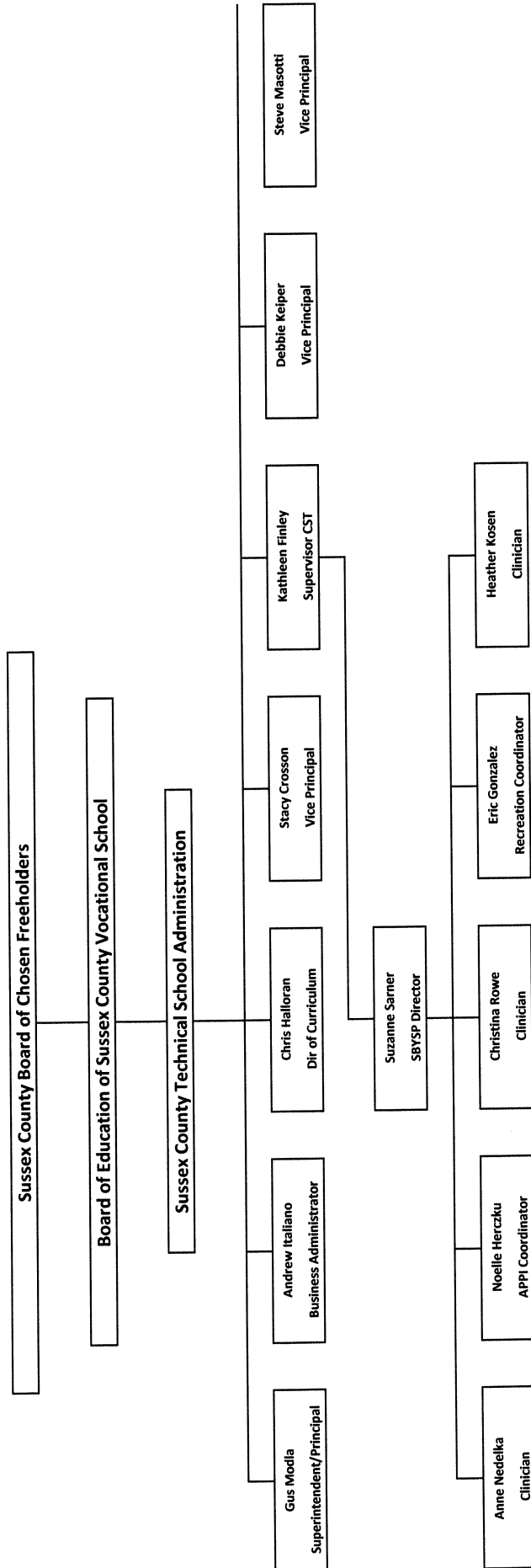
Respectfully submitted,



Augustus Modla
Superintendent/Principal



Andrew Italiano
School Business Administrator



**SUSSEX COUNTY TECHNICAL SCHOOL
 ROSTER OF OFFICIALS
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jarrold Cofrancesco, President	10/2021
Susan Shake, Vice President	10/2018
John Miller	10/2020
Diane Wexler	10/2019
Rosalie S. Lamonte, County Superintendent	N/A

<u>Other Officers</u>	<u>Title</u>
Augustus Modla	Superintendent of Schools/Principal
Andrew Italiano	Board Secretary/School Business Administrator
Eileen Kithcart	Treasurer

SUSSEX COUNTY TECHNICAL SCHOOL
Consultants and Advisors

Audit Firm

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

Attorneys

Weiner & Lesniak
629 Parsippany Road
Parsippany, NJ 07054

Official Depository

Lakeland Bank
Route 15
Lafayette, NJ 07848

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Sussex County Technical School
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 Board of Education of the Sussex County Technical School (the "District"), a component unit of the County of Sussex, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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 District'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 District'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.

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 District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-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 and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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 15, 2017 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 15, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

This section of Sussex County Technical School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved on a District wide basis.
- Overall, the revenue was \$20.95 million and expenses were \$20.09 million.
- Enrollment in the District increased approximately 1% increase from the prior year.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

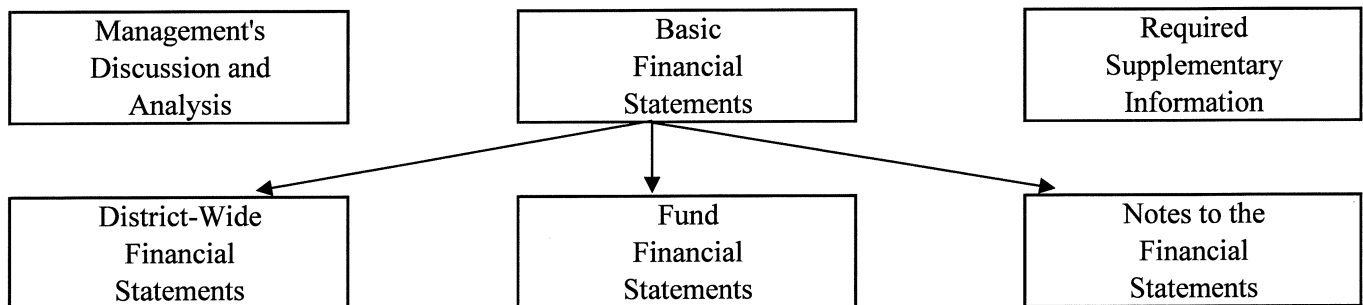


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the basic financial statements: The notes provide information essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$833,479. Net position from governmental activities increased by \$697,855 and net position from business-type activities increased by \$135,624. Net investment in capital assets increased by \$214,746 and unrestricted net position increased by \$618,733.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Current and							
Other Assets	\$ 3,514,311	\$ 4,328,952	\$ 696,602	\$ 847,097	\$ 4,210,913	\$ 5,176,049	22.92%
Capital Assets, Net	13,235,084	13,473,789	419,848	364,984	13,654,932	13,838,773	1.35%
Total Assets	<u>16,749,395</u>	<u>17,802,741</u>	<u>1,116,450</u>	<u>1,212,081</u>	<u>17,865,845</u>	<u>19,014,822</u>	6.43%
Deferred Outflows of Resources	<u>1,288,733</u>	<u>2,488,536</u>			<u>1,288,733</u>	<u>2,488,536</u>	93.10%
Other Liabilities	1,028,051	816,863	57,620	51,699	1,085,671	868,562	-20.00%
Long-Term Liabilities	<u>7,189,139</u>	<u>8,746,477</u>	<u>104,635</u>	<u>70,563</u>	<u>7,293,774</u>	<u>8,817,040</u>	20.88%
Total Liabilities	<u>8,217,190</u>	<u>9,563,340</u>	<u>162,255</u>	<u>122,262</u>	<u>8,379,445</u>	<u>9,685,602</u>	15.59%
Deferred Inflows of Resources	<u>102,947</u>	<u>312,091</u>			<u>102,947</u>	<u>312,091</u>	203.16%
Net Position:							
Net Investment in Capital Assets	13,182,426	13,417,964	315,213	294,421	13,497,639	13,712,385	1.59%
Restricted	541	541			541	541	0.00%
Unrestricted/(Deficit)	<u>(3,464,976)</u>	<u>(3,002,659)</u>	<u>638,982</u>	<u>795,398</u>	<u>(2,825,994)</u>	<u>(2,207,261)</u>	21.89%
Total Net Position	<u>\$ 9,717,991</u>	<u>\$ 10,415,846</u>	<u>\$ 954,195</u>	<u>\$ 1,089,819</u>	<u>\$ 10,672,186</u>	<u>\$ 11,505,665</u>	7.81%

Changes in Net Position. The District's combined net position was \$11,505,665 on June 30, 2017, \$833,479 or 7.81% more than the previous year (See Figure A-3). Net investment in capital assets increased primarily as a result of current year additions of \$865,677 and the pay down of \$53,700 of capital leases; offset by depreciation expense of \$674,169 and a new capital lease of \$22,795. Unrestricted net position increased primarily due to a capital improvement funding authorization from the County of Sussex, offset by the changes in deferred outflows and inflows of resources related to pensions.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,650,771	\$ 1,723,034	\$ 1,403,983	\$ 1,389,366	\$ 3,054,754	\$ 3,112,400	1.89%
Operating Grants and Contributions	3,938,840	5,395,048	107,316	81,174	4,046,156	5,476,222	35.34%
Capital Grants and Contributions	146,515				146,515		-100.00%
General Revenue:							
Property Taxes	6,962,974	6,962,974			6,962,974	6,962,974	0.00%
State and Federal Aid not Restricted	3,847,345	3,853,083			3,847,345	3,853,083	0.15%
County Improvement Authorization	1,464,000	1,331,000			1,464,000	1,331,000	-9.08%
Other	125,784	212,304	267	132	126,051	212,436	68.53%
Total Revenue	18,136,229	19,477,443	1,511,566	1,470,672	19,647,795	20,948,115	6.62%
Expenses:							
Instruction	9,513,306	10,657,867			9,513,306	10,657,867	12.03%
Pupil and Instruction Services	2,525,986	2,593,938			2,525,986	2,593,938	2.69%
Administrative and Business	2,161,799	2,521,445			2,161,799	2,521,445	16.64%
Maintenance and Operations	2,073,262	2,179,084			2,073,262	2,179,084	5.10%
Pupil Transportation	460,368	508,920			460,368	508,920	10.55%
Special Schools	254,000	316,510			254,000	316,510	24.61%
Other			1,325,789	1,311,947	1,325,789	1,311,947	-1.04%
Total Expenses	16,988,721	18,777,764	1,325,789	1,311,947	18,314,510	20,089,711	9.69%
Other Items	(58,749)	(1,824)	(24,859)	(23,101)	(83,608)	(24,925)	70.19%
Increase/(Decrease) in Net Position	\$ 1,088,759	\$ 697,855	\$ 160,918	\$ 135,624	\$ 1,249,677	\$ 833,479	-33.30%

Revenue Sources. The District's total revenue for the 2016/17 school year was \$20,948,115 (See Figure A-5). Property taxes accounted for a substantial portion of the District's revenue, with the County tax levy accounting for 6,962,974 of the total, or 33.24% percent. Another 44.53% percent came from state and federal aid for specific programs and state formula aid with the remainder from other sources, county bond ordinance proceeds and charges for services.

**Figure A-5
Sources of Revenue for Fiscal Year 2017**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 3,853,083	18.39%
County Tax Levy	6,962,974	33.24%
Federal and State Categorical Grants	5,476,222	26.14%
Charges for Services	3,112,400	14.86%
County Improvement Authorizations	1,331,000	6.35%
Other	212,436	1.02%
Total	\$ 20,948,115	100.00%

The total cost of all programs and services was \$20,089,711. The District's expenses are predominantly related to instructing, caring for students (pupil services) and special schools (67.54 percent). (See Figure A-6). The District's administrative and business activities accounted for 12.55 percent of total costs.

**Figure A-6
Expenses for Fiscal Year 2017**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 10,657,867	53.05%
Pupil and Instruction Services	2,593,938	12.91%
Administrative and Business	2,521,445	12.55%
Maintenance and Operations	2,179,084	10.85%
Pupil Transportation	508,920	2.53%
Special Schools	316,510	1.58%
Other	1,311,947	6.53%
	<u>\$ 20,089,711</u>	<u>100.00%</u>

Governmental Activities

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

However, careful management of expenses remains essential for the District to sustain its financial health and increase the efficiencies within the District. Among the cost savings activities implemented during the 2016-17 fiscal year are the following:

- Completed solar energy project that should generate a reduction in energy expenditures.
- The District looks to expand our Facility Rentals and expand our customer base after the McNiece upgrades are complete.
- Continue to expand cooperative purchasing options by joining Ed Data for time and material and supplies.

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

Figure A-7

Net Cost of Governmental Activities

	<u>Total Cost of Services 2015/16</u>	<u>Total Cost of Services 2016/17</u>	<u>Net Cost of Services 2015/16</u>	<u>Net Cost of Services 2016/17</u>
Functional Expenses:				
Instruction	\$ 9,513,306	\$ 10,657,867	\$ 6,215,948	\$ 6,433,691
Pupil and Instruction Services	2,525,986	2,593,938	1,407,501	1,380,127
Administrative and Business	2,161,799	2,521,445	1,626,008	1,729,493
Maintenance and Operations	2,073,262	2,179,084	1,444,623	1,594,054
Pupil Transportation	460,368	508,920	342,025	365,858
Special Schools	254,000	316,510	216,490	156,459
	<u>\$ 16,988,721</u>	<u>\$ 18,777,764</u>	<u>\$ 11,252,595</u>	<u>\$ 11,659,682</u>

- The cost of all governmental activities this year was \$18.78 million.
- The federal and state governments subsidized certain programs with grants and contributions (approximately \$9.25 million).
- Approximately 34.66% of the District’s costs (\$6.96 million) were financed with the County Tax Levy.
- The remainder of the funding came from tuition, miscellaneous revenue, charges for services and other sources.

Business-Type Activities

Net position from the District’s business-type activities increased by \$135,624. The primary contributing factors to this result were the following:

- Decrease in revenue and expenses of approximately \$96,200 and \$13,000, respectively, in the Transportation Fund due to a decrease in the number of routes contracted with other districts due to scheduling conflicts. Despite the reduced number of routes serviced, the Transportation Fund generated an operating income of \$52,500.
- Use of Facilities revenue exceeded expenses by approximately \$86,700, mainly due to the increase in rental revenue.

Financial Analysis of the District’s Funds

The District’s overall fund balance increased primarily due to the increase in funding from the County of Sussex for various improvements/renovations to the District. The County supported the District by approving funding for two SDA Construction Projects. These projects are a roof replacement project and a weld shop renovation project. The District has increased enrollment and continues an upward trend in enrollment into the near future.

General Fund Budgetary Highlights

Most of the budgeted revenue projections for the 2016-17 fiscal year were fully realized which was an improvement over the prior year. The rate of execution for the expense side of the budget was more than 95% of the current expense budget for the 2016-17 fiscal year.

Capital Asset and Long-Term Liability Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Sites and Site Improvements	\$ 3,955,609	\$ 3,891,092			\$ 3,955,609	\$ 3,891,092	-1.63%
Construction in Progress	530,462	1,002,356			530,462	1,002,356	88.96%
Buildings and Building Improvements	7,916,752	7,721,029			7,916,752	7,721,029	-2.47%
Machinery and Equipment	832,261	859,312	\$ 419,848	\$ 364,984	1,252,109	1,224,296	-2.22%
Total Capital Assets (Net of Depreciation)	<u>\$ 13,235,084</u>	<u>\$ 13,473,789</u>	<u>\$ 419,848</u>	<u>\$ 364,984</u>	<u>\$ 13,654,932</u>	<u>\$ 13,838,773</u>	<u>1.35%</u>

Long-term Liabilities

At year-end, the District had \$936,369 of other long-term liabilities – a net increase of \$45,560 from last year– as shown in Figure A-9. The County of Sussex is responsible for the issuance and repayment of long-term liabilities in the form of bonds and notes.

Figure A-9

Outstanding Long-Term Liabilities

	Total School District		Total Change Percentage
	2015/16	2016/17	
Other Long-Term Liabilities	\$ 890,809	\$ 936,369	5.11%
Net Pension Liability	6,402,965	7,880,671	23.08%
	<u>\$ 7,293,774</u>	<u>\$ 8,817,040</u>	20.88%

The following factors contributed to the change in long-term liabilities:

- The District continued to pay down its capital leases payable, retiring \$53,700 of leases payable.
- A net increase in compensated absences of \$76,465.
- An increase in net pension liability of \$1,477,706.

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

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

- Maintenance cost of aging facilities and systems.
- Continued increases in health insurance that exceed state imposed caps on school budgets.
- Uncertainty in the level of tax levy support from the County Freeholders.
- The District is closing in on overall enrollment of 800 students.
- The District looks to expand our campus to better serve the students and our educational community.
- The District is working towards a 5-year plan to build its fund balance to the maximum allowance of 6% for vocational schools.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 808,826	\$ 721,105	\$ 1,529,931
Internal Balances	(51,789)	51,789	
Receivable from State Government	3,404	142	3,546
Receivable from Federal Government	46,932	4,205	51,137
Receivables from Other Governments	3,519,208	15,995	3,535,203
Other Receivables	1,830	43,707	45,537
Inventory		10,154	10,154
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	541		541
Capital Assets, Net			
Sites (Land) and Construction in Progress	3,766,656		3,766,656
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	9,707,133	364,984	10,072,117
Total Assets	<u>17,802,741</u>	<u>1,212,081</u>	<u>19,014,822</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions	1,632,454		1,632,454
Changes in Proportion - Pensions	166,083		166,083
Difference Between Expected and Actual Experience - Pensions	146,557		146,557
Difference Between Projected and Actual Investment Earnings - Pensions	300,497		300,497
District Contribution Subsequent to the Measurement Date - Pensions	242,945		242,945
Total Deferred Outflows of Resources	<u>2,488,536</u>		<u>2,488,536</u>
<u>LIABILITIES</u>			
Accounts Payable	682,971	50,803	733,774
Payable to Federal Government	64,042		64,042
Payable to State Government	39,713		39,713
Payable to Other Government	10,053		10,053
Unearned Revenue	20,084	896	20,980
Noncurrent Liabilities:			
Due Within One Year	40,107	34,872	74,979
Due Beyond one Year	8,706,370	35,691	8,742,061
Total Liabilities	<u>9,563,340</u>	<u>122,262</u>	<u>9,685,602</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Changes in Proportion - Pensions	312,091		312,091
Total Deferred Inflows of Resources	<u>312,091</u>		<u>312,091</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	13,417,964	294,421	13,712,385
Restricted for:			
Capital Projects	541		541
Unrestricted/(Deficit)	(3,002,659)	795,398	(2,207,261)
Total Net Position	<u>\$ 10,415,846</u>	<u>\$ 1,089,819</u>	<u>\$ 11,505,665</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 5,116,687	\$ 477,554	\$ 1,441,908	\$ (3,197,225)		\$ (3,197,225)
Special Education	467,204	43,606	497,386	73,788		73,788
Vocational Education	3,995,379	372,898	1,048,822	(2,573,659)		(2,573,659)
School-Sponsored/Other Instruction	1,078,597	100,668	241,334	(736,595)		(736,595)
Support Services:						
Student & Instruction Related Services	2,593,938	242,099	971,712	(1,380,127)		(1,380,127)
General Administrative Services	722,345	67,417	97,968	(556,960)		(556,960)
School Administrative Services	1,017,870	95,000	282,834	(640,036)		(640,036)
Central Services	570,275	53,225	129,360	(387,690)		(387,690)
Administrative Information Technology	210,955	19,689	46,459	(144,807)		(144,807)
Plant Operations and Maintenance	2,179,084	203,379	381,651	(1,594,054)		(1,594,054)
Pupil Transportation	508,920	47,499	95,563	(365,858)		(365,858)
Special Schools	316,510		160,051	(156,459)		(156,459)
Total Governmental Activities	18,777,764	1,723,034	5,395,048	(11,659,682)		(11,659,682)
Business-Type Activities:						
Transportation	804,323	856,779			\$ 52,456	52,456
Use of Facilities	90,602	177,279			86,677	86,677
Food Service	417,022	355,308	81,174		19,460	19,460
Total Business-Type Activities	1,311,947	1,389,366	81,174		158,593	158,593
Total Primary Government	\$ 20,089,711	\$ 3,112,400	\$ 5,476,222	(11,659,682)	158,593	(11,501,089)

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Other Items:			
Taxes:			
County Tax Levy	\$ 6,962,974		\$ 6,962,974
Federal and State Aid not Restricted	3,853,083		3,853,083
County Improvement Authorization	1,331,000		1,331,000
Miscellaneous Income	212,304	\$ 132	212,436
Other Items:			
Cancellation of Prior Year Accounts Receivable		(26,929)	(26,929)
Cancellation of Prior Year Accounts Payable		3,828	3,828
Cancellation of Intergovernmental Accounts Receivable - County	(1,824)		(1,824)
Total General Revenues and Other Items	12,357,537	(22,969)	12,334,568
Change in Net Position	697,855	135,624	833,479
Net Position - Beginning	9,717,991	954,195	10,672,186
Net Position - Ending	\$ 10,415,846	\$ 1,089,819	\$ 11,505,665

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

FUND FINANCIAL STATEMENTS

SUSSEX COUNTY TECHNICAL SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 711,427	\$ 97,399		\$ 808,826
Interfund Receivable	75,236			75,236
Receivables From State Government	502	2,902		3,404
Receivables From Federal Government		46,932		46,932
Receivables From Other Governments	93,274		\$ 3,425,934	3,519,208
Other Accounts Receivables	1,830			1,830
Restricted Cash and Cash Equivalents	541			541
Total Assets	<u>\$ 882,810</u>	<u>\$ 147,233</u>	<u>\$ 3,425,934</u>	<u>\$ 4,455,977</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 51,789		\$ 75,236	\$ 127,025
Accounts Payable	402,352	\$ 37,674		440,026
Payable to Federal Government		64,042		64,042
Payable to State Government		39,713		39,713
Payable to Other Government			10,053	10,053
Unearned Revenue	14,280	5,804		20,084
Total Liabilities	<u>468,421</u>	<u>147,233</u>	<u>85,289</u>	<u>700,943</u>
Fund Balances:				
Restricted:				
Capital Reserve Account	541			541
Committed:				
Capital Projects			3,340,645	3,340,645
Assigned:				
Other Purposes	72,559			72,559
Unassigned	341,289			341,289
Total Fund Balances	<u>414,389</u>		<u>3,340,645</u>	<u>3,755,034</u>
Total Liabilities and Fund Balances	<u>\$ 882,810</u>	<u>\$ 147,233</u>	<u>\$ 3,425,934</u>	<u>\$ 4,455,977</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

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

Total Fund Balances from previous page	\$ 3,755,034
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the Assets is \$30,719,996 and the Accumulated Depreciation is \$17,246,207.	\$ 13,473,789
Long-Term Liabilities, Including Compensated Absences, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(865,806)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,880,671)
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:	
Deferred Outflows of Resources:	
Changes in Assumptions - Pensions	1,632,454
Changes in Proportions - Pensions	166,083
Difference Between Expected and Actual Experience - Pensions	146,557
Difference Between Projected and Actual Investment Earnings - Pensions	300,497
Deferred Inflows of Resources:	
Changes in Proportions - Pensions	<u>(312,091)</u>
Net Position of Governmental Activities	<u>\$ 10,415,846</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 6,962,974			\$ 6,962,974
Tuition from LEA's	1,723,034			1,723,034
Other Restricted Miscellaneous Revenue	118,759			118,759
Unrestricted Miscellaneous Revenue	93,545			93,545
Total - Local Sources	8,898,312			8,898,312
State Sources	5,743,667	\$ 318,233		6,061,900
Federal Sources		493,862		493,862
Total Revenues	14,641,979	812,095		15,454,074
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	2,563,427	72,929		2,636,356
Special Education Instruction	291,573	155,131		446,704
Vocational Education Instruction	2,132,718	24,633		2,157,351
School-Sponsored/Other Instruction	657,359			657,359
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	1,179,862	368,909		1,548,771
General Administration	560,701			560,701
School Administration	530,246			530,246
Central Services	303,665			303,665
Administrative Information Technology	118,138			118,138
Plant Operations and Maintenance	1,470,362			1,470,362
Student Transportation	244,298			244,298
Unallocated Benefits	4,120,819			4,120,819
Capital Outlay	121,376	163,887	\$ 600,069	885,332
Special Schools	66,949	26,606		93,555
Total Expenditures	14,361,493	812,095	600,069	15,773,657
Excess/(Deficit) of Revenue Over/(Under) Expenditures	280,486		(600,069)	(319,583)
Other Financing Sources/(Uses):				
County Improvement Authorization			1,331,000	1,331,000
Cancel Accounts Receivable from County			(1,824)	(1,824)
Capital Leases (Non-budgeted)	22,795			22,795
Total Other Financing Sources/(Uses)	22,795		1,329,176	1,351,971
Net Change in Fund Balances	303,281		729,107	1,032,388
Fund Balance/(Deficit) - July 1	111,108		2,611,538	2,722,646
Fund Balance - June 30	\$ 414,389	\$ -0-	\$ 3,340,645	\$ 3,755,034

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

SUSSEX COUNTY TECHNICAL SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 1,032,388
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.		
Depreciation Expense	\$ (600,889)	
Deletions, Net of Related Depreciation Expense	(7,667)	
Capital Outlays	847,261	238,705
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		19,628
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		(22,795)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(76,465)
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		(1,477,706)
Change in Deferred Outflows:		
Changes in Assumptions - Pensions		944,827
Changes in Proportion - Pensions		(45,885)
Difference Between Expected and Actual Experience - Pensions		(6,195)
Net Difference Between Projected and Actual Investment Earnings on Pension		
Plan Investments		403,444
Change in Deferred Inflows:		
Changes in Proportion - Pensions		(312,091)
Change in Net Position of Governmental Activities (A-2)		\$ 697,855

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Non-Major Fund	Major Funds		Total Enterprise
	Food Service	Use of Facilities	Transportation	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 64,389	\$ 313,275	\$ 343,441	\$ 721,105
Intrafund Receivable			6,646	6,646
Interfund Receivable	51,789			51,789
Intergovernmental Accounts Receivable:				
State	142			142
Federal	4,205			4,205
Other			15,995	15,995
Other Accounts Receivable	14,658	29,049		43,707
Inventories	10,154			10,154
Total Current Assets	<u>145,337</u>	<u>342,324</u>	<u>366,082</u>	<u>853,743</u>
Non-Current Assets:				
Capital Assets	104,560		634,157	738,717
Less: Accumulated Depreciation	<u>(62,417)</u>		<u>(311,316)</u>	<u>(373,733)</u>
Total Non-Current Assets	<u>42,143</u>		<u>322,841</u>	<u>364,984</u>
Total Assets	<u>187,480</u>	<u>342,324</u>	<u>688,923</u>	<u>1,218,727</u>
LIABILITIES:				
Current Liabilities:				
Intrafund Payable	6,646			6,646
Accounts Payable	28,201		22,602	50,803
Unearned Revenue	896			896
Total Current Liabilities	<u>35,743</u>		<u>22,602</u>	<u>58,345</u>
Noncurrent Liabilities:				
Capital Leases Payable:				
Due Within One Year			34,872	34,872
Due Beyond One Year			35,691	35,691
Total Noncurrent Liabilities			<u>70,563</u>	<u>70,563</u>
Total Liabilities	<u>35,743</u>		<u>93,165</u>	<u>128,908</u>
NET POSITION:				
Net Investment in Capital Assets	42,143		252,278	294,421
Unrestricted	<u>109,594</u>	<u>342,324</u>	<u>343,480</u>	<u>795,398</u>
Total Net Position	<u>\$ 151,737</u>	<u>\$ 342,324</u>	<u>\$ 595,758</u>	<u>\$ 1,089,819</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Non-Major Fund	Major Funds		
	Food Service	Use of Facilities	Transportation	
Operating Revenue:				
Daily Sales:				
Reimbursable Programs	\$ 155,061			\$ 155,061
Non-Reimbursable Programs	135,833			135,833
Program Fees		\$ 177,279	\$ 856,779	1,034,058
Special Events	53,174			53,174
Miscellaneous Revenue	11,240			11,240
Total Operating Revenue	<u>355,308</u>	<u>177,279</u>	<u>856,779</u>	<u>1,389,366</u>
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	85,563			85,563
Non-Reimbursable Programs	72,887			72,887
Salaries	115,082	61,600	402,953	579,635
Employee Benefits	43,557	717	156,909	201,183
Purchased Professional Technical Services		28,285		28,285
Maintenance			20,247	20,247
Lease Rental Payment and Lease Purchase Interest			3,187	3,187
Other Purchased Services	47,656		30,394	78,050
Supplies and Materials	28,568		100,527	129,095
Miscellaneous Expenditures	13,106		27,429	40,535
Depreciation Expense	10,603		62,677	73,280
Total Operating Expenses	<u>417,022</u>	<u>90,602</u>	<u>804,323</u>	<u>1,311,947</u>
Operating Income/(Loss)	<u>(61,714)</u>	<u>86,677</u>	<u>52,456</u>	<u>77,419</u>
Non-Operating Revenue:				
Local Sources:				
Interest Income	132			132
State Sources:				
State School Lunch Program	2,469			2,469
Federal Sources:				
National School Lunch Program	58,045			58,045
School Breakfast Program	10,698			10,698
Food Distribution Program	9,962			9,962
Total Non-Operating Revenue	<u>81,306</u>			<u>81,306</u>
Change in Net Position Before Other Items	<u>19,592</u>	<u>86,677</u>	<u>52,456</u>	<u>158,725</u>

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Total Enterprise</u>
	<u>Non-Major Fund</u>	<u>Major Funds</u>		
	<u>Food Service</u>	<u>Use of Facilities</u>	<u>Transportation</u>	
Other Items:				
Cancellation of Prior Year Accounts Receivable	\$ (14,594)	\$ (750)	\$ (11,585)	\$ (26,929)
Cancellation of Prior Year Accounts Payable			3,828	3,828
Total Other Items	<u>(14,594)</u>	<u>(750)</u>	<u>(7,757)</u>	<u>(23,101)</u>
Change in Net Position	4,998	85,927	44,699	135,624
Net Position - Beginning of Year	<u>146,739</u>	<u>256,397</u>	<u>551,059</u>	<u>954,195</u>
Net Position - End of Year	<u>\$ 151,737</u>	<u>\$ 342,324</u>	<u>\$ 595,758</u>	<u>\$ 1,089,819</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Non-Major Fund	Major Funds		Total Enterprise
	Food Service	Use of Facilities	Transportation	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 340,650	\$ 148,395	\$ 939,334	\$ 1,428,379
Payments to Food Service Company	(369,874)			(369,874)
Payments to/for Employees		(62,317)	(559,862)	(622,179)
Payments to Suppliers	(16,107)	(28,393)	(193,080)	(237,580)
Net Cash Provided/(Used) by Operating Activities	(45,331)	57,685	186,392	198,746
Cash flows from Financing Activities:				
Interest Income	132			132
Net Cash Provided by Financing Activities	132			132
Cash flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(18,416)			(18,416)
Lease Purchase Principal Payment			(34,072)	(34,072)
Net Cash Used by Capital and Related Financing Activities	(18,416)		(34,072)	(52,488)
Cash Flows from Noncapital Financing Activities:				
State Sources	1,427			1,427
Federal Sources	37,276			37,276
Net Cash Provided by Noncapital Financing Activities	38,703			38,703
Net Increase/(Decrease) in Cash and Cash Equivalents	(24,912)	57,685	152,320	185,093
Cash and Cash Equivalents, July 1	89,301	255,590	191,121	536,012
Cash and Cash Equivalents, June 30	\$ 64,389	\$ 313,275	\$ 343,441	\$ 721,105

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Non-Major Fund	Major Funds		Total Enterprise
	Food Service	Use of Facilities	Transportation	
Adjustment to Reconcile Operating Income/(Loss)				
Net Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (61,714)	\$ 86,677	\$ 52,456	\$ 77,419
Depreciation	10,603		62,677	73,280
Food Distribution Program	9,962			9,962
Changes in Assets and Liabilities:				
(Increase)/Decrease in Other Accounts Receivable	(14,658)	(28,884)	82,555	39,013
Increase/(Decrease) in Accounts Payable	9,312	(108)	(11,296)	(2,092)
(Decrease) in Unearned Revenue	(1)			(1)
Decrease in Inventory	1,165			1,165
Net Cash Provided/(Used) by Operating Activities	<u>\$ (45,331)</u>	<u>\$ 57,685</u>	<u>\$ 186,392</u>	<u>\$ 198,746</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$9,961 and utilized U.S.D.A. Commodities valued at \$9,962. The Transportation Enterprise Fund paid down \$34,072 of capital leases payable.

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017

	<u>Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 224,778	\$ 2,529	\$ 32,257
Investments		5,866	
Total Assets	<u>224,778</u>	<u>8,395</u>	<u>32,257</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	33,278		
Due to Student Groups	191,500		
Total Liabilities	<u>224,778</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims			32,257
Restricted for Health Promotion Expenses		8,395	
Total Net Position	<u>\$ -0-</u>	<u>\$ 8,395</u>	<u>\$ 32,257</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members		\$ 31,640
Total Contributions		<u>31,640</u>
Investment Earnings:		
Interest	\$ 21	93
Net Investment Earnings	<u>21</u>	<u>93</u>
Total Additions	<u>21</u>	<u>31,733</u>
DEDUCTIONS:		
Unemployment Benefit Claims		<u>52,394</u>
Total Deductions		<u>52,394</u>
Change in Net Position	21	(20,661)
Net Position - Beginning of the Year	<u>8,374</u>	<u>52,918</u>
Net Position - End of the Year	<u>\$ 8,395</u>	<u>\$ 32,257</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Sussex County Technical School (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. The District is a component unit of the County of Sussex under the provisions of GASB Codification Section 2100.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Additionally, the District reports the following fund types:

Enterprise Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Transportation, Use of Facilities and the Food Service Funds. These Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students or to the public on a continuing basis are financed or recovered primarily through user charges.

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

C. Measurement Focus and Basis of Accounting

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

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

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned 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 District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the County Board of School Estimate, which consists of three Sussex County freeholders and two Sussex County Technical School Board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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

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

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue/Committed or Fund Balance	\$ 976,000	\$ 4,644,545
Committed - Year End Encumbrances		26,100
Total Fund Balance - Budgetary Basis	<u>976,000</u>	<u>4,670,645</u>
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue Recognized on GAAP Basis	(976,000)	
SDA Grant Receivable not Recognized on GAAP Basis		<u>(1,330,000)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ -0-</u>	<u>\$ 3,340,645</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,642,303	\$ 709,068
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(23,467)
Cancellation of Prior Year Encumbrances		(6,801)
Prior Year Encumbrances		133,295
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	418,978	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(419,302)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 14,641,979</u>	<u>\$ 812,095</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,361,493	\$ 709,068
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(23,467)
Cancellation of Prior Year Encumbrances		(6,801)
Prior Year Encumbrances		133,295
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,361,493</u>	<u>\$ 812,095</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

E. Cash and Cash Equivalents and Investments

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

H. Encumbrances: (Cont'd)

Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as 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 District and that are due within one year.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. 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.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

N. Compensated Absences

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. These employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with these employee contracts/agreements.

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$414,389 General Fund fund balance at June 30, 2017, \$72,559 is assigned for year-end encumbrances; \$541 is restricted in the capital reserve account; and there is \$341,289 in unassigned fund balance, which is \$419,302 less than the calculated maximum unassigned fund balance due to the final state aid payments that are not recognized until the fiscal year ending June 30, 2018 on the GAAP basis.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

P. Fund Balance Appropriated (Cont'd)

Capital Projects Fund: The Capital Projects Fund has \$3,340,645 of committed fund balance at June 30, 2017, which is \$1,330,000 less on a GAAP basis due to the SDA grants not being recognized as revenue until funds are requested for reimbursement.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2017.

Unassigned fund balance, on a GAAP basis, is less than the budgetary basis in the General Fund by \$419,302 as of June 30, 2017 as reported in the fund statements. P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable.

Q. Deficit Net Position

The District had a deficit in unrestricted net position from governmental activities in the amount of \$3,002,659. This is due to the accrual of compensated absences payable, net pension liability and deferred outflows and inflows related to pensions.

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 deferred outflows of resources and deferred inflows of resources at June 30, 2017 related to pensions.

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.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

R. Net Position (Cont'd)

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.

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 District's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2017.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

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

Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On the modified accrual basis, revenue from nonexchange 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: county taxes available as an advance, interest and tuition.

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

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 DISTRICT-WIDE STATEMENTS

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

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 Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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 section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2017, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	<u>Restricted Cash and Cash Equivalents Capital Reserve Account</u>	<u>Investments</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,789,495	\$ 541		\$ 1,790,036
Certificates of Deposit			\$ 5,866	5,866
	<u>\$ 1,789,495</u>	<u>\$ 541</u>	<u>\$ 5,866</u>	<u>\$ 1,795,902</u>

During the period ended June 30, 2017, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2017, was \$1,795,902 and the bank balance was \$1,865,809.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 10, 2000 in the amount of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Balance at June 30, 2016	\$ 541
Balance at June 30, 2017	\$ 541

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects at June 30, 2017 exceeds the balance in the capital reserve account at June 30, 2017.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,764,300			\$ 2,764,300
Construction in Progress	530,462	\$ 600,070	\$ (128,176)	1,002,356
Total Capital Assets Not Being Depreciated	3,294,762	600,070	(128,176)	3,766,656
Capital Assets Being Depreciated:				
Site Improvements	1,191,404		(1)	1,191,403
Buildings and Building Improvements	21,825,877	40,758	128,172	21,994,807
Machinery and Equipment	3,571,736	206,433	(11,039)	3,767,130
Total Capital Assets Being Depreciated	26,589,017	247,191	117,132	26,953,340
Governmental Activities Capital Assets	29,883,779	847,261	(11,044)	30,719,996
Less Accumulated Depreciation for:				
Site Improvements	(95)	(64,516)		(64,611)
Buildings and Building Improvements	(13,909,125)	(364,653)		(14,273,778)
Machinery and Equipment	(2,739,475)	(171,720)	3,377	(2,907,818)
	(16,648,695)	(600,889)	3,377	(17,246,207)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 13,235,084	\$ 246,372	\$ (7,667)	\$ 13,473,789

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 720,301	\$ 18,416		\$ 738,717
Less Accumulated Depreciation	(300,453)	(73,280)		(373,733)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 419,848</u>	<u>\$ (54,864)</u>	<u>\$ -0-</u>	<u>\$ 364,984</u>

The District expended \$600,070 towards construction projects in progress and transferred \$128,176 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2017, the District has \$4,670,645 in active construction projects for various improvements to the District. At year end, the District had \$26,100 in outstanding construction encumbrances which are committed in the Capital Projects Fund at June 30, 2017.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 78,784
Special Education Instruction	19,198
Vocational Instruction	131,556
School-Sponsored/Other Instruction	4,934
Student and Instruction Related Services	6,830
General Administration	4,238
Central Services	30,787
Administrative Information Technology	11,928
Operations and Maintenance of Plant	51,163
Transportation	99,607
Special Schools	161,864
	<u>\$ 600,889</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2016</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2017</u>
Capital Leases	\$ 157,293	\$ 22,795	\$ 53,700	\$ 126,388
Compensated Absences Payable	733,516	116,102	39,637	809,981
Net Pension Liability	6,402,965	1,477,706		7,880,671
	<u>\$ 7,293,774</u>	<u>\$ 1,616,603</u>	<u>\$ 93,337</u>	<u>\$ 8,817,040</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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

A. Bonds Payable:

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

B. Capital Leases Payable:

The District is leasing two buses, several copiers and radio equipment under capital leases valued at \$288,854 of which \$162,466 has been amortized. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2017.

<u>Year</u>	<u>Amount</u>
2018	\$ 61,487
2019	51,026
2020	11,444
2021	5,340
2022	4,450
	<hr style="border-top: 1px solid black;"/>
	133,747
Less: Amount representing interest	(7,359)
	<hr style="border-top: 1px solid black;"/>
Present value of net minimum lease payments	<u>\$ 126,388</u>

The current portion of Capital Leases payable at June 30, 2017 is \$57,755 and the long-term portion is \$68,633. The General Fund and Transportation Enterprise Fund will be used to liquidate the capital leases payable. The current portion of Capital Leases payable at June 30, 2017 is \$22,883 and the long-term portion is \$32,941 in the governmental activities. The current portion of Capital Leases payable at June 30, 2017 is \$34,872 and the long-term portion is \$35,691 in the business-type activities.

C. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$17,224 and is separated from the long-term liability balance of compensated absences of \$792,757.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the Enterprise Funds. The General Fund will be used to liquidate the compensated absences payable.

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, 2017 is \$-0- and the long-term portion is \$7,880,671. See Note 7 for further information on the PERS.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

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/annrprts.shtml.

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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each 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 with 25 or more years of service credit before age 62 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 \$243,883 for fiscal year 2017.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$7,880,671 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.027%, which was a decrease of 0.002% from its proportion measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$729,978. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 99,061	
	2015	5.72	404,788	
	2016	5.57	<u>1,128,605</u>	
			<u>1,632,454</u>	
Changes in Proportion	2014	6.44	56,623	
	2015	5.72	109,460	
	2016	5.57	<u>166,083</u>	\$ 312,091
			<u>166,083</u>	<u>312,091</u>
Difference Between Expected and Actual Experience	2015	5.72	112,307	
	2016	5.57	<u>34,250</u>	
			<u>146,557</u>	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(148,445)	
	2015	5.00	94,974	
	2016	5.00	<u>353,968</u>	
			<u>300,497</u>	
District Contribution Subsequent to the Measurement Date	2016	1.00	<u>236,386</u>	
			<u>\$ 2,481,977</u>	<u>\$ 312,091</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(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 (Cont'd)

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

Fiscal Year Ending June 30,	Total
2017	\$ 468,182
2018	468,183
2019	542,405
2020	455,699
2021	145,039
	\$ 2,079,508

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.65%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Discount Rate (Cont'd)

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016 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:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 9,656,842	\$ 7,880,671	\$ 6,414,287

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.

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.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. 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 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 2016, 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 2017, the State of New Jersey contributed \$603,163 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,295,532.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(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, 2017, the State's proportionate share of the net pension liability associated with the District was \$43,860,844. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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, 2016, the District's proportion was 0.056%, which was an increase of 0.004% from its proportion measured as of June 30, 2015.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District with the District		43,860,844
Total	\$	43,860,844

For the fiscal year ended June 30, 2017, the State recognized pension expense on behalf of the District in the amount of \$3,295,532 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			15,702,750,875	
Difference Between Expected and Actual Experience	2014	8.3		\$ 16,110,615
	2015	8.5	277,221,464	
	2016	8.3		118,421,979
			277,221,464	134,532,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.0	(870,618,286)	
	2015	5.0	577,926,182	
	2016	5.0	1,727,420,767	
			1,434,728,663	
			\$ 17,414,701,002	\$ 134,532,594

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(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 (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 which was rolled forward to June 30, 2016. 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	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.39%
U.S. Government Bonds	1.50%	1.28%
U.S. Credit Bonds	13.00%	2.76%
U.S. Mortgages	2.00%	2.38%
U.S. Inflation-Indexed Bonds	1.50%	1.41%
U.S. High Yield Bonds	2.00%	4.70%
U.S. Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 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 contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined 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 2029. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 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:

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Total Net Pension Liability	\$ 52,379,650	\$ 43,860,844	\$ 36,904,140

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$6,679 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$10,887 for the fiscal year ended June 30, 2017.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees eligible for post-retirement medical benefits, and the State contributed \$1.37 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 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State is also responsible for the cost attributable to 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at http://www.nj.gov/treasury/pensions/pdf/financial_2015combined.pdf.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$531,540, \$447,254 and \$379,628 for 2017, 2016 and 2015, respectively.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefit coverage through the State of New Jersey Health Benefit Plan.

Property and Liability Insurance

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

The audit report for the year ending June 30, 2017 was not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2016 is as follows:

Total Assets	\$ 38,579,014
Net Position	<u>\$ 9,463,015</u>
Total Revenue	<u>\$ 41,445,355</u>
Total Expenses	<u>\$ 39,153,730</u>
Change in Net Position	<u>\$ 2,291,625</u>
Member Dividends	<u>\$ -0-</u>

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

Public Entity Group Administrative Services
 51 Everet Drive
 West Windsor, NJ 08550-5374
 (609) 275-1155

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -0-	\$ 93	\$ 31,640	\$ 52,394	\$ 32,257
2015-2016	-0-	143	13,127	44,571	52,918
2014-2015	-0-	169	8,931	9,697	84,219

NOTE 10. ECONOMIC DEPENDENCY

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

	Interfund Receivable	Interfund Payable
General Fund	\$ 75,236	\$ 51,789
Capital Projects Fund		75,236
Enterprise Funds:		
Food Service	51,789	6,646
Transportation	6,646	
	\$ 133,671	\$ 133,671

The interfund payable in the Capital Projects Fund is an interfund loan from the General Fund to the Capital Projects Fund for cash flow purposes. The interfund receivable in the Food Service Fund is subsidy reimbursements collected in the General Fund not turned over to the Food Service Fund by June 30, offset by excess subsidy reimbursement turned over to the Food Service Fund from the General Fund in error in the prior year. The interfund payable in the Food Service Fund is a prior year interfund advanced from the Transportation Fund.

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The 403(b) plan administrators are as follows:

- Lincoln Investments
- Prudential Financial
- Equitable
- Midland National Life Insurance Company

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

NOTE 13. TAX CALENDAR

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

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

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 72,559	\$ 23,467	\$ 26,100	\$ 122,126

On the District's Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$23,467 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$26,100 year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$3,340,645 committed fund balance on a GAAP basis at June 30, 2017.

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities and Business-Type Activities as of June 30, 2017 consisted of the following:

	Governmental Funds		District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business-Type Activities Enterprise Funds
	General Fund	Special Revenue Fund			
State of New Jersey	\$ 15,563	\$ 29,601	\$ 242,945	\$ 288,109	
Vendors	386,789	8,073		394,862	\$ 50,803
	\$ 402,352	\$ 37,674	\$ 242,945	\$ 682,971	\$ 50,803

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0276491979%	0.0285235464%	0.0266084872%
District's proportionate share of the net pension liability	\$ 5,176,686	\$ 6,402,965	\$ 7,880,671
District's covered employee payroll	\$ 1,947,119	\$ 1,829,439	\$ 1,778,164
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	265.86%	350.00%	443.19%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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 TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 227,936	\$ 245,226	\$ 243,883
Contributions in relation to the contractually required contribution	<u>(227,936)</u>	<u>(245,226)</u>	<u>(243,883)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,592,345	\$ 1,947,119	\$ 1,829,439
Contributions as a percentage of covered employee payroll	14.31%	12.59%	13.33%

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 TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.0547309809%	0.0521117141%	0.0557555225%
State's proportionate share of the net pension liability attributable to the District	\$ 29,251,928	\$ 32,936,829	\$ 43,860,844
District's covered employee payroll	\$ 5,557,776	\$ 5,643,076	\$ 5,592,289
State's proportionate share of the net pension liability attributable to the District as a percentage of the District's covered employee payroll	526.32%	583.67%	784.31%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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 TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 1,574,028	\$ 2,011,090	\$ 3,295,532
Contributions in relation to the contractually required contribution	<u>(281,735)</u>	<u>(446,401)</u>	<u>(603,163)</u>
Contribution deficiency/(excess)	<u>\$ 1,292,293</u>	<u>\$ 1,564,689</u>	<u>\$ 2,692,369</u>
District's covered employee payroll	\$ 5,643,076	\$ 5,592,289	\$ 5,611,772
Contributions as a percentage of covered employee payroll	4.99%	7.98%	10.75%

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 TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback one year for females) are used to value disabled retirees.

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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 mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

BUDGETARY COMPARISON SCHEDULES

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
County Tax Levy	\$ 6,962,974		\$ 6,962,974	\$ 6,962,974	
Tuition from LEA's	1,692,800		1,692,800	1,723,034	\$ 30,234
Other Restricted Miscellaneous Revenue	90,775		90,775	118,759	27,984
Unrestricted Miscellaneous Revenues	58,000		58,000	93,545	35,545
Total - Local Sources	8,804,549		8,804,549	8,898,312	93,763
State Sources:					
Special Education Aid	343,448		343,448	343,448	
Equalization Aid	2,460,033		2,460,033	2,460,033	
Categorical Security Aid	55,159		55,159	55,159	
Adjustment Aid	1,314,347		1,314,347	1,314,347	
PARCC Readiness Aid	8,060		8,060	8,060	
Per Pupil Growth Aid	8,060		8,060	8,060	
Professional Learning Community Aid	8,060		8,060	8,060	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				520,781	520,781
On-Behalf TPAF Pension Contributions (Non-Budgeted)				603,163	603,163
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				21,854	21,854
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,665	1,665
TPAF Reimbursed Social Security (Non-Budgeted)				399,361	399,361
Total State Sources	4,197,167		4,197,167	5,743,991	1,546,824
Total Revenues	13,001,716		13,001,716	14,642,303	1,640,587

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 2,369,871	\$ 75,171	\$ 2,445,042	\$ 2,426,587	\$ 18,455
Purchased Professional-Educational Services	30,000	(2,868)	27,132	20,665	6,467
General Supplies	57,378	32,903	90,281	88,680	1,601
Textbooks	9,200	9,975	19,175	19,175	
Regular Programs - Home Instruction:					
Salaries of Teachers	1,500	4,180	5,680	5,680	
Purchased Professional/Educational Services	2,500	140	2,640	2,640	
Total Regular Programs - Instruction	2,470,449	119,501	2,589,950	2,563,427	26,523
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	136,758	18,651	155,409	155,409	
Other Salaries for Instruction	148,040	(16,014)	132,026	132,026	
General Supplies		114	114	114	
Textbooks	3,319	705	4,024	4,024	
Total Resource Room/Resource Center	288,117	3,456	291,573	291,573	
Regular Vocational Programs:					
Salaries of Teachers	1,724,180	(4,002)	1,720,178	1,719,378	800
Other Purchased Services	42,444	(10,667)	31,777	22,339	9,438
General Supplies	288,838	79,682	368,520	357,525	10,995
Textbooks	42,207	(8,619)	33,588	33,476	112
Total Regular Vocational Programs	2,097,669	56,394	2,154,063	2,132,718	21,345

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities:					
Salaries	\$ 82,659	\$ 57,335	\$ 139,994	\$ 139,994	
Purchased Services (300-500 series)	1,180	(1,180)			
Supplies and Materials	2,500	(2,127)	373	372	\$ 1
Other Objects	40,000	19,442	59,442	59,284	158
Total School-Sponsored Cocurricular Activities	126,339	73,470	199,809	199,650	159
School-Sponsored Athletics:					
Salaries	329,633	(32,116)	297,517	288,786	8,731
Purchased Services (300-500 series)	40,797	(10,073)	30,724	30,486	238
Supplies and Materials	40,000	5,994	45,994	45,221	773
Other Objects	80,000	14,870	94,870	93,216	1,654
Total School-Sponsored Athletics	490,430	(21,325)	469,105	457,709	11,396
Total Instruction	5,473,004	231,496	5,704,500	5,645,077	59,423
Undist. Expend. - Attendance and Social Work Services:					
Salaries	42,040		42,040	42,040	
Supplies and Materials	350	(257)	93	93	
Total Undist. Expend. - Attendance and Social Work Services	42,390	(257)	42,133	42,133	
Undist. Expend. - Health Services:					
Salaries	62,815	9,129	71,944	71,055	889
Purchased Professional and Technical Services	10,500	(10,375)	125	125	
Other Purchased Services (400-500 series)	510	(445)	65	65	
Supplies and Materials	4,000	(2,908)	1,092	1,092	
Total Undist. Expend. - Health Services	77,825	(4,599)	73,226	72,337	889

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Speech, OT, PT and Related Services:					
Purchased Professional Educational Services	\$ 25,201	\$ (3,399)	\$ 21,802	\$ 18,911	\$ 2,891
Total Undist. Expend. - Speech, OT, PT and Related Services	25,201	(3,399)	21,802	18,911	2,891
Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services:					
Purchased Professional Educational Services		2,750	2,750	2,750	
Total Undist. Expend. - Other Supp. Serv. Students - Extraordinary Services		2,750	2,750	2,750	
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	258,050	100,227	358,277	358,277	
Salaries of Secretarial and Clerical Assistants	52,840	20,504	73,344	72,039	1,305
Other Purchased Professional and Technical Services	48,000	(13,436)	34,564	34,564	
Other Purchased Services (400-500 series)	7,300	(4,450)	2,850	2,020	830
Supplies and Materials	6,000	2,480	8,480	3,481	4,999
Other Objects	10,000	(4,000)	6,000	5,888	112
Total Undist. Expend. - Guidance	382,190	101,325	483,515	476,269	7,246
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	462,648	(70,528)	392,120	391,713	407
Salaries of Secretarial and Clerical Assistants	72,768	(16,277)	56,491	56,491	
Other Purchased Professional and Technical Services	15,669	(4,566)	11,103	8,790	2,313
Other Purchased Services (400-500 series)	2,709	(957)	1,752	1,619	133
Supplies and Materials	1,000	1,347	2,347	1,867	480
Total Undist. Expend. - Child Study Team	554,794	(90,981)	463,813	460,480	3,333

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Other Professional Staff	\$ 10,000	\$ (5,000)	\$ 5,000	\$ 2,000	\$ 3,000
Supplies and Materials		830	830	830	
Total Undist. Expend. - Improvement of Instruction Services	10,000	(4,170)	5,830	2,830	3,000
Undist. Expend. - Educational Media Services/School Library:					
Salaries	68,415		68,415	68,415	
Purchased Professional and Technical Services	5,825	(61)	5,764	5,764	
Other Purchased Services (400-500 series)	30	485	515	515	
Supplies and Materials	14,030	(1,517)	12,513	12,333	180
Total Undist. Expend. - Educational Media Services/School Library	88,300	(1,093)	87,207	87,027	180
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	1,000	7,970	8,970	8,969	1
Purchased Professional Educational Services	2,500	269	2,769	2,769	
Other Purchased Services (400-500 series)	2,000	3,785	5,785	5,387	398
Total Undist. Expend. - Instructional Staff Training Services	5,500	12,024	17,524	17,125	399
Undist. Expend. - Support Services - General Administration:					
Salaries	294,750	(120,693)	174,057	174,057	
Legal Services	35,000	59,586	94,586	93,678	908
Audit Fees	40,000	5,000	45,000	45,000	
Architectural/ Engineering Services	10,000	30,401	40,401	37,144	3,257
Other Purchased Professional Services	23,650	(3,929)	19,721	19,461	260
Communications/Telephone	87,939	67,801	155,740	142,542	13,198
Board of Education Other Purchased Services	5,050	(4,849)	201	201	
General Supplies	3,000	(645)	2,355	2,263	92

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)	\$ 8,300	\$ 15,294	\$ 23,594	\$ 21,478	\$ 2,116
Miscellaneous Expenditures	29,050	(4,173)	24,877	24,877	
Board of Education Membership Dues and Fees		43,793	580,532	560,701	19,831
Total Undist. Expend. - Support Services - General Administration	536,739		580,532	560,701	19,831
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	302,622	96,010	398,632	398,632	
Salaries of Secretarial and Clerical Assistants	103,880		103,880	103,880	
Purchased Professional and Technical Services	3,500	3,150	6,650	6,330	320
Other Purchased Services	2,375	(88)	2,287	2,287	
Supplies and Materials	16,385	(1,120)	15,265	15,202	63
Other Objects	10,006	(6,034)	3,972	3,915	57
Total Undist. Expend. - Support Services - School Administration	438,768	91,918	530,686	530,246	440
Undistributed Expenditures - Central Services:					
Salaries	265,656	(35,225)	230,431	229,833	598
Purchased Technical Services	25,000	(24,323)	677	677	
Miscellaneous Purchased Services (400-500)	14,375	6,528	20,903	20,903	
Supplies and Materials	2,000	11,879	13,879	13,785	94
Interest on Lease Purchase Agreements	1,000	(1,000)			
Miscellaneous Expenditures	23,665	15,587	39,252	38,467	785
Total Undistributed Expenditures - Central Services	331,696	(26,554)	305,142	303,665	1,477

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expend. - Administrative Information Technology:					
Salaries	\$ 103,162	\$ (20,617)	\$ 82,545	\$ 82,545	
Other Purchased Services	38,850	(20,209)	18,641	18,641	
Supplies and Materials	5,584	11,656	17,240	16,952	\$ 288
Total Undistributed Expenditures - Admin. Info. Technology	147,596	(29,170)	118,426	118,138	288
Undistributed Expend. - Required Maintenance for School Facilities:					
Salaries	326,474	(3,506)	322,968	322,968	
Cleaning, Repair and Maintenance Services	112,721	97,062	209,783	206,558	3,225
General Supplies	21,123	29,269	50,392	49,754	638
Total Undistributed Expend. - Required Maintenance for School Facilities	460,318	122,825	583,143	579,280	3,863
Undist. Expend. - Custodial Services:					
Salaries	253,043	52,920	305,963	305,963	
Other Purchased Property Services	45,648	4,419	50,067	49,981	86
Insurance	86,000	(2,168)	83,832	69,448	14,384
General Supplies	38,876	11,648	50,524	47,474	3,050
Energy (Natural Gas)	12,000	(6,193)	5,807	4,953	854
Energy (Electricity)	263,000	(2,693)	260,307	251,131	9,176
Energy (Oil)	216,000	(100,780)	115,220	112,123	3,097
Total Undist. Expend. - Custodial Services	914,567	(42,847)	871,720	841,073	30,647
Undist. Expend. - Care and Upkeep of Grounds:					
General Supplies	10,000	(9,140)	860	860	
Total Undist. Expend. - Care and Upkeep of Grounds	10,000	(9,140)	860	860	

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Security:					
Salaries	\$ 48,662	\$ 487	\$ 49,149	\$ 49,149	
Total Undist. Expend. - Security	<u>48,662</u>	<u>487</u>	<u>49,149</u>	<u>49,149</u>	
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	227,500	95,000	95,000	87,471	\$ 7,529
Between Home and School - Regular		(137,790)	89,710	82,316	7,394
Cleaning, Repair and Maintenance Services	45,000	20,946	65,946	58,931	7,015
Contracted Services - Other than Between Home and School - Vendors		15,132	15,132	14,131	1,001
Supplies and Materials		1,449	1,449	1,449	
Total Undist. Expend. - Student Transportation Services	<u>272,500</u>	<u>(5,263)</u>	<u>267,237</u>	<u>244,298</u>	<u>22,939</u>
Unallocated Benefits:					
Social Security Contributions	229,000		229,000	190,079	38,921
Other Retirement Contributions - PERS	280,000	(33,198)	246,802	243,883	2,919
Other Retirement Contributions - Regular	7,500		7,500	6,679	821
Unemployment Compensation	15,886	(886)	15,000	15,000	
Workmen's Compensation	175,000	7,495	182,495	182,495	
Health Benefits	2,333,141	(445,575)	1,887,566	1,837,955	49,611
Tuition Reimbursement	39,492	(11,205)	28,287	25,721	2,566
Other Employee Benefits	75,000	(2,817)	72,183	72,183	
Total Unallocated Benefits	<u>3,155,019</u>	<u>(486,186)</u>	<u>2,668,833</u>	<u>2,573,995</u>	<u>94,838</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)	\$ 520,781		\$ (520,781)		
On-Behalf TPAF Pension Contributions (Non-Budgeted)	603,163		(603,163)		
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)	21,854		(21,854)		
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)	1,665		(1,665)		
Reimbursed TPAF Social Security Contributions (non-budgeted)	399,361		(399,361)		
Total On-Behalf Contributions	<u>1,546,824</u>		<u>(1,546,824)</u>		
Total Personal Services - Employee Benefits	\$ 3,155,019	\$ (486,186)	\$ 2,668,833	4,120,819	(1,451,986)
TOTAL UNDISTRIBUTED EXPENDITURES	<u>7,502,065</u>	<u>(328,537)</u>	<u>7,173,528</u>	<u>8,528,091</u>	<u>(1,354,563)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>12,975,069</u>	<u>(97,041)</u>	<u>12,878,028</u>	<u>14,173,168</u>	<u>(1,295,140)</u>
CAPITAL OUTLAY:					
Equipment:					
Vocational Programs:					
Regular Programs	6,692	10,907	17,599	17,599	
Undistributed Expenses:					
Administrative Information Technology	30,169	(14,566)	15,603	14,919	684
Required Maintenance for School Facilities		3,566	3,566	3,566	
Non-Instructional Services		17,664	17,664	17,664	
Total Equipment	<u>36,861</u>	<u>17,571</u>	<u>54,432</u>	<u>53,748</u>	<u>684</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Construction Services	\$ 4,075	\$ 56,868	\$ 56,868	\$ 40,758	\$ 16,110
Assessment for Debt Service on SDA Funding	4,075		4,075	4,075	
Total Facilities Acquisition and Construction Services	4,075	56,868	60,943	44,833	16,110
Assets Acquired Under Capital Leases (Non-Budgeted):					
Required Maintenance - Equipment				22,795	(22,795)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				22,795	(22,795)
TOTAL CAPITAL OUTLAY	40,936	74,439	115,375	121,376	(6,001)
SPECIAL SCHOOLS:					
Vocational Evening - Local - Instruction:					
Salaries of Teachers	16,500	27,246	43,746	43,746	
General Supplies	22,546	(7,781)	14,765	14,385	380
Textbooks	3,000	(3,000)			
Other Objects	3,000	(3,000)			
Total Vocational Evening - Local - Instruction	45,046	13,465	58,511	58,131	380
Vocational Evening - Local - Support Services:					
Salaries		10,000	10,000		10,000
Personal Services - Employee Benefits	1,300	1,943	3,243	3,243	
Other Purchased Services (400-500 series)	6,000	(3,516)	2,484	2,400	84
Supplies and Materials	2,500	(2,500)			
Other Objects		3,210	3,210	3,175	35
Total Vocational Evening - Local - Support Services	9,800	9,137	18,937	8,818	10,119

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL SPECIAL SCHOOLS	\$ 54,846	\$ 22,602	\$ 77,448	\$ 66,949	\$ 10,499
TOTAL EXPENDITURES	13,070,851		13,070,851	14,361,493	(1,290,642)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(69,135)		(69,135)	280,810	349,945
Other Financing Sources/(Uses):					
Capital Leases (Non-budgeted)				22,795	22,795
Total Other Financing Sources/(Uses)				22,795	22,795
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(69,135)		(69,135)	303,605	372,740
Fund Balance, July 1	530,086		530,086	530,086	
Fund Balance, June 30	\$ 460,951	\$ -0-	\$ 460,951	\$ 833,691	\$ 372,740

Recapitulation:

Restricted:	
Capital Reserve	\$ 541
Assigned:	
Year End Encumbrances	72,559
Unassigned	760,591
	833,691
Reconciliation to Governmental Funds Statement (GAAP):	
Last State Aid Payments not recognized on a GAAP basis	(419,302)
Fund Balance/(Deficit) per Governmental Funds (GAAP)	\$ 414,389

Reconciliation to Governmental Funds Statement (GAAP):
Last State Aid Payments not recognized on a GAAP basis

Fund Balance/(Deficit) per Governmental Funds (GAAP)

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 327,662	\$ 15,539	\$ 343,201	\$ 318,150	\$ (25,051)
Federal Sources	471,707	11,625	483,332	390,918	(92,414)
Total Revenues	799,369	27,164	826,533	709,068	(117,465)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	279,779	(33,148)	246,631	221,668	24,963
Purchased Professional and Technical Services		5,439	5,439	3,749	1,690
General Supplies	79,937	(24,861)	55,076	20,871	34,205
Total Instruction	359,716	(52,570)	307,146	246,288	60,858
Support Services:					
Salaries of Other Professional Staff	79,937	184,306	264,243	245,506	18,737
Personal Services - Employee Benefits	119,905	(17,427)	102,478	93,276	9,202
Purchased Professional - Educational Services	39,968	(29,849)	10,119	10,119	
Other Purchased Services	39,968	(17,891)	22,077	381	21,696
Supplies and Materials	39,968	(17,923)	22,045	19,942	2,103
Other Objects		2,169	2,169	1,695	474
Total Support Services	319,748	103,383	423,131	370,919	52,212
Facilities Acquisition and Construction Services:					
Instructional Equipment	119,905	(23,649)	96,256	91,861	4,395
Total Facilities Acquisition and Construction Services	119,905	(23,649)	96,256	91,861	4,395
Total Expenditures	\$ 799,369	\$ 27,164	\$ 826,533	\$ 709,068	\$ 117,465

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,642,303	\$ 709,068
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(23,467)
Cancellation of Prior Year Encumbrances		(6,801)
Prior Year Encumbrances		133,295
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	418,978	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(419,302)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 14,641,979</u>	<u>\$ 812,095</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,361,493	\$ 709,068
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(23,467)
Cancellation of Prior Year Encumbrances		(6,801)
Prior Year Encumbrances		133,295
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,361,493</u>	<u>\$ 812,095</u>

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. The budgets are submitted to the County office and are voted upon by the Sussex County School Board of Estimate, which consists of three Sussex County Freeholders and two Sussex County Technical School Board members. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Adolescent Pregnancy Prevention Initiative	School Based Youth Services	Apprenticeship Coordinator	Post Secondary	Carl D. Perkins Post Secondary
REVENUES					
State Sources	\$ 64,901	\$ 243,485	\$ 9,764		\$ 47,042
Federal Sources					
Total Revenues	<u>64,901</u>	<u>243,485</u>	<u>9,764</u>	<u>64,791</u>	<u>47,042</u>
EXPENDITURES					
Instruction:					
Salaries of Teachers			9,000		2,980
Purchased Professional - Technical Services					
General Supplies				2,650	12,842
Total Instruction			<u>9,000</u>	<u>2,650</u>	<u>15,822</u>
Support Services:					
Salaries of Other Professional Staff	48,016	183,860			
Personal Services - Employee Benefits	16,080	30,173	689		
Purchased Professional - Educational Services		9,000			1,119
Other Purchased Services				381	
Supplies and Materials	609	18,953	75		
Other Objects	196	1,499			
Total Support Services	<u>64,901</u>	<u>243,485</u>	<u>764</u>	<u>381</u>	<u>1,119</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment				61,760	30,101
Total Facilities Acquisition and Construction Services				<u>61,760</u>	<u>30,101</u>
Total Expenditures	<u>\$ 64,901</u>	<u>\$ 243,485</u>	<u>\$ 9,764</u>	<u>\$ 64,791</u>	<u>\$ 47,042</u>

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	No Child Left Behind		I.D.E.A. Part B,		Workforce Investment Act		Total
	Title I	Title II A	Basic	Program	Program		
REVENUES							
State Sources	\$ 41,364	\$ 6,820	\$ 195,631	\$ 35,270		\$ 318,150	
Federal Sources						390,918	
Total Revenues	41,364	6,820	195,631	35,270		709,068	
EXPENDITURES							
Instruction:							
Salaries of Teachers	26,310	5,563	155,250	22,565		221,668	
Purchased Professional - Technical Services	3,749					3,749	
General Supplies	5,379					20,871	
Total Instruction	35,438	5,563	155,250	22,565		246,288	
Support Services:							
Salaries of Other Professional Staff	2,965			10,665		245,506	
Personal Services - Employee Benefits	2,961	1,257	40,381	1,735		93,276	
Purchased Professional - Educational Services						10,119	
Other Purchased Services					305	381	
Supplies and Materials						19,942	
Other Objects						1,695	
Total Support Services	5,926	1,257	40,381	12,705		370,919	
Facilities Acquisition and Construction Services:							
Instructional Equipment						91,861	
Total Facilities Acquisition and Construction Services						91,861	
Total Expenditures	\$ 41,364	\$ 6,820	\$ 195,631	\$ 35,270		\$ 709,068	

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOT APPLICABLE

CAPITAL PROJECTS FUND

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 976,000
County Bond Ordinance Proceeds	1,331,000
	2,307,000
Total Revenue and Other Financing Sources	2,307,000
Expenditures and Other Financing Uses:	
Construction Services	596,019
Bond Issuance and Legal Costs	4,050
Cancel Accounts Receivable from County	1,824
	601,893
Total Expenditures and Other Financing Uses	601,893
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	1,705,107
Fund Balance - Beginning of Year	2,965,538
Fund Balance - End of Year	\$ 4,670,645
<u>Recapitulation:</u>	
Committed	\$ 4,644,545
Committed - Year End Encumbrances	26,100
	4,670,645
Total Fund Balance - Budgetary Basis	4,670,645
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	(1,330,000)
	(1,330,000)
Fund Balance per Governmental Funds (GAAP)	\$ 3,340,645

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
SEWER TREATMENT PLANT REPLACEMENT, MCNIECE PARKING LOT,
GREENHOUSE, TENNIS COURT AND BACKSTOPS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 354,000		\$ 354,000	\$ 354,000
County Improvement Authorization	1,548,000		1,548,000	1,548,000
Revenue and Other Financing Sources	<u>1,902,000</u>		<u>1,902,000</u>	<u>1,902,000</u>
Expenditures:				
Purchased Professional and Technical Services	42,477		42,477	194,600
Construction Services	483,360	\$ 469,372	952,732	1,665,400
Bond Issuance and Legal Costs	3,930		3,930	42,000
Total Expenditures	<u>529,767</u>	<u>469,372</u>	<u>999,139</u>	<u>1,902,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,372,233</u>	<u>\$ (469,372)</u>	<u>\$ 902,861</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5110-010-14-G3BB
Grant Date	3/31/14
County Bond Ordinance Authorization Date	4/23/14
County Bond Ordinance Authorized	\$ 1,548,000
Original Authorized Cost	\$ 1,902,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 1,902,000</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	12/15
Revised Target Completion Date	06/20

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
AGRICULTURAL GREENHOUSE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 130,000	\$ (1,824)	\$ 128,176	\$ 130,000
Revenue and Other Financing Sources	<u>130,000</u>	<u>(1,824)</u>	<u>128,176</u>	<u>130,000</u>
Expenditures:				
Purchased Professional and Technical Services	695		695	2,000
Construction Services		126,647	126,647	127,000
Bond Issuance and Legal Costs		834	834	1,000
Total Expenditures	<u>695</u>	<u>127,481</u>	<u>128,176</u>	<u>130,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 129,305</u>	<u>\$ (129,305)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

County Bond Ordinance Authorization	
Date	6/10/15
County Bond Ordinance Authorized	\$ 130,000
Original Authorized Cost	\$ 130,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 130,000</u>

Percentage Increase/Decrease over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/16
Revised Target Completion Date	06/17

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ROOF REPLACEMENT AND WELDING SHOP IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Project</u> <u>Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 976,000	\$ 976,000	\$ 976,000
County Improvement Authorization	\$ 1,464,000		1,464,000	1,464,000
	<u>1,464,000</u>	<u>976,000</u>	<u>2,440,000</u>	<u>2,440,000</u>
Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services				111,000
Construction Services				2,324,000
Bond Issuance and Legal Costs		3,216	3,216	5,000
		<u>3,216</u>	<u>3,216</u>	<u>2,440,000</u>
Total Expenditures				
		<u>3,216</u>	<u>3,216</u>	<u>2,440,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,464,000	\$ 972,784	\$ 2,436,784	\$ -0-

Additional Project Information:

County Bond Ordinance Authorization	
Date	5/11/16
County Bond Ordinance Authorized	\$ 1,464,000
Original Authorized Cost	\$ 2,440,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 2,440,000</u>

Percentage Increase/Decrease over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/17
Revised Target Completion Date	06/19

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
MCNIECE AUDITORIUM IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 1,331,000	\$ 1,331,000	\$ 1,331,000
Revenue and Other Financing Sources		1,331,000	1,331,000	1,331,000
Expenditures:				
Construction Services				1,311,000
Bond Issuance and Legal Costs				20,000
Total Expenditures				1,331,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 1,331,000	\$ 1,331,000	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Bond Ordinance Authorization Date	4/26/17
County Bond Ordinance Authorized	\$ 1,331,000
Original Authorized Cost	\$ 1,331,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 1,331,000</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/18
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	Non-Major Fund	Major Funds		Totals
	Food Service	Use of Facilities	Transportation	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 64,389	\$ 313,275	\$ 343,441	\$ 721,105
Intrafund Receivable			6,646	6,646
Interfund Receivable	51,789			51,789
Intergovernmental Accounts Receivable:				
State	142			142
Federal	4,205			4,205
Other			15,995	15,995
Other Accounts Receivable	14,658	29,049		43,707
Inventories	10,154			10,154
Total Current Assets	145,337	342,324	366,082	853,743
Non-Current Assets:				
Capital Assets	104,560		634,157	738,717
Less: Accumulated Depreciation	(62,417)		(311,316)	(373,733)
Total Non-Current Assets	42,143		322,841	364,984
Total Assets	187,480	342,324	688,923	1,218,727
LIABILITIES:				
Current Liabilities:				
Intrafund Payable	6,646			6,646
Accounts Payable	28,201		22,602	50,803
Unearned Revenue	896			896
Total Current Liabilities:	35,743		22,602	58,345
Noncurrent Liabilities:				
Capital Leases Payable:				
Due Within One Year			34,872	34,872
Due Beyond One Year			35,691	35,691
Total Noncurrent Liabilities			70,563	70,563
Total Liabilities	35,743		93,165	128,908
NET POSITION:				
Net Investment in Capital Assets	42,143		252,278	294,421
Unrestricted	109,594	342,324	343,480	795,398
Total Net Position	\$ 151,737	\$ 342,324	\$ 595,758	\$ 1,089,819

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Major Fund	Major Funds		Totals
	Food Service	Use of Facilities	Transportation	
Operating Revenue:				
Daily Sales:				
Reimbursable Programs	\$ 155,061			\$ 155,061
Non-Reimbursable Programs	135,833			135,833
Charges for Services - Program Fees		\$ 177,279	\$ 856,779	1,034,058
Special Events	53,174			53,174
Miscellaneous Revenue	11,240			11,240
Total Operating Revenue	355,308	177,279	856,779	1,389,366
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	85,563			85,563
Non-Reimbursable Programs	72,887			72,887
Salaries	115,082	61,600	402,953	579,635
Employee Benefits	43,557	717	156,909	201,183
Purchased Professional Technical Services		28,285		28,285
Maintenance			20,247	20,247
Lease Rental Payment and Lease Purchase Interest			3,187	3,187
Other Purchased Services	47,656		30,394	78,050
Supplies and Materials	28,568		100,527	129,095
Miscellaneous Expenditures	13,106		27,429	40,535
Depreciation Expense	10,603		62,677	73,280
Total Operating Expenses	417,022	90,602	804,323	1,311,947
Operating Income/(Loss)	(61,714)	86,677	52,456	77,419
Non-Operating Revenue:				
Interest Income	132			132
State Sources:				
State School Lunch Program	2,469			2,469
Federal Sources:				
National School Lunch Program	58,045			58,045
School Breakfast Program	10,698			10,698
Food Distribution Program	9,962			9,962
Total Non-Operating Revenue	81,306			81,306
Change in Net Position Before Other Items	19,592	86,677	52,456	158,725

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Major Fund	Major Funds		Totals
	Food Service	Use of Facilities	Transportation	
Other Items:				
Cancellation of Prior Year Accounts Receivable	\$ (14,594)	\$ (750)	\$ (11,585)	\$ (26,929)
Cancellation of Prior Year Accounts Payable			3,828	3,828
Total Other Items	(14,594)	(750)	(7,757)	(23,101)
Change in Net Position	4,998	85,927	44,699	135,624
Net Position - Beginning of Year	146,739	256,397	551,059	954,195
Net Position - End of Year	\$ 151,737	\$ 342,324	\$ 595,758	\$ 1,089,819

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Major Fund	Major Funds		Totals
	Food Service	Use of Facilities	Transportation	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 340,650	\$ 148,395	\$ 939,334	\$ 1,428,379
Payments to Food Service Company	(369,874)			(369,874)
Payments to/for Employees		(62,317)	(559,862)	(622,179)
Payments to Suppliers	(16,107)	(28,393)	(193,080)	(237,580)
Net Cash Provided/(Used) by Operating Activities	(45,331)	57,685	186,392	198,746
Cash Flows from Financing Activities:				
Interest Income	132			132
Net Cash Provided by Financing Activities	132			132
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(18,416)			(18,416)
Lease Purchase Principal Payment			(34,072)	(34,072)
Net Cash Used by Capital and Related Financing Activities	(18,416)		(34,072)	(52,488)
Cash Flows by Noncapital Financing Activities:				
State Sources	1,427			1,427
Federal Sources	37,276			37,276
Net Cash Provided by Noncapital Financing Activities	38,703			38,703
Net Increase/(Decrease) in Cash and Cash Equivalents	(24,912)	57,685	152,320	185,093
Cash and Cash Equivalents, July 1	89,301	255,590	191,121	536,012
Cash and Cash Equivalents, June 30	\$ 64,389	\$ 313,275	\$ 343,441	\$ 721,105

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Major Fund	Major Funds		Totals
	Food Service	Use of Facilities	Transportation	
Adjustment to Reconcile Operating Income/(Loss)				
Net Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (61,714)	\$ 86,677	\$ 52,456	\$ 77,419
Depreciation	10,603		62,677	73,280
Food Distribution Program	9,962			9,962
Changes in Assets and Liabilities:				
(Increase)/Decrease in Other Accounts Receivable	(14,658)	(28,884)	82,555	39,013
Increase/(Decrease) in Accounts Payable	9,312	(108)	(11,296)	(2,092)
(Decrease) in Unearned Revenue	(1)			(1)
Decrease in Inventory	1,165			1,165
Net Cash Provided/(Used) by Operating Activities	\$ (45,331)	\$ 57,685	\$ 186,392	\$ 198,746

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$9,961 and utilized U.S.D.A. Commodities valued at \$9,962. The Transportation Enterprise Fund paid down \$34,072 of capital leases payable.

FIDUCIARY FUNDS

SUSSEX COUNTY TECHNICAL SCHOOL
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Agency</u>		<u>Total Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>			
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 191,500	\$ 33,278	\$ 224,778	\$ 2,529	\$ 32,257
Investments				5,866	
Total Assets	<u>191,500</u>	<u>33,278</u>	<u>224,778</u>	<u>8,395</u>	<u>32,257</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings Due to Student Groups	191,500	33,278	33,278 191,500		
Total Liabilities	<u>191,500</u>	<u>33,278</u>	<u>224,778</u>		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims					32,257
Restricted for Health Promotion Expenses				8,395	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,395</u>	<u>\$ 32,257</u>

SUSSEX COUNTY TECHNICAL SCHOOL
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Health Promotion Trust	Unemployment Compensation Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Plan Members		\$ 31,640
Investment Earnings:		
Interest	\$ 21	<u>93</u>
Net Investment Earnings	<u>21</u>	<u>93</u>
Total Additions	<u>21</u>	<u>31,733</u>
DEDUCTIONS:		
Unemployment Benefit Claims		<u>52,394</u>
Total Deductions		<u>52,394</u>
Change in Net Position	21	(20,661)
Net Position - Beginning of the Year	<u>8,374</u>	<u>52,918</u>
Net Position - End of the Year	<u>\$ 8,395</u>	<u>\$ 32,257</u>

SUSSEX COUNTY TECHNICAL SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 221,708	\$ 426,324	\$ 456,532	\$ 191,500
Total Assets	<u>\$ 221,708</u>	<u>\$ 426,324</u>	<u>\$ 456,532</u>	<u>\$ 191,500</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	221,708	\$ 426,324	456,532	\$ 191,500
Total Liabilities	<u>\$ 221,708</u>	<u>\$ 426,324</u>	<u>\$ 456,532</u>	<u>\$ 191,500</u>

SUSSEX COUNTY TECHNICAL SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 33,844	\$ 15,155,234	\$ 15,155,800	\$ 33,278
Total Assets	<u>\$ 33,844</u>	<u>\$ 15,155,234</u>	<u>\$ 15,155,800</u>	<u>\$ 33,278</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 33,844	\$ 15,155,234	\$ 15,155,800	\$ 33,278
Total Liabilities	<u>\$ 33,844</u>	<u>\$ 15,155,234</u>	<u>\$ 15,155,800</u>	<u>\$ 33,278</u>

LONG-TERM DEBT

SUSSEX COUNTY TECHNICAL SCHOOL
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Purpose	Interest Rate	Original Issue	Balance July 1, 2016	Issued	Matured	Balance June 30, 2017
2013 Savin Digital Imaging System	2.40%	\$ 51,932	\$ 21,049		\$ 10,402	\$ 10,647
Three Type C 54-Passenger School Buses	2.35%	171,925	104,635		34,072	70,563
1 Savin C4503sp Copier & 5 Savin MP3054 Copiers	3.25%	42,202	31,609		8,251	23,358
Motorola Radio Equipment	6.41%	22,795		\$ 22,795	975	21,820
			\$ 157,293	\$ 22,795	\$ 53,700	\$ 126,388
			\$ 52,658	\$ 22,795	\$ 19,628	\$ 55,825
Governmental Activities			104,635		34,072	70,563
Business-Type Activities			\$ 157,293	\$ 22,795	\$ 53,700	\$ 126,388

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

SUSSEX COUNTY TECHNICAL SCHOOL
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
Governmental Activities:											
Net Investment in Capital Assets	\$ 7,318,782	\$ 7,662,551	\$ 8,135,523	\$ 8,501,170	\$ 8,723,160	\$ 10,949,201	\$ 11,569,599	\$ 13,090,307	\$ 13,182,426	\$ 13,417,964	
Restricted	467,105	962,480	792,365	904,291	2,888,074	225,541	541	541	541	541	
Unrestricted/(Deficit)	(1,437,682)	(1,522,644)	(768,516)	(410,203)	(183,223)	1,987,222	(2,946,352)	(4,461,616)	(3,464,976)	(3,002,659)	
Total Governmental Activities Net Position	\$ 6,348,205	\$ 7,102,387	\$ 8,159,372	\$ 8,995,258	\$ 11,428,011	\$ 13,161,964	\$ 8,623,788	\$ 8,629,232	\$ 9,717,991	\$ 9,717,991	
Business-Type Activities:											
Net Investment in Capital Assets	\$ 21,502	\$ 30,951	\$ 100,408	\$ 119,464	\$ 141,948	\$ 179,897	\$ 268,044	\$ 297,929	\$ 315,213	\$ 294,421	
Unrestricted/(Deficit)	216,986	274,994	97,924	(1,571)	21,806	121,103	201,243	495,348	638,982	795,398	
Total Business-Type Activities Net Position	\$ 238,488	\$ 305,945	\$ 198,332	\$ 117,893	\$ 163,754	\$ 301,000	\$ 469,287	\$ 793,277	\$ 954,195	\$ 1,089,819	
District-Wide:											
Net Investment in Capital Assets	\$ 7,340,284	\$ 7,693,502	\$ 8,235,931	\$ 8,620,634	\$ 8,865,108	\$ 11,129,098	\$ 11,837,643	\$ 13,388,236	\$ 13,497,639	\$ 13,712,385	
Restricted	467,105	962,480	792,365	904,291	2,888,074	225,541	541	541	541	541	
Unrestricted/(Deficit)	(1,220,696)	(1,247,650)	(670,592)	(411,774)	(161,417)	2,108,325	(2,745,109)	(3,966,268)	(2,825,994)	(2,207,261)	
Total District Net Position	\$ 6,586,693	\$ 7,408,332	\$ 8,357,704	\$ 9,113,151	\$ 11,591,765	\$ 13,462,964	\$ 9,093,075	\$ 9,422,509	\$ 10,672,186	\$ 11,505,665	

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,400,265	\$ 3,567,971	\$ 3,352,925	\$ 3,014,188	\$ 3,551,917	\$ 3,465,198	\$ 3,346,773	\$ 3,895,241	\$ 4,316,769	\$ 5,116,687
Special Education	205,202	515,844	515,634	369,177	485,510	526,185	543,303	975,613	1,368,925	467,204
Other Special Instruction	247,074	145,436	170,273	177,878	75,119	850				
Vocational Education	3,230,634	3,070,617	2,736,234	3,057,019	2,798,254	3,012,477	3,272,174	3,437,792	2,908,830	3,995,379
School-Sponsored/Other Instruction	584,005	659,416	677,808	666,075	662,399	714,374	752,062	864,965	918,782	1,078,597
Support Services:										
Student and Instruction Related Services	1,811,315	2,140,572	2,009,482	2,032,388	2,076,490	2,302,096	2,432,384	2,656,703	2,525,986	2,593,938
General Administrative Services	422,633	372,621	410,736	385,125	350,707	323,626	390,006	446,202	738,150	722,345
School Administrative Services	536,642	557,053	511,940	428,820	426,091	407,811	453,446	564,120	630,379	1,017,870
Central Services	402,774	517,469	412,099	453,552	498,783	548,860	538,245	553,272	597,303	570,275
Administrative Information Technology	113,641	55,773	101,361	121,765	124,532	129,186	134,939	162,140	195,967	210,955
Plant Operations and Maintenance	1,715,959	1,682,487	1,712,496	1,750,396	2,330,740	2,431,393	2,358,718	2,283,357	2,073,262	2,179,084
Pupil Transportation	260,186	156,698	129,353	141,247	295,552	343,543	478,356	514,667	460,368	508,920
Special Schools	476,119	516,417	435,073	596,556	137,487	116,993	78,006	208,813	254,000	316,510
Capital Outlay	115,191	33,242	32,058	35,841	305,009	1,000,431	136,263			
Unallocated Depreciation	351,212	318,180	328,004	307,277	388,737	398,567	415,265			
Total Governmental Activities Expenses	13,872,852	14,309,796	13,535,476	13,537,304	14,507,327	15,721,590	15,329,940	16,562,885	16,988,721	18,777,764
Business-Type Activities:										
Juvenile Detention Center	184,743	156,214	173,807	4,682						
Swimming Pool	136,443	109,641	112,018	28,245						
Transportation	548,991	703,465	756,640	782,002	803,412	991,447	1,107,714	1,028,886	817,355	804,323
Use of Facilities	71,866	73,239	83,640	113,829	110,855	110,165	128,455	116,323	72,996	90,602
Charter School	127,771	132,269	152,154	53,608						
Food Service	367,563	435,902	366,462	340,245	359,092	382,596	376,639	421,497	435,438	417,022
Total Business-Type Activities Expense	1,437,377	1,610,730	1,644,721	1,322,611	1,273,359	1,484,208	1,612,808	1,566,706	1,325,789	1,311,947
Total District Expenses	15,310,229	15,920,526	15,180,197	14,859,915	15,780,686	17,205,798	16,942,748	18,129,591	18,314,510	20,089,711
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	3,973,180	2,369,888	2,181,752	1,937,007	1,267,527	1,386,790	1,521,742	1,638,601	1,650,771	1,723,034
Operating Grants and Contributions				255,449	2,254,343	2,220,638	2,131,459	3,525,237	3,938,840	5,395,048
Capital Grants and Contributions				127,670	971,004			502,400	146,515	
Total Governmental Activities Program Revenues	3,973,180	2,369,888	2,181,752	2,192,456	3,649,540	4,578,432	3,653,201	5,666,238	5,736,126	7,118,082

SUSSEX COUNTY TECHNICAL SCHOOL
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues: (Cont'd)										
Business-Type Activities:										
Charges for Services:										
Juvenile Detention Center	\$ 180,000	\$ 170,000	\$ 82,500		\$ 823,528	\$ 1,063,218	\$ 1,210,373	\$ 1,313,006	\$ 953,014	\$ 856,779
Swimming Pool	134,365	110,791	102,570	5,805	719,144	170,269	138,679	154,038	128,983	177,279
Transportation	537,220	781,666	755,238	127,752	162,705					
Use of Facilities	87,123	73,797	100,985	53,608						
Charter School	136,097	150,792	151,259	254,418	264,321	280,695	307,364	319,090	321,986	355,308
Food Service	274,233	323,428	274,247	83,172	97,904	107,992	119,178	119,767	107,316	81,174
Operating Grants and Contributions	57,465	57,748	67,497	1,243,899	1,348,458	1,622,174	1,775,594	1,905,901	1,511,299	1,470,540
Total Business-Type Activities Program Revenues	1,406,503	1,668,222	1,534,296	3,436,355	4,997,998	6,200,606	5,428,795	7,572,139	7,247,425	8,588,622
Total District Program Revenues	5,379,683	4,038,110	3,716,048	(11,344,848)	(10,857,787)	(11,143,158)	(11,676,739)	(10,896,647)	(11,252,595)	(11,659,682)
Net (Expense)/Revenue:	(9,899,672)	(11,939,908)	(110,425)	(78,712)	75,099	137,966	162,786	339,195	185,510	158,593
Governmental Activities	(30,874)	57,492	(110,425)	(11,423,560)	(10,782,688)	(11,005,192)	(11,513,953)	(10,537,452)	(11,067,085)	(11,501,089)
Business-Type Activities	(9,930,546)	(11,882,416)	(11,464,149)	7,826,010	6,561,362	6,692,589	6,826,444	6,962,974	6,962,974	6,962,974
Total District-Wide Net Expense	7,047,646	41,428	21,356	3,624,889	3,785,435	3,848,619	3,833,360	3,845,724	3,847,345	3,853,083
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Tax Levy	18,529	41,428	21,356	(14,258)	677,115	149,874	129,846	141,471	125,784	212,304
Tuition	2,638,903	3,827,325	4,148,033	200,683	2,309,642	1,280,000	1,548,000	130,000	1,464,000	1,331,000
Federal and State Aid not Restricted	134,256				450,604	522,784				
NJEDA Project Grant	(67,664)	172,978	179,958		(43,014)	(67,359)	55,750	(178,078)	(58,749)	(1,824)
Transfers	178,805	1,090,997	500,000	717,600	13,290,540	12,877,111	12,316,872	10,902,091	12,341,354	12,357,537
County Improvement Authorization and Capital Lease Proceeds										
Insurance Recovery Related to Fire Damage										
Insurance Recovery Related to Other Costs										
of Super Storm Sandy										
Insurance Recovery Related to Snow Storm										
Cancellation of Intergovernmental Accis Receivable										
Allowance for Doubtful Accounts										
Total Governmental Activities	9,950,475	12,694,090	12,410,709	12,180,734	13,290,540	12,877,111	12,316,872	10,902,091	12,341,354	12,357,537

SUSSEX COUNTY TECHNICAL SCHOOL
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Miscellaneous Income	\$ 44,649				\$ 38	\$ 81	\$ 129	\$ 217	\$ 267	\$ 132
Insurance Recovery Related to Buses							79,657			
Transfers	67,664			\$ 14,258						
Cancellation of Prior Year Accounts Receivable		\$ (948)	\$ (3,661)	(15,985)	(29,276)	(801)	(5,368)	(23,972)	(24,859)	(26,929)
Cancellation of Prior Year Accounts Payable		10,913	6,473					8,550		3,828
Disposal of Capital Assets, Net of Accumulated Depreciation							(68,917)			
Total Business-Type Activities	112,313	9,965	2,812	(1,727)	(29,238)	(720)	5,501	(15,205)	(24,592)	(22,969)
Total District-Wide	10,062,788	12,704,055	12,413,521	12,179,007	13,261,302	12,876,391	12,322,373	10,886,886	12,316,762	12,334,568
Change in Net Position:										
Governmental Activities	50,803	754,182	1,056,985	835,886	2,432,753	1,733,953	640,133	5,444	1,088,759	697,855
Business-Type Activities	81,439	67,457	(107,613)	(80,439)	45,861	137,246	168,287	323,990	160,918	135,624
Total District	\$ 132,242	\$ 821,639	\$ 949,372	\$ 755,447	\$ 2,478,614	\$ 1,871,199	\$ 808,420	\$ 329,434	\$ 1,249,677	\$ 833,479

Source: School District Financial Reports

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Reserved/Restricted Assigned	\$ 138,268	\$ 128,238	\$ 213,682	\$ 100,001	\$ 225,001	\$ 225,541	\$ 541	\$ 541	\$ 541	\$ 541
Unreserved/(Deficit) Unassigned/(Deficit)	36,905	(172,457)	42,943	297,637	517,822	285,359	(133,758)	(64,231)	69,135	72,559
Total General Fund/(Deficit)	\$ 175,173	\$ (44,219)	\$ 256,625	\$ 397,638	\$ 742,823	\$ 627,280	\$ (133,217)	\$ (63,690)	\$ 111,108	\$ 414,389
All Other Governmental Funds:										
Reserved/Restricted Committed	\$ 130,829	\$ 27,410	\$ 8,597	\$ 804,290	\$ 2,663,073	\$ 2,318,690	\$ 3,183,343	\$ 1,681,744	\$ 2,611,538	\$ 3,340,645
Unreserved/(Deficit), Reported In:										
Special Revenue Fund	(775)									
Capital Projects Fund	198,782	806,832	570,086							
Total All Other Governmental Funds	\$ 328,836	\$ 834,242	\$ 578,683	\$ 804,290	\$ 2,663,073	\$ 2,318,690	\$ 3,183,343	\$ 1,681,744	\$ 2,611,538	\$ 3,340,645
Governmental Funds:										
Reserved/Restricted Committed Assigned	\$ 269,097	\$ 155,648	\$ 222,279	\$ 904,291	\$ 2,888,074	\$ 2,544,231	\$ 541	\$ 541	\$ 541	\$ 541
Unreserved Unassigned/(Deficit)	234,912	634,375	613,029	297,637	517,822	285,359	3,183,343	1,681,744	2,611,538	3,340,645
Total Governmental Funds	\$ 504,009	\$ 790,023	\$ 835,308	\$ 1,201,928	\$ 3,405,896	\$ 2,945,970	\$ 3,050,126	\$ 1,618,054	\$ 2,722,646	\$ 3,755,034

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
County Tax Levy	\$ 7,047,646	\$ 7,561,362	\$ 7,561,362	\$ 7,826,010	\$ 6,561,362	\$ 6,692,589	\$ 6,826,444	\$ 6,962,974	\$ 6,962,974	\$ 6,962,974
Tuition from LEA's	11,029	31,428	18,856	13,310	1,265,627	1,386,790	1,521,742	1,638,601	1,650,771	1,723,034
Other Tuition	7,500	10,000	2,500	2,500	1,900					
Interest Earned on Capital Reserve Funds						540				
Other Restricted Miscellaneous Revenue	54,897	112,069	98,164	118,253	84,785	99,771	89,282	87,995	94,603	118,759
Unrestricted Miscellaneous Revenue	123,907	61,170	83,168	83,345	592,330	49,563	41,564	53,476	31,181	93,545
State Sources	6,190,855	5,359,701	5,131,702	5,267,495	5,463,300	6,568,233	5,521,027	6,144,106	6,045,716	6,061,900
Federal Sources	555,484	837,251	1,196,709	548,935	704,148	472,028	442,792	436,962	322,295	493,862
Total Revenue	13,991,318	13,972,981	14,092,461	13,859,848	14,673,452	15,269,514	14,442,851	15,324,114	15,107,540	15,454,074
Expenditures:										
Instruction:										
Regular Instruction	2,414,759	2,393,859	2,419,298	2,113,452	2,519,796	2,497,008	2,390,737	2,447,444	2,673,849	2,636,356
Special Education Instruction	212,184	196,601	240,874	144,386	146,933	151,409	146,020	157,020	436,482	446,704
Other Special Instruction	161,348	145,436	170,273	177,878	75,119	850				
Vocational Education Instruction	2,287,526	2,479,059	2,490,274	2,383,526	2,222,339	2,437,836	2,600,624	2,615,945	2,114,391	2,157,351
School-Sponsored/Other Instruction	458,840	509,460	548,040	518,769	512,410	551,444	570,260	597,082	626,878	657,359
Support Services:										
Student and Instruction Related Services	1,434,453	1,697,894	1,671,028	1,613,906	1,609,213	1,724,110	1,853,544	1,844,085	1,610,805	1,548,771
General Administrative Services	371,332	312,174	337,696	342,265	288,104	264,899	317,047	333,213	599,935	560,701
School Administrative Services	383,093	391,267	375,799	317,765	305,489	301,919	327,804	342,069	424,834	530,246
Central Services	324,751	339,622	327,461	342,185	367,761	403,477	384,050	346,145	372,710	303,665
Administrative Information Technology	76,015	57,899	72,871	84,876	88,157	88,230	92,976	96,085	123,225	118,138
Plant Operations and Maintenance	1,419,324	1,373,494	1,432,266	1,469,974	1,966,107	2,034,839	2,014,905	1,765,565	1,482,783	1,470,362
Pupil Transportation	95,816	129,721	105,784	102,704	208,523	254,549	339,396	288,252	205,109	244,298
Unallocated Benefits	3,655,797	3,475,120	3,044,776	3,083,644	3,276,828	3,385,220	3,453,539	3,677,601	3,953,999	4,120,819
Special Schools	474,721	496,712	350,654	496,746	108,859	77,376	36,812	48,748	94,540	93,555
Capital Outlay	332,766	623,856	989,180	804,804	1,040,474	3,742,303	1,390,135	2,191,056	688,659	885,332
Total Expenditures	14,102,725	14,622,174	14,576,274	13,996,880	14,736,112	17,915,469	15,917,849	16,750,310	15,408,199	15,773,657
Deficit of Revenues Under Expenditures	(111,407)	(649,193)	(483,813)	(137,032)	(62,660)	(2,645,955)	(1,474,998)	(1,426,196)	(300,659)	(319,583)

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

UNAUDITED
(Continued)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses):										
County Improvement Authorization		\$ 935,207	\$ 500,000	\$ 717,600	\$ 2,309,642	\$ 1,280,000	\$ 1,548,000	\$ 130,000	\$ 1,464,000	\$ 1,331,000
Insurance Recovery Related to Fire Damage						450,604				
Insurance Recovery Related to Other Costs of Super Storm Sandy						522,784				
Insurance Recovery Related to Snow Storm Allowance for Doubtful Accounts							55,750 (76,528)			
Residual Deficit Transfer from Enterprise Funds	\$ (67,663)		29,098	(23,948)			51,932	42,202		22,795
Capital Leases (Non-Budgeted)				(190,000)	(43,014)	(67,359)		(178,078)	(58,749)	\$ (1,824)
Cancellation of Intergovernmental Accts Receivable	(67,663)	935,207	529,098	503,652	2,266,628	2,186,029	1,579,154	(5,876)	1,405,251	1,351,971
Total Other Financing Sources (Uses)	\$ (179,070)	\$ 286,014	\$ 45,285	\$ 366,620	\$ 2,203,968	\$ (459,926)	\$ 104,156	\$ (1,432,072)	\$ 1,104,592	\$ 1,032,388
Net Change in Fund Balances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service as a Percentage of Noncapital Expenditures										

N/A - Not Applicable

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Evening School/ Other Program Fees	Interest on Investments	Tuition	Miscellaneous	Total
2008	\$ 82,242	\$ 34,589		\$ 80,502	\$ 197,333
2009	71,632	10,949		131,825	214,406
2010	48,004	5,874		147,436	201,314
2011	64,975	4,027		147,491	216,493
2012	65,865	1,661	\$ 1,267,527	62,843	1,397,896
2013	79,564	2,437	1,386,790	67,873	1,536,664
2014	72,892	1,950	1,521,742	55,004	1,651,588
2015	55,456	2,432	1,638,601	83,583	1,780,072
2016	53,590	2,041	1,650,771	70,153	1,776,555
2017	47,563	2,668	1,723,034	162,073	1,935,338

Source: Sussex County Technical School Records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2007	\$418,601,914	\$11,318,102,014	\$497,170,600	\$30,229,684	\$1,199,892,682	\$157,424,500	\$63,576,300	\$13,684,997,694	\$1,496,537,911	\$35,395,191	\$13,720,392,885	N/A	\$19,828,925,789
2008	429,601,226	12,411,226,199	585,799,800	28,232,791	1,354,639,782	176,684,700	89,346,500	15,075,530,998	1,681,419,711	41,725,885	15,117,256,883	N/A	21,501,944,724
2009	478,591,800	14,170,397,149	622,201,400	29,726,448	1,519,357,862	189,601,400	88,826,800	17,098,702,859	1,799,332,757	43,009,952	17,141,712,811	N/A	20,797,257,348
2010	488,554,580	14,579,690,049	627,217,400	28,989,196	1,634,261,535	225,413,100	98,403,600	17,682,529,460	1,927,044,857	34,228,867	17,716,758,327	N/A	20,842,547,207
2011	464,189,940	14,362,628,590	632,384,300	29,157,336	1,577,641,135	197,931,200	94,613,100	17,358,545,601	1,934,993,757	31,414,462	17,389,960,063	N/A	19,877,491,206
2012	434,117,189	13,954,080,550	621,469,900	29,054,367	1,533,919,235	192,072,000	93,927,500	16,858,640,741	1,942,903,281	31,167,721	16,889,808,462	N/A	18,892,649,964
2013	388,642,510	12,956,786,993	569,350,100	29,987,805	1,527,333,445	180,425,100	104,300,200	15,756,826,153	1,908,996,581	27,844,569	15,784,670,722	N/A	17,771,912,524
2014	359,859,600	12,832,613,799	575,638,300	28,697,212	1,562,871,731	182,853,900	105,834,650	15,648,369,192	1,966,476,133	28,535,189	15,676,904,381	N/A	17,288,892,523
2015	354,838,050	12,892,141,356	577,445,200	28,141,970	1,568,633,691	205,680,100	106,856,150	15,733,736,517	1,871,957,683	31,267,079	15,765,003,596	N/A	17,099,240,434
2016	351,390,250	13,470,489,956	581,440,500	27,144,800	1,651,039,630	212,895,500	107,816,300	16,402,216,936	1,930,454,783	19,865,747	16,422,082,683	N/A	16,855,188,150

N/A - Not Applicable

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

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

Source: Sussex County Tax Assessor

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

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total County Net Assessed Value
Kenneth D. Martin & Associates, LLC	\$ 53,097,600	1	0.32%
Mountain Creek	41,013,000	2	0.25%
Wantage Avenue Holding Company, Inc.	35,006,600	3	0.21%
Crystal Springs Development	25,759,100	4	0.16%
Metairie Corporation	24,730,000	5	0.15%
United Telephone of NJ Embarq	21,494,845	6	0.13%
Gordon Byram Associates, LLC	18,586,900	7	0.11%
Kere Associates LLC	15,962,300	8	0.10%
Weldon Quarry	15,005,100	9	0.09%
Jersey Investors Growth	13,535,300	10	0.08%
Total	<u>\$ 264,190,745</u>		<u>1.61%</u>

Taxpayer	2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Wantage Avenue Holding Company, Inc.	\$ 52,506,000	1	0.38%
Weldon Quarry	32,438,300	2	0.24%
Mountain Creek	31,779,750	3	0.23%
Schering Corp	30,781,900	4	0.22%
Kenneth D. Martin & Associates, LLC	20,515,900	5	0.15%
Turco Properties/ Andover Nursing/ Life Mews	20,126,800	6	0.15%
United Telephone of NJ Embarq	17,248,859	7	0.13%
Wal-Mart	17,248,859	8	0.13%
Main Land Sussex Company	16,040,800	9	0.12%
Crystal Springs North, LLC	12,691,400	10	0.09%
Total	<u>\$ 251,378,568</u>		<u>1.83%</u>

Source: Sussex County

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 7,047,646	\$ 7,047,646	100.00%	\$ -0-
2009	7,561,362	7,561,362	100.00%	-0-
2010	7,561,362	7,561,362	100.00%	-0-
2011	7,826,010	7,826,010	100.00%	-0-
2012	6,561,362	6,561,362	100.00%	-0-
2013	6,692,589	6,692,589	100.00%	-0-
2014	6,826,444	6,826,444	100.00%	-0-
2015	6,962,974	6,962,974	100.00%	-0-
2016	6,962,974	6,962,974	100.00%	-0-
2017	6,962,974	6,962,974	100.00%	-0-

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

Source: Sussex County Technical School records.

SUSSEX COUNTY TECHNICAL SCHOOL
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities					Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond				
				Anticipation Notes (BANs)	Business-Type Activities Capital Leases			
2008	\$ -0-	\$ -0-	\$ 221,811	\$ -0-	\$ -0-	\$ 221,811	0.0031%	\$ 1.46
2009	-0-	-0-	149,141	-0-	-0-	149,141	0.0021%	0.99
2010	-0-	-0-	122,637	-0-	-0-	122,637	0.0018%	0.82
2011	-0-	-0-	86,891	-0-	331,840	418,731	0.0058%	2.83
2012	-0-	-0-	50,114	-0-	259,700	309,814	0.0042%	2.11
2013	-0-	-0-	11,661	-0-	192,599	204,260	0.0028%	1.40
2014	-0-	-0-	46,589	-0-	90,297	136,886	0.0018%	0.94
2015	-0-	-0-	70,804	-0-	172,725	243,529	0.0031%	1.70
2016	-0-	-0-	52,658	-0-	104,635	157,293	0.0020%	1.10
2017	-0-	-0-	55,825	-0-	70,563	126,388	0.0016%	0.89

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

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

Source: School District Financial Reports

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

Year	Population ^a	Sussex County Per Capita Personal Income ^b	Total County Personal Income	Unemployment Rate ^c
2008	151,431	\$ 47,416	\$ 7,180,252,296	5.00%
2009	151,118	46,021	6,954,601,478	8.70%
2010	148,815	46,659	6,943,559,085	9.30%
2011	148,097	48,471	7,178,409,687	9.10%
2012	147,048	50,169	7,377,251,112	9.10%
2013	145,826	50,534	7,369,171,084	7.80%
2014	145,004	52,851	7,663,606,404	6.20%
2015	143,673	55,497	7,973,420,481	5.20%
2016	142,522	55,497 *	7,909,543,434	N/A
2017	142,522 **	55,497 *	7,909,543,434 ***	N/A

* - Latest Sussex County per capita personal income available (2015) was used for calculation purposes.

** - Latest population data available (2016) was used for calculation purposes.

*** - Latest available population data (2016) and latest available Sussex County per capita personal income (2015) was used for calculation purposes

N/A - Information unavailable.

Source: ^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Per Capita Personal Income provided by the NJ Dept of Labor and Workforce Development

^c Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2016		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Gold and Spa Resort	2,000	1	2.76%
Newton Memorial Hospital	1,200	2	1.66%
Selective Insurance	900	3	1.24%
County of Sussex	830	4	1.15%
Mountain Creek Resort	800	5	1.11%
Ames Rubber Corp.	445	6	0.61%
Shop Rite Supermarkets (Ronetco)	301	7	0.42%
Andover Subacute and Rehab Center	300	8	0.41%
SCARC, Inc.	287	9	0.40%
Sussex County Community College	280	10	0.39%
	7,343		10.14%
Total Employment	72,391		
Employer	2007		
	Employees	Rank (Optional)	Percentage of Total Employment
Mountain Creek/ Intrawest	1,247	1	1.54%
Crystal Springs Golf and Spa Resort	1,154	2	1.42%
Newton Memorial Hospital	1,109	3	1.37%
Selective Insurance	954	4	1.18%
County of Sussex	770	5	0.95%
Andover Sub Acute and Rehab Center	700	6	0.86%
Ronetco Supermarkets, Inc. (Shop Rite)	672	7	0.83%
Vernon Township Board of Education	664	8	0.82%
Sparta Board of Education	557	9	0.69%
Sussex County Community College	516	10	0.64%
	8,343		10.29%
Total Employment	81,045		

Source: Sussex County

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instruction:										
Regular	33.0	33.0	33.0	30.0	32.0	33.0	34.0	32.0	32.0	32.0
Special Education	9.0	9.0	9.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-0-	-0-	-0-
Vocational	23.0	23.0	23.0	24.0	24.0	24.0	24.0	23.0	23.0	23.0
Other Instruction	6.0	6.0	6.0	5.0	3.0	4.5	4.5	9.0	9.0	9.0
Adult/Continuing Education Programs	1.2	1.2	1.2	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Support Services:										
Student & Instruction Related Services	14.0	14.0	14.0	12.0	12.0	12.0	12.0	15.0	15.0	15.0
School Administrative Services	6.5	6.5	6.5	5.5	5.5	5.5	5.5	6.5	6.5	6.5
General Administrative Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.5
Central Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0	4.0	3.0
Administrative Information Technology	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
Plant Operations and Maintenance	15.8	15.5	15.5	15.0	14.5	14.5	15.5	13.5	13.5	11.5
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	11.2	11.2	11.2
Total	119.0	119.2	119.2	107.5	107.0	109.5	111.5	121.7	121.7	118.7

Source: District Personnel Records

SUSSEX COUNTY TECHNICAL SCHOOL
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	* Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		* Average Daily Enrollment (ADE) ^c	* Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2008	602	\$ 13,769,959	\$ 22,893	-3.72%	80	1:7.5	582	560	-2.18%	96.22%	
2009	604	13,998,318	23,195	1.32%	80	1:7.5	598	578	2.75%	96.71%	
2010	572	13,587,094	23,774	2.50%	80	1:7.5	565	547	-5.52%	96.81%	
2011	616	13,192,076	21,433	-9.85%	68	1:9.2	592	554	4.78%	93.58%	
2012	659	13,695,638	20,782	-3.04%	65	1:10.1	651	607	9.97%	93.24%	
2013	714	14,173,166	19,850	-4.48%	67	1:10.6	709	664	8.91%	93.65%	
2014	794	14,527,714	18,297	-7.83%	68	1:11.7	769	741	8.46%	96.36%	
2015	763	14,559,254	19,082	4.29%	68	1:12.2	766	712	-0.39%	92.95%	
2016	777	14,719,540	18,944	-0.72%	68	1:12.6	777	759	1.44%	97.68%	
2017	785	14,888,325	18,966	0.12%	69	1:13.1	785	769	1.03%	97.96%	

Note: Enrollment based on annual October district count.

^a Operating expenditures equal total expenditures less capital outlay.

^b Teaching staff includes only full-time equivalents of certificated staff.

^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

* Figures represent high school, grades 9-12 enrollment

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

Sources: School District records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Buildings</u>										
Vocational High School (1967)										
Square Feet	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249
Capacity (students) *	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4
Enrollment *	601.5	603.5	571.5	615.5	659.0	714.0	794.0	763.0	777.0	785.0

Number of Schools at June 30, 2017
 Vocational High School = 1

* Represents high school, grades 9-12 enrollment

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

Source: School District Facilities Office

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

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

Facility	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
School Facilities:										
Sussex County Technical School	\$ 579,280	\$ 556,800	\$ 807,547	\$ 771,490	\$ 910,926	\$ 955,854	\$ 779,683	\$ 684,145	\$ 682,629	\$ 651,533

Source: School District records.

SUSSEX COUNTY TECHNICAL SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2017
UNAUDITED

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

Source: Sussex County Technical School Insurance Agent

SINGLE AUDIT



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

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-363-6555 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 Education
 Sussex County Technical School
 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 Board of Education of the Sussex County Technical School, in the County of Sussex (the "District"), a component unit of the County of Sussex, as of and for the fiscal year ended June 30, 2017, 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 15, 2017.

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 Education
Sussex County Technical School
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 15, 2017
Mount Arlington, New Jersey


NISIVOCCIA LLP



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

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Sussex County Technical School's (the "District's") compliance with the types of compliance requirements described in 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, 2017. 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 state statutes, regulations, and the terms and conditions of its state awards applicable to its 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 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.

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

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, 2017.

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 the Uniform Guidance and NJOMB 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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 15, 2017
Mount Arlington, New Jersey


NISIVOC CIA LLP


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

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Agriculture:										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
10.555	Food Distribution Program	N/A	7/1/16-6/30/17	\$ 9,961			\$ 9,961	\$ (9,065)		\$ 896
10.555	Food Distribution Program	N/A	7/1/15-6/30/16	17,886				(897)		
	Total Food Distribution Program							(9,962)		896
10.553	School Breakfast Program	N/A	7/1/16-6/30/17	10,698			9,814	(10,698)		(884)
10.553	School Breakfast Program	N/A	7/1/15-6/30/16	14,455			2,854			
10.555	National School Lunch Program	N/A	7/1/16-6/30/17	58,045			54,724	(58,045)		(3,321)
10.555	National School Lunch Program	N/A	7/1/15-6/30/16	71,682			10,201			
	Total Child Nutrition Cluster						77,593	(68,743)		(4,205)
	Total U.S. Department of Agriculture						87,554	(78,705)		896
U.S. Department of Education:										
Special Revenue Fund:										
Passed-through State Department of Education:										
No Child Left Behind:										
84.010	Title I	NCLB511017	7/1/16-6/30/17	68,358			30,541	(41,364)		(10,823)
84.010	Title I	NCLB511016	7/1/15-6/30/16	80,173			5,837			\$ 4,297
84.010	Title I	NCLB511014	7/1/13-6/30/14	61,644						2,099
	Total Title I						36,378	(41,364)		4,297
84.367	Title II A	NCLB511017	7/1/16-6/30/17	6,820			5,364	(6,820)		728
84.367	Title II A	NCLB511016	7/1/15-6/30/16	7,057						245
84.367	Title II A	NCLB511015	7/1/14-6/30/15	7,038						245
	Total Title II A						5,364	(6,820)		728
84.048	Carl D. Perkins Secondary	PERK511017	7/1/16-6/30/17	67,974				(47,042)		
84.048	Carl D. Perkins Secondary	PERK511016	7/1/15-6/30/16	59,260			5,775			649
84.048	Carl D. Perkins Secondary	PERK511015	7/1/14-6/30/15	72,824						2,749
84.048	Carl D. Perkins Secondary	PERK511014	7/1/13-6/30/14	63,986			21,527			21,527
84.048	Carl D. Perkins Post Secondary	PERK511017	7/1/16-6/30/17	81,091			64,410	(64,791)		(381)
84.048	Carl D. Perkins Post Secondary	PERK511016	7/1/15-6/30/16	91,160						(1)
84.048	Carl D. Perkins Post Secondary	PERK511015	7/1/14-6/30/15	82,282			192			192
84.048	Carl D. Perkins Post Secondary	PERK511014	7/1/13-6/30/14	80,897			1,714			1,714
	Total Carl D. Perkins						26,182	(111,833)		649
	Total U.S. Department of Education						194,312	(195,631)		5,674
	Total U.S. Department of Education						306,239	(355,648)		53,712
Special Education Cluster:										
84.027	I.D.E.A. Part B, Basic	IDEA511017	7/1/16-6/30/17	195,631						(1,319)
84.027	I.D.E.A. Part B, Basic	IDEA511016	7/1/15-6/30/16	202,284			1,181			1,181
84.027	I.D.E.A. Part B, Basic	IDEA511015	7/1/14-6/30/15	197,845			6,909			6,909
84.027	I.D.E.A. Part B, Basic	IDEA511014	7/1/13-6/30/14	182,218			8,367			8,367
	Total Special Education Cluster						16,457	(195,631)		(1,319)
	Total U.S. Department of Education						44,983	(61,022)		53,712

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017											
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor	Amounts Provided to Subrecipients								
U.S. Department of Labor: Special Revenue Fund: (Passed Through Morris County Private Industry Council): Workforce Investment Act Program Cluster: WIA - Youth Activities	17.259	N/A	7/1/16-6/30/17	\$ 63,458															
Total Workforce Investment Act Program Cluster							\$ 45,600	\$ (35,270)	\$ 10,330										
Total Federal Awards							\$ 45,600	\$ (35,270)	\$ 10,330										
							\$ 439,393	\$ (469,623)	\$ 5,674	\$ (65,227)	\$ 896	\$ 64,042	\$ -						

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

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			MEMO Cumulative Total Expenditures		
				Budgetary Accounts Receivable	Budgetary Due to Grantor	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	GAAP Accounts Receivable		GAAP Unearned Revenue	Budgetary Due to Grantor
NJ Department of Education:												
General Fund State Aid:												
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 2,460,033			\$ 2,214,273	\$(2,460,033)				\$ (245,760)	\$ 2,460,033
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	343,448			309,137	(343,448)				(34,311)	343,448
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	55,159			49,648	(55,159)				(5,511)	55,159
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,314,347			1,183,042	(1,314,347)				(131,305)	1,314,347
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	8,060			7,255	(8,060)				(805)	8,060
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,060			7,255	(8,060)				(805)	8,060
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,060			7,255	(8,060)				(805)	8,060
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	399,361			398,859	(399,361)			\$ (502)	(502)	399,361
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	520,781			520,781	(520,781)					520,781
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	603,163			603,163	(603,163)					603,163
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	21,854			21,854	(21,854)					21,854
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	1,665			1,665	(1,665)					1,665
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	2,432,422			243,003	\$ (243,003)					2,432,422
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	331,506			33,118	(33,118)					331,506
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	54,112			5,406	(5,406)					54,112
Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1,344,682			134,336	(134,336)					1,344,682
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	8,060			805	(805)					8,060
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	8,060			805	(805)					8,060
Adult Education Programs Aid	16-100-034-5120-510	7/1/15-6/30/16	15,067			1,505	(1,505)					15,067
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	399,812			20,005	(20,005)					399,812
Total General Fund State Aid				(438,983)		5,763,170	(5,743,991)			(502)	(419,804)	10,337,712
Enterprise Fund:												
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	2,469			2,327	(2,469)				(142)	2,469
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	3,029	(431)		431						3,029
Total Enterprise Fund				(431)		2,758	(2,469)			(142)	(142)	5,498
Total NJ Department of Education				(439,414)		5,765,928	(5,746,460)			(644)	(419,946)	10,343,210
NJ Department of Human Services:												
Adolescent Pregnancy Prevention Initiative:												
FY17	#SB05037	7/1/16-6/30/17	66,600			71,173	(64,901)					64,901
FY16	#SB05037	7/1/15-6/30/16	62,777			\$ 1,363			\$ 562	\$ 6,272		61,414
FY15	#SB05037	7/1/14-6/30/15	62,777			693				1,363		62,477
FY14	#SB05037	7/1/13-6/30/14	62,777			417				693		60,873
School Based Youth Services:						2,473	(64,901)			562	8,745	249,665
FY17	#SB05037	7/1/16-6/30/17	256,601			240,353	(243,485)			\$ 5,242	(3,132)	243,485
FY16	#SB05037	7/1/15-6/30/16	256,601			7,740		\$ 128		7,868		251,783
FY15	#SB05037	7/1/14-6/30/15	256,101			2,018				2,018		253,683
FY14	#SB05037	7/1/13-6/30/14	261,401			6,509				6,509		244,578
Total NJ Department of Human Services						18,740	(308,386)			5,804	(3,132)	1,243,194

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Balance at June 30, 2017			MEMO	
				Budgetary Accounts Receivable	Budgetary Due to Grantor	Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	GAAP Unearned Revenue		Budgetary Due to Grantor
NJ Department of Labor and Workforce Development:											
Workforce Development:											
Apprenticeship Coordinator	100-062-4545-341-	7/1/16-6/30/17	\$ 10,000			\$ 7,046	\$ (9,764)		\$ (2,277)	\$ (2,718)	\$ 9,764
Apprenticeship Coordinator	6140	7/1/15-6/30/16	13,500	\$ (3,229)		2,604			(625)	(625)	12,968
Apprenticeship Coordinator		7/1/09-6/30/10	15,339								14,046
Total Department of Labor and Workforce Development				(3,229)	86	9,650	(9,764)		(2,902)	(3,343)	36,778
NJ Department of Agriculture:											
Curriculum for Agricultural Science Education	N/A	4/1/17-6/30/17	10,000			10,000					10,000
Curriculum for Agricultural Science Education	N/A	4/1/15-6/30/15	7,500		987			\$ 3,500			4,487
					987	10,000		3,500			14,487
Total Special Revenue Fund				(3,229)	19,813	331,176	(318,150)	3,628	(2,902)	(6,475)	1,282,985
Total State Awards				\$ (442,643)	\$ 19,813	\$ 6,097,104	\$ (6,064,610)	\$ 3,628	\$ (3,546)	\$ (426,421)	\$ 11,626,195
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(520,781)			(520,781)	520,781				
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(603,163)			(603,163)	603,163				
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(21,854)			(21,854)	21,854				
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(1,665)			(1,665)	1,665				
Subtotal - On-Behalf TPAF Pension System Contributions						(1,147,463)	1,147,463				
Total State Awards Subject to Single Audit Major Program Determination						\$ 4,949,641	\$ (4,917,147)				

N/A - Not Available

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Sussex County Technical School under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund and capital projects on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant Revenue in the capital projects fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on actual expenditures and when funds are requested for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$324) for the general fund, \$103,027 for the special revenue fund and (\$976,000) for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,743,667	\$ 5,743,667
Special Revenue Fund	\$ 493,862	318,233	812,095
Enterprise Fund	78,705	2,469	81,174
Total Federal and State Awards	<u>\$ 572,567</u>	<u>\$ 6,064,369</u>	<u>\$ 6,636,936</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 4. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 5. 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 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2017.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

During fiscal year 2017, the District has three active grants in the amount of \$1,330,000 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2017, these three projects are still in progress. As of June 30, 2017, \$-0- of the grant funds have been expended and drawn down on a GAAP basis on these three grants. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA grant on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- 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 District 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 major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year end June 30, 2017 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A./State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 2,460,033	\$2,460,033
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	343,448	343,448
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	55,159	55,159
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1,314,347	1,314,347
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	8,060	8,060
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	8,060	8,060
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,060	8,060

- The District was determined to be a "low-risk" auditee for state programs.
- The threshold used for distinguishing between Type A and B state programs was \$750,000.

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures 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 2 CFR 200.516(a) of the Uniform Guidance or NJOMB 15-08.

SUSSEX COUNTY TECHNICAL SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

There were no prior year findings.