

**SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY**

**Board of Trustees
Sussex County Charter School
For Technology
Sparta, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

**SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY**

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2017

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

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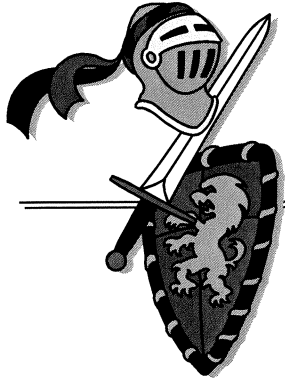
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INTRODUCTORY SECTION



SUSSEX COUNTY

CHARTER SCHOOL FOR TECHNOLOGY

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

September 18, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Sussex County Charter School for Technology (the "Charter School") for the fiscal year ended June 30, 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 Trustees (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the Charter School. All disclosures necessary to enable the reader to gain an understanding of the Charter School's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the Charter School's organizational chart, roster of officials and a list of consultants and advisors. The financial section includes the Independent Auditors' Report, management's discussion and analysis, the basic financial statements and notes providing an overview of the Charter School's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected economic and demographic information, financial trends and the fiscal capacity of the Charter School, generally presented on a multi- year basis. The Charter School is required to undergo an annual single audit in conformity with the provisions of 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 the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Sussex County Charter School for Technology (School) is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the Charter School are included in this report. The Sussex County Charter School for Technology constitutes the Charter School's reporting entity.

1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

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

The Charter School completed the 2016-2017 fiscal year; its eighteenth year of operation, with an enrollment of 216 students.

2) ECONOMIC CONDITION AND OUTLOOK:

Enrollment at the Charter school is nearly at a full enrollment of 225 students. The current fund balance exceeds \$300,000.

3) MAJOR INITIATIVES:

During the 2016-2017 year, a great deal of effort in the form of professional development was placed on improving the math scores. Teachers participated in multiple sessions to learn creative ways in which to deliver instruction. The Board of Trustees reorganized the Charter School's administrative structure during the 2015-2016 school year, from three administrators to two administrators. The administrative team now consists of an Executive Director and a Principal. In response to the Department of Education Charter School Office's feedback the school has been conducting professional development for teachers in the areas of students centered lessons and data informed instruction. The school continues to revise policies, procedures and practices to promote an academically focused climate and culture. The schools' mission and vision are being considered in the planning for electives in the 2017-2018 school year. This will be in an effort to make the Charter School unique and more competitive in a School Choice environment. Technologies to enhance differentiation are also being reviewed as well as maintaining existing technologies that are effective in the classroom. The Charter School's website was updated and social media is also being implemented being utilized, to inform the community of all that is happening at the Charter School.

4) INTERNAL ACCOUNTING CONTROLS:

Management of the Charter School is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the Charter School are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the Charter School also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the Charter School's management.

4) INTERNAL ACCOUNTING CONTROLS: (Cont'd)

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

5) BUDGETARY CONTROLS:

In addition to internal accounting controls, the Charter School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

6) ACCOUNTING SYSTEM AND REPORTS:

The Charter School's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the Charter School is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of the Charter School's insurance coverage is found on Exhibit J-20.

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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September 18, 2017

9) OTHER INFORMATION:

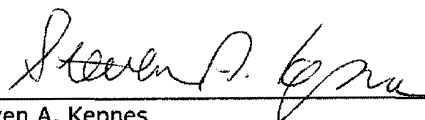
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Trustees at its organization meeting.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of 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 is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

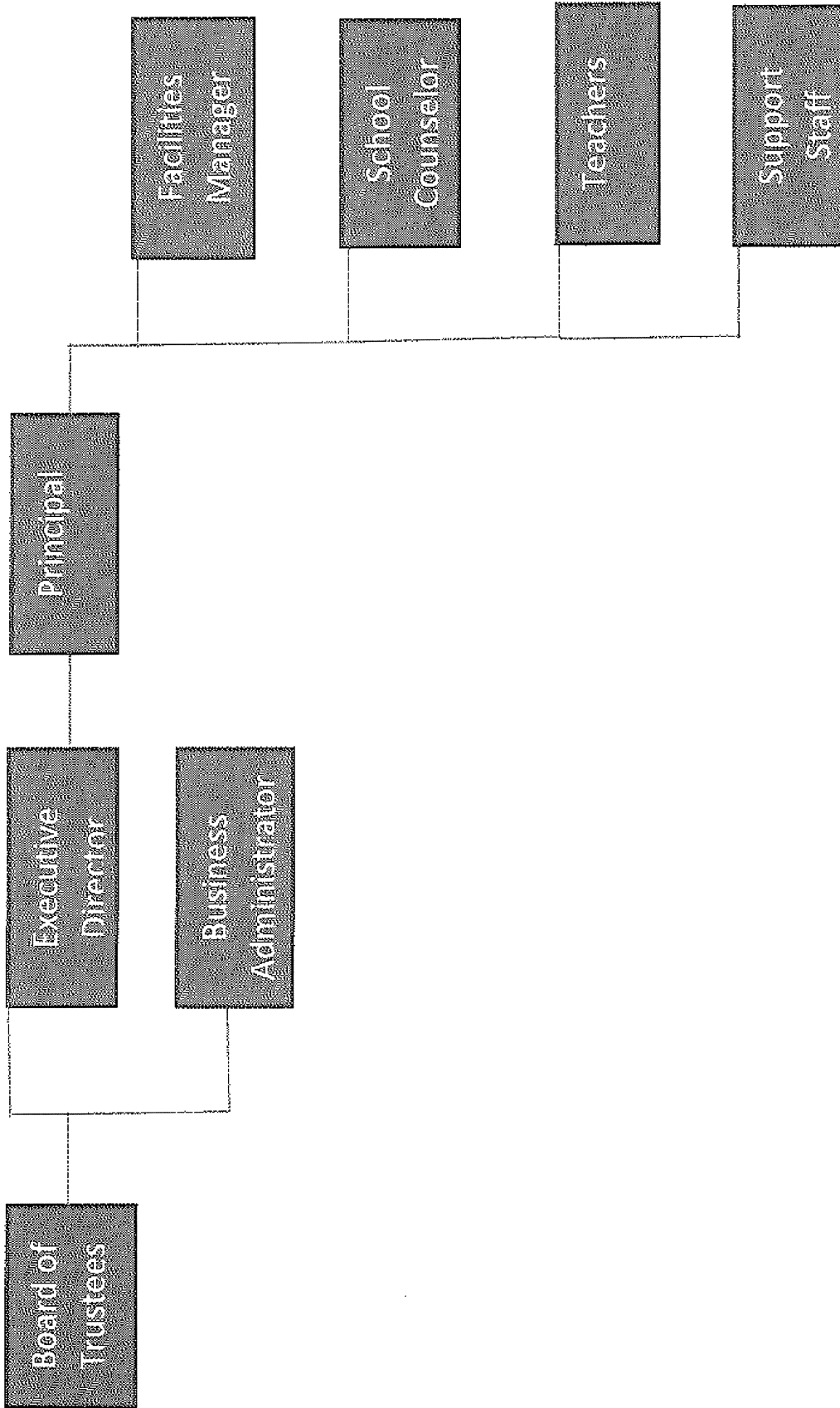
10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Board of Trustees of the Sussex County Charter School for Technology for their concern in providing fiscal accountability to the citizens and participating districts of the Charter School and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.


Executive Director


Steven A. Kepnes
Business Administrator

Sussex County Charter School for Technology Organizational Chart



SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
ROSTER OF OFFICIALS
JUNE 30, 2017

| <u>Members of the Board of Trustees:</u> | <u>Expiration of Term</u> |
|--|-------------------------------|
| Dr. Edwin Selby, President | 2019 |
| Charles Teufert, Vice President | 2019 |
| Jason Apter | 2019 |
| Stephanie DePinto | 2019 |
| Michael Nelms, Esq. | 2018 |
| Mary Rapuano | 2018 |
| Michelle Syre | 2018 |

| <u>Other Officials</u> | <u>Title</u> |
|------------------------|--|
| Noreen Lazariuk | Executive Director |
| Dierdre Mastandrea | Principal |
| Steven Kepnes | Business Administrator/Board Secretary |
| Candace Leatham | Treasurer |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY

Consultants and Advisors

Audit Firm

Nisivoccia LLP

Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ, 07856
and
Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Weiner Lesniak LLP

629 Parsippany Road
PO Box 0483
Parsippany, NJ 07054

Official Depository

PNC Bank

Two Tower Center Boulevard, 21st Floor
East Brunswick, NJ 08816

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology (the "Charter School") in the County of Sussex, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise of the Charter School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology, in the County of Sussex, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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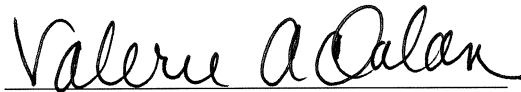
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2017 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Charter School's internal control over financial reporting and compliance.

September 18, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

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

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

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

Financial Highlights

- The Charter School's Net Position was \$757,522 as of June 30, 2017.
- Overall revenue was \$4,614,248 for the current fiscal year.
- Overall expenses were \$5,155,707 for the current fiscal year.
- Mortgage loans to finance the School's facilities were \$4,247,080 as of June 30, 2017.

Overview of the Financial Statements

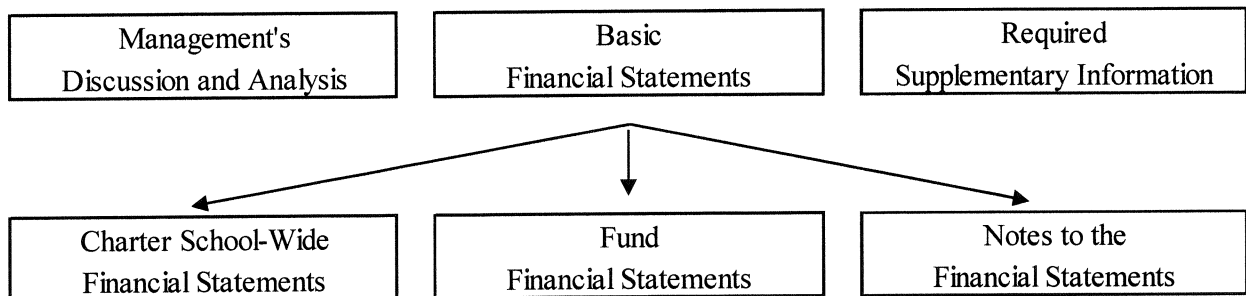
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Charter School:

- The first two statements are *Charter School-wide financial statements* that provide both *short-term* and *long-term* information about the Charter School's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the Charter School, reporting the School's operations in *more* detail than the Charter School-Wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- The *proprietary funds statements* offer short- and long-term financial information about the activities the School operates like a business, such as food services. The Charter School does not report any proprietary funds.
- *Fiduciary funds statements* provide information about the financial relationships in which the Charter School acts solely as a trustee or agent for the benefit of others.

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

Figure A-1

Organization of the Sussex County Charter School for Technology's Financial Report



**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

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

Figure A-2

Major Features of the Charter School-wide and Fund Financial Statements

| | Charter School-Wide Statements | Fund Financial Statements | | |
|--|--|--|---|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire School (except fiduciary funds) | The activities of the School that are not proprietary or fiduciary, such as special education and building maintenance | Activities the School operates similar to private businesses: food services and other similar programs (Not Applicable) | Instances in which the School administers resources on behalf of someone else, such as scholarship programs and student activities |
| Required Financial Statements | <ul style="list-style-type: none"> • 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 and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included | All assets and liabilities, both financial and capital, short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of Inflow/Outflow Information | All revenue and expenses during the year, regardless of when cash is received or paid | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenue and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Charter School-wide Statements

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

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

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

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

- *Governmental activities:* Most of the Charter School's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

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

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

The School has two kinds of funds:

- *Governmental funds:* Most of the Charter School's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Charter School's programs. Because this information does not encompass the additional long-term focus of the Charter School-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Fund Financial Statements

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

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the Charter School-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

Financial Analysis of the School as a Whole

Net Position. The Charter School's *combined* net position was \$757,522 on June 30, 2017, \$541,459 or 41.68% less than it was the year before. (See Figure A-3).

Figure A-3

Condensed Statement of Net Position

| | Governmental Activities | | Percentage |
|----------------------------------|-------------------------|---------------------|-------------------|
| | 2017 | 2016 | Change 2016-17 |
| Current/Other Assets | \$ 584,132 | \$ 706,217 | -17.29% |
| Capital Assets, Net | 5,411,888 | 5,686,395 | -4.83% |
| Total Assets | <u>5,996,020</u> | <u>6,392,612</u> | -6.20% |
| Deferred Outflows of Resources | <u>606,115</u> | <u>334,072</u> | 81.43% |
| Long-term Liabilities | 5,485,819 | 5,218,158 | 5.13% |
| Other Liabilities | <u>316,712</u> | <u>142,326</u> | 122.53% |
| Total Liabilities | <u>5,802,531</u> | <u>5,360,484</u> | 8.25% |
| Deferred Inflows of Resources | <u>42,082</u> | <u>67,219</u> | -37.40% |
| Net Position: | | | |
| Net Investment in Capital Assets | 1,164,808 | 1,312,594 | -11.26% |
| Restricted | 75,521 | 75,503 | 0.02% |
| Unrestricted/(Deficit) | <u>(482,807)</u> | <u>(89,116)</u> | -441.77% |
| Total Net Position | <u>\$ 757,522</u> | <u>\$ 1,298,981</u> | -41.68% |

Changes in Net Position. The Charter School's net position for governmental activities decreased \$541,549 over the course of the year. Net investment in capital assets decreased \$147,786 due to the retirement of \$126,721 of long term liabilities related to capital assets, offset by \$100,690 in current year depreciation, and disposal of assets with carrying value of \$173,817. Restricted net position increased \$18 due to a \$18 interest earnings on the Charter School Escrow. Unrestricted net position decreased by \$393,691 primarily due to a \$393,182 increase in the Net Pension Liability, and also due to expenses exceeding revenues offset by fund balance used to support the 2016-2017 budget.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

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

| | Governmental Activities | | Percentage |
|---|-------------------------|--------------------|-------------------|
| | 2017 | 2016 | Change 2016-17 |
| Revenue: | | | |
| Program Revenue: | | | |
| Operating Grants and Contributions | \$ 524,801 | \$ 460,549 | 13.95% |
| General Revenue: | | | |
| Local Property Taxes - Charter School Aid | 2,413,828 | 2,575,496 | -6.28% |
| Unrestricted Federal and State Aid | 1,669,497 | 1,412,788 | 18.17% |
| Other | 6,122 | 12,760 | -52.02% |
| Total Revenue | <u>4,614,248</u> | <u>4,461,593</u> | 3.42% |
| Expenses: | | | |
| Instruction | 3,276,740 | 2,895,226 | 13.18% |
| Pupil and | | | |
| Instruction Services | 358,024 | 374,436 | -4.38% |
| Administration and Business | 823,628 | 731,867 | 12.54% |
| Maintenance and | | | |
| Operations | 504,490 | 232,252 | 117.22% |
| Transportation | 6,447 | 7,403 | -12.91% |
| Capital Outlay | 3,827 | 24,395 | -84.31% |
| Other | 182,551 | 208,788 | -12.57% |
| Total Expenses | <u>5,155,707</u> | <u>4,474,367</u> | 15.23% |
| Increase/(Decrease) in Net Position | <u>\$ (541,459)</u> | <u>\$ (12,774)</u> | 4138.76% |

Revenue Sources. The Charter School's total revenue for the 2016-2017 school year was \$4,614,248. (See Figure A-5). Charter School Aid (Local and State) accounted for most of the Charter School's revenue (88.49%) (See Figure A-5). Another 11.51% came from state and federal aid for specific programs and the remaining 0.14% came from miscellaneous sources.

**Figure A-5
Sources of Revenue for Fiscal Year 2017 and 2016**

| Sources of Income | 2017 | Percentage | 2016 | Percentage |
|---|---------------------|----------------|---------------------|----------------|
| Local Property Taxes - Charter School Aid | \$ 2,413,828 | 52.31% | \$ 2,575,496 | 57.73% |
| Unrestricted State Aid - Charter School Aid | 1,669,497 | 36.18% | 1,412,788 | 31.67% |
| Federal and State Categorical Grants | 524,801 | 11.37% | 460,549 | 10.32% |
| Other | 6,122 | 0.14% | 12,760 | 0.29% |
| | <u>\$ 4,614,248</u> | <u>100.00%</u> | <u>\$ 4,461,593</u> | <u>100.00%</u> |

Expenses. The total cost of all programs and services was \$5,155,707. The Charter School's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (70.63%). (See Figure A-6). The Charter School's administrative and business expenses accounted for 15.97% of total costs. The remaining 13.40% of expenses were related to maintenance and operations and other (interest on long-term debt and capital outlay).

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

**Figure A-6
Expenses for Fiscal Year 2017 and 2016**

| Expense Category | 2017 | Percentage | 2016 | Percentage |
|--------------------------------|---------------------|----------------|---------------------|----------------|
| Instruction | \$ 3,276,740 | 63.56% | \$ 2,895,226 | 64.71% |
| Pupil and Instruction Services | 358,024 | 6.94% | 374,436 | 8.37% |
| Administration and Business | 823,628 | 15.97% | 731,867 | 16.36% |
| Maintenance and Operations | 504,490 | 9.79% | 232,252 | 5.19% |
| Transportation | 6,447 | 0.13% | 7,403 | 0.17% |
| Other | 186,378 | 3.61% | 233,183 | 5.21% |
| | <u>\$ 5,155,707</u> | <u>100.00%</u> | <u>\$ 4,474,367</u> | <u>100.00%</u> |

Governmental Activities

The financial position of the Charter School decreased significantly over the course of the year. Through careful budgeting, the Charter School has managed to maintain programs. Careful management of expenses remains essential for the Charter School to sustain its financial health.

Figure A-7 presents the cost of six major Charter School activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs):

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

| | Total Cost of Services | | Net Cost of Services | |
|--------------------------------|------------------------|---------------------|----------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Instruction | \$ 3,276,740 | \$ 2,895,226 | \$ 2,751,939 | \$ 2,434,677 |
| Pupil and Instruction Services | 358,024 | 374,436 | 358,024 | 374,436 |
| Administration and Business | 823,628 | 731,867 | 823,628 | 731,867 |
| Maintenance and Operations | 504,490 | 232,252 | 504,490 | 232,252 |
| Transportation | 6,447 | 7,403 | 6,447 | 7,403 |
| Other | 186,378 | 233,183 | 186,378 | 233,183 |
| Total | <u>\$ 5,155,707</u> | <u>\$ 4,474,367</u> | <u>\$ 4,630,906</u> | <u>\$ 4,013,818</u> |

- The cost of all governmental activities this year was \$5,155,707.
- A significant portion (\$2,413,828) of the Charter School's activities was financed through amounts raised by local school district tax levies and transferred to the Charter School in the form of Charter School Aid.
- The federal and state governments subsidized certain programs with \$524,801 in grants and contributions.
- A portion of the governmental activities was financed with \$1,669,497 in State Charter School Aid.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Financial Analysis of the Charter School's Funds

The financial position of the Charter School decreased on a fund basis during the year. This decrease was mostly attributable to the increases in instruction, administration and business, and maintenance and operations related expenditures. Revenue and enrollment remain stable.

General Fund Budgetary Highlights

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

Capital Asset and Long-Term Liabilities Administration

Capital Assets

Capital assets of governmental activities decreased by \$274,507 as a result of current year depreciation of \$100,690 and deletions to capital assets of \$173,817. (More detailed information about the Charter School's capital assets is presented in the Notes to the Basic Financial Statements, Note 4.)

Figure A-8

Capital Assets (Net of Depreciation)

| | Governmental Activities | | Percentage |
|---|-------------------------|---------------------|-------------------|
| | 2017 | 2016 | Change 2016-17 |
| Sites (Land) | \$ 500,000 | \$ 500,000 | 0.00% |
| Buildings and Building Improvements | 4,756,361 | 4,810,820 | -1.13% |
| Machinery and Equipment | 155,527 | 375,575 | -58.59% |
| Total Capital Assets, Net of Depreciation | <u>\$ 5,411,888</u> | <u>\$ 5,686,395</u> | -4.83% |

Long-term Liabilities

At year-end, the Charter School had \$4,247,080 in mortgage loans payable, \$1,195,739 in net pension liability, and \$43,000 in compensated absences – as shown in Figure A-9. (More detailed information about the Charter School's long-term liabilities is presented in the Notes to the Basic Financial Statements, Note 5.)

Figure A-9

Outstanding Long-Term Liabilities

| | Total School District | | Percentage |
|------------------------------|-----------------------|---------------------|-------------------|
| | 2017 | 2016 | Change 2016-17 |
| Mortgage Loans Payable | \$ 4,247,080 | \$ 4,373,801 | -2.90% |
| Compensated Absences Payable | 43,000 | 41,800 | 2.87% |
| Net Pension Liability | 1,195,739 | 802,557 | 48.99% |
| | <u>\$ 5,485,819</u> | <u>\$ 5,218,158</u> | 5.13% |

- The Charter School retired \$126,721 of Mortgage Loans Payable offset by a net increase of \$1,200 of accruals and payments in compensated absences during the fiscal year and a net increase of \$393,182 in net pension liability.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

Factors Bearing on the Charter School's Future

The current enrollment cap of 225 students needs to be maintained to ensure revenue will support current programs.

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

Contacting the Charter School's Financial Management

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

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2017

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 429,666 |
| Interfund Receivable | 1,443 |
| Receivable from State Government | 24,598 |
| Receivable from Federal Government | 11,185 |
| Other Accounts Receivable | 116,737 |
| Restricted Cash and Cash Equivalents - Maintenance Reserve | 503 |
| Capital Assets: | |
| Site (Land) | 500,000 |
| Depreciable Buildings and Building Improvements and Machinery and Equipment, Net | <u>4,911,888</u> |
| Total Assets | <u>5,996,020</u> |
| DEFERRED OUTFLOW OF RESOURCES | |
| Changes in Assumptions - Pensions | 247,693 |
| Changes in Proportion - Pensions | 255,590 |
| Difference Between Expected and Actual Experience - Pensions | 22,237 |
| Net Difference between Projected and Actual Investment Earnings - Pensions | 45,595 |
| District Contribution Subsequent to the Measurement Date - Pensions | <u>35,000</u> |
| Total Deferred Outflow of Resources | <u>606,115</u> |
| LIABILITIES | |
| Accounts Payable | 64,962 |
| Payable to Local Governments | 251,661 |
| Unearned Revenue | 89 |
| Noncurrent Liabilities: | |
| Due Within One Year | 143,589 |
| Due Beyond One Year | <u>5,342,230</u> |
| Total Liabilities | <u>5,802,531</u> |
| DEFERRED INFLOW OF RESOURCES | |
| Changes in Proportion - Pensions | <u>42,082</u> |
| Total Deferred Inflow of Resources | <u>42,082</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 1,164,808 |
| Restricted for: | |
| Other Purposes | 75,521 |
| Unrestricted/(Deficit) | <u>(482,807)</u> |
| Total Net Position | <u>\$ 757,522</u> |

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

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

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenue Operating Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u> |
|---|---------------------|---|---|
| Governmental Activities: | | | |
| Instruction: | | | |
| Regular | \$ 3,100,754 | \$ 457,180 | \$ (2,643,574) |
| Special Education | 52,335 | 52,335 | |
| Other Instruction | 123,651 | 15,286 | (108,365) |
| Support Services: | | | |
| Student & Instruction Related Services | 358,024 | | (358,024) |
| General Administration Services | 465,246 | | (465,246) |
| School Administration Services | 138,599 | | (138,599) |
| Plant Operations and Maintenance | 504,490 | | (504,490) |
| Pupil Transportation | 6,447 | | (6,447) |
| Central Services | 219,783 | | (219,783) |
| Capital Outlay | 3,827 | | (3,827) |
| Interest and Other Charges | 182,551 | | (182,551) |
| Total Governmental Activities | <u>5,155,707</u> | <u>524,801</u> | <u>(4,630,906)</u> |
| Total Primary Government | <u>\$ 5,155,707</u> | <u>\$ 524,801</u> | <u>(4,630,906)</u> |
| General Revenue: | | | |
| Taxes: | | | |
| Local Property Taxes - Charter School Aid | | | 2,413,828 |
| Unrestricted Federal and State Aid | | | 1,669,497 |
| Investment Earnings | | | 246 |
| Miscellaneous Income | | | 5,876 |
| Total General Revenue | | | <u>4,089,447</u> |
| Change in Net Position | | | (541,459) |
| Net Position - Beginning | | | <u>1,298,981</u> |
| Net Position - Ending | | | <u>\$ 757,522</u> |

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

FUND FINANCIAL STATEMENTS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|--------------------------|-------------------------------------|----------------------------------|---|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 429,666 | | | \$ 429,666 |
| Interfund Receivable | 8,655 | | | 8,655 |
| Intergovernmental Receivable: | | | | |
| Local | 27,707 | | | 27,707 |
| Federal | | \$ 11,185 | | 11,185 |
| State | 24,598 | | | 24,598 |
| Other Accounts Receivable | 89,030 | | | 89,030 |
| Restricted Cash and Cash Equivalents - Maintenance Reserve | 503 | | | 503 |
| Total Assets | <u><u>\$ 580,159</u></u> | <u><u>\$ 11,185</u></u> | <u><u>\$ - 0 -</u></u> | <u><u>\$ 591,344</u></u> |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Accounts Payable - Vendors | \$ 26,078 | \$ 3,884 | | \$ 29,962 |
| Intergovernmental Payable - Local | 251,661 | | | 251,661 |
| Interfund Payable | | 7,212 | | 7,212 |
| Unearned Revenue | | 89 | | 89 |
| Total Liabilities | <u>277,739</u> | <u>11,185</u> | | <u>288,924</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Maintenance Reserve | 503 | | | 503 |
| Charter School Escrow | 75,018 | | | 75,018 |
| Unassigned | 226,899 | | | 226,899 |
| Total Fund Balances | <u>302,420</u> | | | <u>302,420</u> |
| Total Liabilities and Fund Balances | <u><u>\$ 580,159</u></u> | <u><u>\$ 11,185</u></u> | <u><u>\$ - 0 -</u></u> | <u><u>\$ 591,344</u></u> |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

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

| | |
|--|-------------|
| Total Fund Balances - Governmental Funds | \$ 302,420 |
| Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$5,934,982 and the accumulated depreciation is \$523,094. | 5,411,888 |
| Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds. | (4,290,080) |
| The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds. | (1,195,739) |
| 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: | |
| Changes in Assumptions - Pensions | 247,693 |
| Changes in Proportion - Pensions | 255,590 |
| Difference Between Expected and Actual Experience- Pensions | 22,237 |
| Net Difference between Projected and Actual Investment Earnings - Pensions | 45,595 |
| Deferred Inflows | |
| Changes in Proportions - Pensions | (42,082) |
| Net Position of Governmental Activities | \$ 757,522 |

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

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

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|--|-----------------|----------------------------|-------------------------|--------------------------------|
| REVENUE: | | | | |
| Local Sources: | | | | |
| Charter School Aid | \$ 2,413,828 | | | \$ 2,413,828 |
| Interest | 246 | | | 246 |
| Interest - Maintenance Reserve | | | | |
| Miscellaneous | 5,876 | | | 5,876 |
| Total - Local Sources | 2,419,950 | | | 2,419,950 |
| State Sources | 1,419,218 | | | 1,419,218 |
| Federal Sources | | \$ 105,828 | | 105,828 |
| Total Revenue | 3,839,168 | 105,828 | | 3,944,996 |
| EXPENDITURES: | | | | |
| Instruction: | | | | |
| Regular Instruction | 1,524,292 | 53,493 | | 1,577,785 |
| Special Education Instruction | | 52,335 | | 52,335 |
| Other Instruction | 68,044 | | | 68,044 |
| Support Services and Undistributed Costs: | | | | |
| Student & Instruction Related Services | 259,844 | | | 259,844 |
| General Administration Services | 289,695 | | | 289,695 |
| School Administration Services | 91,008 | | | 91,008 |
| Central Services | 101,633 | | | 101,633 |
| Administrative Information Technology | 74,412 | | | 74,412 |
| Plant Operations and Maintenance | 289,045 | | | 289,045 |
| Pupil Transportation | 6,447 | | | 6,447 |
| Unallocated Benefits | 1,083,120 | | | 1,083,120 |
| Capital Outlay | 3,827 | | | 3,827 |
| Debt Service: | | | | |
| Principal | | | \$ 126,721 | 126,721 |
| Interest and Other Charges | | | 182,551 | 182,551 |
| Total Expenditures | 3,791,367 | 105,828 | 309,272 | 4,206,467 |
| Excess/(Deficiency) of Revenue over/(under) Expenditures | 47,801 | | (309,272) | (261,471) |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers | (309,272) | | 309,272 | |
| Net Change in Fund Balances | (261,471) | | | (261,471) |
| Fund Balance—July 1 | 563,891 | | | 563,891 |
| Fund Balance—June 30 | \$ 302,420 | \$ - 0 - | \$ - 0 - | \$ 302,420 |

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (261,471)

Amounts Reported for *Governmental Activities* in the *Statement of Activities* (Exhibit A-2) are Different Because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the *Statement of Activities*, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deletions in the current period.

| | | |
|--|------------------|-----------|
| Disposal of Assets with Carrying Value | \$ (173,817) | |
| Depreciation Expense | <u>(100,690)</u> | (274,507) |

Repayment of Mortgage Loans 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*. 126,721

In the *Statement of Activities*, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (1,200)

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 | (393,182) |
| Deferred Outflows: | |
| Changes in Assumptions | 161,505 |
| Changes in Proportion | 26,852 |
| Difference Between Expected and Actual Experience | 3,091 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 45,595 |
| Deferred Inflows: | |
| Changes in Proportion | 12,233 |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | <u>12,904</u> |

Change in Net Position (from Exhibit A-2) \$ (541,459)

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

| | Agency | Unemployment Compensation Trust |
|-------------------------------------|-----------|---------------------------------------|
| <u>ASSETS:</u> | | |
| Cash and Cash Equivalents | \$ 45,426 | \$ 23,740 |
| Total Assets | 45,426 | 23,740 |
| <u>LIABILITIES:</u> | | |
| Interfund Payable | 1,443 | |
| Payroll Deductions and Withholdings | 33,189 | |
| Due to Student Groups | 10,794 | |
| Total Liabilities | 45,426 | - 0 - |
| <u>NET POSITION:</u> | | |
| Restricted for Unemployment Claims | | 23,740 |
| Total Net Position | \$ - 0 - | \$ 23,740 |

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Unemployment Compensation Trust</u> |
|--|--|
| Additions: | |
| Contributions: | |
| Employee | <u>\$ 44,559</u> |
| Total Contributions | <u>44,559</u> |
| Investment Earnings: | |
| Interest | <u>13</u> |
| Net Investment Earnings | <u>13</u> |
| Total Additions | <u>44,572</u> |
| Deductions: | |
| State of New Jersey Unemployment Agency Payments | <u>65,955</u> |
| Total Deductions | <u>65,955</u> |
| Change in Net Position | (21,383) |
| Net Position—Beginning of the Year | <u>45,123</u> |
| Net Position—End of the Year | <u><u>\$ 23,740</u></u> |

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of volunteer officials and is responsible for the fiscal control of the Charter School. An Executive Director is appointed by the Board and is responsible for the administrative control of the Charter School.

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. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

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

The Statement of Activities presents a comparison between direct expenses and program revenue for each function of the Charter School's Governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

Charter School-Wide Financial Statements: (Cont'd)

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the Charter School.

Fund Financial Statements:

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

The Charter School reports the following Governmental Funds:

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

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

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

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

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

Additionally, the Charter School reports the following fund type:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by school board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

| | General Fund | Special Revenue Fund |
|--|-----------------|----------------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 3,839,168 | \$ 104,314 |
| Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not: | | |
| Prior Year Encumbrances | | 1,514 |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | \$ 3,839,168 | \$ 105,828 |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 3,791,367 | \$ 104,314 |
| 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: | | |
| Prior Year Encumbrances | | 1,514 |
| Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds | \$ 3,791,367 | \$ 105,828 |

E. Cash and Cash Equivalents and Investments:

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

The Charter School 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 Charter School 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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: (Cont'd)

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

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

F. Interfund Transactions:

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the Charter School has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses which benefit future periods, are recorded as expenditures during the year of purchase.

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

(Continued)

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

K. Capital Assets:

During the Charter School's initial year of operation, a formal system of accounting for its capital assets was established. Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The Charter School does not possess any infrastructure. The Charter School has reviewed capital assets for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the Charter School-Wide statements are as follows:

| | Estimated Useful Life |
|-------------------------------------|-----------------------|
| Buildings and Building Improvements | 50 years |
| Machinery and Equipment | 10 to 15 years |

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

L. Long Term Liabilities:

In the Charter School-Wide Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities in governmental activities. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

M. Accrued Salaries and Wages:

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

N. Compensated Absences:

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

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

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

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

N. Compensated Absences: (Cont'd)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$302,420 General Fund balance at June 30, 2017, \$503 is restricted for a maintenance reserve, \$75,018 is restricted for Charter School Escrow, and \$226,899 is unassigned.

Q. Deficit in Net Position:

The Charter School had a deficit in the governmental activities unrestricted net position at June 30, 2017 of \$482,807 which is due to General Fund unassigned fund balance of \$226,899, \$247,693 of changes in pension assumptions, \$255,590 of changes in pension proportion, \$22,237 in pensions for the difference between expected and actual pension experience, and \$45,595 of net investment gains in pensions; offset by offset by changes in deferred inflows of pension proportion of \$42,082, the balance of \$43,000 for compensated absences, and net pension liability of \$1,195,739. This deficit does not indicate the Charter School is in financial difficulties and is a permitted practice under generally accepted accounting principles.

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 Charter School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the Charter School that is applicable to a future reporting period. The Charter School had deferred outflows of resources at June 30, 2017 for changes in assumptions in pensions, changes in proportions – pensions, the net difference between projected and actual investment earnings on pension plan investments, and the difference between expected and actual experience in pensions.

The Charter School had deferred inflows of resources at June 30, 2017 for the changes in proportion – pension.

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

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

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 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 Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has funds restricted at June 30, 2017 for Maintenance Reserve and Charter School Escrow.

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

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2017.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has no assigned resources at June 30, 2017.

T. Revenue - Exchange and Non-exchange Transactions:

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 Non-exchange Transactions: (Cont'd)

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

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

U. Management Estimates:

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

V. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Charter School classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 Charter School in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

Credit Risk - The Charter School limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk – The Charter School's policy with respect to custodial credit risk requires that the Charter School ensures that Charter School funds are only deposited in financial institutions in which NJ 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 Charter School to purchase the following types of securities:

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

- (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 of the Charter School consisted of the following:

| | Cash and Cash Equivalents | Restricted Cash and Cash <u>Equivalents</u> Maintenance Reserve | Total Cash and Cash <u>Equivalents</u> |
|-----------------------------|---------------------------------|--|--|
| Checking & Savings Accounts | <u>\$ 498,832</u> | <u>\$ 503</u> | <u>\$ 499,335</u> |

During the period ended June 30, 2017, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2017, was \$499,335 and the bank balance was \$549,251.

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

NOTE 4. CAPITAL ASSETS

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

| | <u>Balance</u> <u>June 30, 2016</u> | <u>Increases</u> | <u>Decreases/ Adjustments</u> | <u>Balance</u> <u>June 30, 2017</u> |
|--|--|---------------------|-----------------------------------|--|
| Governmental Activities: | | | | |
| Capital Assets not being Depreciated: | | | | |
| Sites (Land) | \$ 500,000 | | | \$ 500,000 |
| Total Capital Assets not Being Depreciated | <u>500,000</u> | | | <u>500,000</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Building Improvements | 5,184,656 | | | 5,184,656 |
| Machinery and Equipment | <u>531,224</u> | | \$ (280,898) | <u>250,326</u> |
| Total Capital Assets Being Depreciated | <u>5,715,880</u> | | <u>(280,898)</u> | <u>5,434,982</u> |
| Governmental Activities Capital Assets | <u>6,215,880</u> | | <u>(280,898)</u> | <u>5,934,982</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Building Improvements | (373,836) | \$ (54,459) | | (428,295) |
| Machinery and Equipment | <u>(155,649)</u> | <u>(46,231)</u> | 107,081 | <u>(94,799)</u> |
| Total Accumulated Depreciation | <u>(529,485)</u> | <u>(100,690)</u> | <u>107,081</u> | <u>(523,094)</u> |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 5,686,395</u> | <u>\$ (100,690)</u> | <u>\$ (173,817)</u> | <u>\$ 5,411,888</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|---------------------------------|-------------------|
| Regular Instruction | \$ 77,976 |
| General Administration Services | <u>22,714</u> |
| | <u>\$ 100,690</u> |

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the Charter School-Wide financial statements:

| | <u>Balance</u> <u>June 30, 2016</u> | <u>Accrued</u> | <u>Retired</u> | <u>Balance</u> <u>June 30, 2017</u> |
|------------------------------|--|-------------------|-------------------|--|
| Mortgage Loans Payable | \$ 4,373,801 | | \$ 126,721 | \$ 4,247,080 |
| Compensated Absences Payable | 41,800 | \$ 5,750 | 4,550 | 43,000 |
| Net Pension Liability | <u>802,557</u> | <u>393,182</u> | | <u>1,195,739</u> |
| | <u>\$ 5,218,158</u> | <u>\$ 398,932</u> | <u>\$ 131,271</u> | <u>\$ 5,485,819</u> |

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

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

A. Mortgage Loans Payable:

On December 27, 2010, the Charter School obtained mortgage loans totaling \$4,247,080 for the acquisition of land and buildings for the School's new facilities. These loans will be liquidated through the General Fund (but are reflected for reporting purposes through the Debt Service Fund).

The details of the mortgage loans payable outstanding as of June 30, 2017 are as follows:

\$3,000,000 Sussex Bank Loan

| <u>Due Date</u> | <u>Interest Rate</u> | <u>Principal Amount</u> |
|-----------------|----------------------|-------------------------|
| 6/30/2018 | 3.86% | \$ 99,484 |
| 6/30/2019 | 3.86% | 103,201 |
| 6/30/2020 | 3.86% | 103,705 |
| 6/30/2021 | 3.86% | 107,560 |
| 6/30/2022 | 3.86% | 111,846 |
| 6/30/2023 | 3.86% | 116,302 |
| 6/30/2024 | 3.86% | 120,738 |
| 6/30/2025 | 3.86% | 125,748 |
| 6/30/2026 | 3.86% | 130,758 |
| 6/30/2027 | 3.86% | 135,968 |
| 6/30/2028 | 3.86% | 141,245 |
| 6/30/2029 | 3.86% | 147,014 |
| 6/30/2030 | 3.86% | 152,872 |
| 6/30/2031 | 3.86% | 158,963 |
| 6/30/2032 | 3.86% | 165,223 |
| 6/30/2033 | 3.86% | 171,881 |
| 6/30/2034 | 3.86% | 178,729 |
| 6/30/2035 | 3.86% | 185,851 |
| 6/30/2036 | 3.86% | 148,607 |
| | | <u>\$ 2,605,695</u> |

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

(Continued)

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

A. Mortgage Loans Payable: (Cont'd)

\$1,870,000 USDA Loan

| <u>Due Date</u> | <u>Interest Rate</u> | <u>Principal Amount</u> |
|-----------------|--------------------------|-----------------------------|
| 6/30/2018 | 3.75% | \$ 44,105 |
| 6/30/2019 | 3.75% | 45,788 |
| 6/30/2020 | 3.75% | 47,380 |
| 6/30/2021 | 3.75% | 49,342 |
| 6/30/2022 | 3.75% | 51,225 |
| 6/30/2023 | 3.75% | 53,180 |
| 6/30/2024 | 3.75% | 55,074 |
| 6/30/2025 | 3.75% | 57,309 |
| 6/30/2026 | 3.75% | 59,496 |
| 6/30/2027 | 3.75% | 61,765 |
| 6/30/2028 | 3.75% | 64,013 |
| 6/30/2029 | 3.75% | 66,564 |
| 6/30/2030 | 3.75% | 69,104 |
| 6/30/2031 | 3.75% | 71,740 |
| 6/30/2032 | 3.75% | 74,397 |
| 6/30/2033 | 3.75% | 77,315 |
| 6/30/2034 | 3.75% | 80,265 |
| 6/30/2035 | 3.75% | 83,327 |
| 6/30/2036 | 3.75% | 86,460 |
| 6/30/2037 | 3.75% | 89,804 |
| 6/30/2038 | 3.75% | 93,231 |
| 6/30/2039 | 3.75% | 96,788 |
| 6/30/2040 | 3.75% | 100,473 |
| 6/30/2041 | 3.75% | 63,240 |
| | | <u>\$ 1,641,385</u> |

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

(Continued)

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

A. Mortgage Loans Payable: (Cont'd)

Principal and interest on the mortgage loans is as follows:

| <u>Due Date</u> | <u>Loan Principal</u> | <u>Loan Interest</u> | <u>Total</u> |
|-----------------|---------------------------|--------------------------|---------------------|
| 6/30/2018 | \$ 143,589 | \$ 154,100 | \$ 297,689 |
| 6/30/2019 | 148,989 | 148,700 | 297,689 |
| 6/30/2020 | 151,085 | 146,604 | 297,689 |
| 6/30/2021 | 156,902 | 140,787 | 297,689 |
| 6/30/2022 | 163,071 | 134,618 | 297,689 |
| 6/30/23-6/30/27 | 916,338 | 572,106 | 1,488,444 |
| 6/30/28-6/30/32 | 1,111,135 | 377,309 | 1,488,444 |
| 6/30/33-6/30/37 | 1,102,239 | 148,783 | 1,251,022 |
| 6/30/38-6/30/41 | 353,732 | 31,594 | 385,326 |
| | <u>\$ 4,247,080</u> | <u>\$ 1,854,600</u> | <u>\$ 6,101,680</u> |

B. Compensated Absences:

The Charter School's compensated absences payable of its Governmental activities will be liquidated through the General Fund. There is no current portion payable; therefore, the entire balance of \$43,000 as of June 30, 2017 is included in the long-term portion of long-term liabilities.

C. 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 \$1,195,739. See Note 7 for further information on the PERS.

NOTE 6. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. 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 receiving 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.

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.

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

(Continued)

NOTE 6. POST-RETIREMENT BENEFITS (Cont'd)

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/financial2015combined.pdf>.

The State's on behalf Post Retirement Medical Contributions to TPAF for the Charter School were \$140,205, \$112,651, and \$123,029 for 2017, 2016, and 2015, respectively.

NOTE 7. PENSION PLANS

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

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 member 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 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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

The contribution policy for PERS is set by N.J.S.A. 43:15A 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. Charter School contributions to PERS amounted to \$36,680 for 2016.

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 Charter School's liability was \$1,195,739 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 Charter School's proportion of the net pension liability was based on a projection of the Charter School'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 Charter School's proportion was 0.004%, which was an increase of 0.0005% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Charter School recognized actual pension expense in the amount of \$166,869. At June 30, 2017, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

| | Year of Deferral | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | 2014 | 6.44 | \$ 15,030 | |
| | 2015 | 5.72 | 61,418 | |
| | 2016 | 5.57 | 171,245 | |
| | | | <u>247,693</u> | |
| Difference Between Expected and Actual Experience | 2015 | 5.72 | 17,040 | |
| | 2016 | 5.57 | 5,197 | |
| | | | <u>22,237</u> | |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2014 | 5.00 | (22,523) | |
| | 2015 | 5.00 | 14,410 | |
| | 2016 | 5.00 | 53,708 | |
| | | | <u>45,595</u> | |
| Changes in Proportion | 2014 | 6.44 | | \$ (42,082) |
| | 2015 | 5.72 | 180,277 | |
| | 2016 | 5.57 | 75,313 | |
| | | | <u>255,590</u> | <u>(42,082)</u> |
| District Contribution Subsequent to the Measurement Date | 2016 | 1.00 | <u>35,000</u> | |
| | | | <u>\$ 606,115</u> | <u>\$ (42,082)</u> |

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

| <u>Fiscal Year</u> <u>Ending June 30,</u> | <u>Total</u> |
|--|-------------------|
| 2017 | \$ 71,037 |
| 2018 | 71,037 |
| 2019 | 82,300 |
| 2020 | 69,145 |
| 2021 | <u>22,006</u> |
| | <u>\$ 315,525</u> |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

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.

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:

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 (Cont'd)

| <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 contribution rate in the most recent fiscal year. 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. 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 Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Charter School'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 Charter School'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:

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

Sensitivity of the Charter School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

| | June 30, 2016 | | |
|---|------------------------------|--|------------------------------|
| | At 1% Decrease (2.98%) | At Current Discount Rate (3.98%) | At 1% Increase (4.98%) |
| Charter School's proportionate share of the Net Pension Liability | \$ 1,465,239 | \$ 1,195,739 | \$ 973,244 |

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/annrprts.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. 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 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

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 members 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 Charter School. This note discloses the portion of the Charter School's total proportionate share of the net pension liability that is associated with the Charter School. During the fiscal year ended 2017, the State of New Jersey contributed \$162,385 to the TPAF for normal pension benefits on behalf of the Charter School, which is less than the contractually required contribution of \$831,637.

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 CHARTER SCHOOL FOR TECHNOLOGY
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 Charter School was \$11,068,399. 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 Charter School's proportion of the net pension liability was based on a projection of the Charter School'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 Charter School's proportion was 0.014%, which was a decrease of 0.003% 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 Charter School | <u>11,068,399</u> |
| Total | <u>\$ 11,068,399</u> |

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the Charter School in the amount of \$831,637 and the Charter School 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 (excluding employer specific amounts) 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 | |
| | | | <u>15,702,750,875</u> | |
| Difference Between Expected and Actual Experience | 2014 | 8.5 | | \$ 16,110,615 |
| | 2015 | 8.3 | 277,221,464 | |
| | 2016 | 8.3 | | 118,421,979 |
| | | | <u>277,221,464</u> | <u>134,532,594</u> |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | 2014 | 5 | (870,618,286) | |
| | 2015 | 5 | 577,926,182 | |
| | 2016 | 5 | 1,727,420,767 | |
| | | | <u>1,434,728,663</u> | |
| | | <u>\$ 17,414,701,002</u> | <u>\$ 134,532,594</u> | |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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, 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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

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 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 Market Equities | 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 CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

The following presents the State's proportionate share of the net pension liability associated with the Charter School 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%) |
| State's Proportionate Share of the Net Pension Liability Associated with the Charter School | \$ 13,218,142 | \$ 11,068,399 | \$ 9,312,856 |

Pension Plan Fiduciary Net Position

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

NOTE 8. DEFERRED COMPENSATION

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

NOTE 9. ECONOMIC DEPENDENCY

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

NOTE 10. RISK MANAGEMENT

The Charter School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters.

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

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

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance

The Charter School is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation coverage for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

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

Summarized financial information for the Group as of June 30, 2017 was not available at the time of audit. Selected, summarized financial information for the Group as of June 30, 2016 is as follows:

| | New Jersey Schools Insurance Group (NJSIG) |
|------------------------|---|
| | |
| Total Assets | \$ 311,014,416 |
| Net Position | \$ 68,222,364 |
| Total Revenue | \$ 124,872,219 |
| Total Expenses | \$ 113,965,181 |
| Change in Net Position | \$ 10,907,038 |
| Member Dividends | \$ -0- |

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

New Jersey Schools Insurance Group
6000 Midlantic Drive
Mount Laurel, NJ 08054
Phone: (609) 386-6060
Fax: (609) 386-8877

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

NOTE 10. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

| <u>Fiscal Year</u> | <u>Employer/ Employee Contributions</u> | <u>Interest</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|---|-----------------|------------------------------|---------------------------|
| 2016-2017 | \$ 44,559 | \$ 13 | \$ 65,955 | \$ 23,740 |
| 2015-2016 | 4,291 | 27 | 19,269 | 45,123 |
| 2014-2016 | 3,728 | 24 | 1,864 | 60,074 |

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2017.

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------|---------------------------------|------------------------------|
| General Fund | \$ 8,655 | |
| Special Revenue Fund | | \$ 7,212 |
| Fiduciary Funds | | 1,443 |
| | <u>\$ 8,655</u> | <u>\$ 8,655</u> |

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

NOTE 12. MAINTENANCE RESERVE ACCOUNT

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

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

NOTE 12. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by Board resolution to meet the required maintenance of the Charter School by transferring unassigned General Fund balance or by transferring excess unassigned General Fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the Maintenance Reserve Account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the Maintenance Reserve Account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that Maintenance Reserve Account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of Maintenance Reserve Account funds withdrawn, shall be restored to the Maintenance Reserve Account at year-end.

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

The Maintenance Reserve Account is maintained in the General Fund, and its activity is included in the General Fund annual budget. The activity of the Maintenance Reserve Account for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

| | | |
|-----------------------------------|----|-----|
| Beginning Balance at July 1, 2016 | \$ | 503 |
| Ending Balance at June 30, 2017 | \$ | 503 |

NOTE 13. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

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

NOTE 14. ACCOUNTS PAYABLE

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

| | <u>Governmental Funds</u> | | Total Governmental Funds | District Contribution Subsequent to the Measurement Date | Total Governmental Activities |
|---------------------|---------------------------|----------------------------|--------------------------------|---|-------------------------------------|
| | General Fund | Special Revenue Fund | | | |
| Vendors | \$ 26,078 | | \$ 26,078 | | \$ 26,078 |
| State of New Jersey | | \$ 3,884 | 3,884 | \$ 35,000 | 38,884 |
| | <u>\$ 26,078</u> | <u>\$ 3,884</u> | <u>\$ 29,962</u> | <u>\$ 35,000</u> | <u>\$ 64,962</u> |

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHARTER SCHOOL'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 |
| Charter School's proportion of the net pension liability | 0.0021351659% | 0.0035751847% | 0.0040373229% |
| Charter School's proportionate share of the net pension liability | \$ 399,761 | \$ 802,557 | \$ 1,195,739 |
| Charter School's covered employee payroll | \$ 274,663 | \$ 279,858 | \$ 218,164 |
| Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll | 145.55% | 286.77% | 548.09% |
| 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 CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | |
|--|-----------------------------|-----------------|-----------------|
| | 2015 | 2016 | 2017 |
| Contractually required contribution | \$ 17,602 | \$ 30,737 | \$ 36,680 |
| Contributions in relation to the contractually required contribution | <u>(17,602)</u> | <u>(30,737)</u> | <u>(36,680)</u> |
| Contribution deficiency/(excess) | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |
| Charter School's covered employee payroll | \$ 218,376 | \$ 274,663 | \$ 279,858 |
| Contributions as a percentage of covered employee payroll | 8.06% | 11.19% | 13.11% |

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ASSOCIATED WITH THE CHARTER SCHOOL
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 Charter School | 0.0124497203% | 0.0143347676% | 0.0140700521% |
| State's proportionate share of the net pension liability attributable to the Charter School | \$ 6,653,970 | \$ 9,060,185 | \$ 11,068,399 |
| Charter School's covered employee payroll | \$ 1,794,800 | \$ 1,527,396 | \$ 1,553,349 |
| State's proportionate share of the net pension liability attributable to the Charter School as a percentage of its covered employee payroll | 370.74% | 593.18% | 712.55% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% | 22.23% |

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

TOWN OF NEWTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
ASSOCIATED WITH THE CHARTER SCHOOL
TEACHERS' PENSION AND ANNUITY FUND
LAST THREE FISCAL YEARS
UNAUDITED

| | Fiscal Year Ending June 30, | | |
|--|-----------------------------|-------------------|-------------------|
| | 2015 | 2016 | 2017 |
| Contractually required contribution | \$ 358,046 | \$ 553,205 | \$ 831,637 |
| Contributions in relation to the contractually required contribution | <u>(77,499)</u> | <u>(112,651)</u> | <u>(162,385)</u> |
| Contribution deficiency/(excess) | <u>\$ 280,547</u> | <u>\$ 440,554</u> | <u>\$ 669,252</u> |
| Charter School's covered employee payroll | \$ 1,794,800 | \$ 1,527,396 | \$ 1,553,349 |
| Contributions as a percentage of covered employee payroll | 4.32% | 7.38% | 10.45% |

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 CHARTER SCHOOL FOR TECHNOLOGY
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 CHARTER SCHOOL FOR TECHNOLOGY
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: | | | | | |
| Local Tax Levy | \$ 2,697,635 | \$ (265,581) | \$ 2,432,054 | \$ 2,413,828 | \$ (18,226) |
| Interest Earned | | | | 246 | 246 |
| Unrestricted Miscellaneous | | | | 5,876 | 5,876 |
| Total - Local Sources | 2,697,635 | (265,581) | 2,432,054 | 2,419,950 | (12,104) |
| State Sources: | | | | | |
| Special Education Aid - Charter School Aid | 162,090 | 16,538 | 178,628 | 165,409 | (13,219) |
| Security Aid | 26,859 | (12,007) | 14,852 | 18,745 | 3,893 |
| Local Levy - Charter School Aid - State Share | 843,262 | (62,498) | 780,764 | 816,091 | 35,327 |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted) | | | | 140,205 | 140,205 |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 162,385 | 162,385 |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 5,884 | 5,884 |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) | | | | 621 | 621 |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 109,878 | 109,878 |
| Total State Sources | 1,032,211 | (57,967) | 974,244 | 1,419,218 | 444,974 |
| TOTAL REVENUES | 3,729,846 | (323,548) | 3,406,298 | 3,839,168 | 432,870 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 6-8 - Salaries of Teachers | \$ 1,357,479 | \$ (23,750) | \$ 1,333,729 | \$ 1,330,937 | \$ 2,792 |
| Other Salaries for Instruction | 95,013 | 8,010 | 103,023 | 102,932 | 91 |
| General Supplies | 28,000 | 6,790 | 34,790 | 34,104 | 686 |
| Textbooks | 17,000 | (3,370) | 13,630 | 12,490 | 1,140 |
| Regular Programs - Home Instruction: | | | | | |
| Salaries of Teachers | 3,000 | 5,710 | 8,710 | 8,680 | 30 |
| Purchased Professional/Educational Services | 1,000 | 1,450 | 2,450 | 2,412 | 38 |
| Regular Programs - Undistributed Instruction: | | | | | |
| Purchased Professional/Educational Services | 22,800 | | 22,800 | 22,800 | |
| General Supplies | 30,000 | (19,920) | 10,080 | 9,937 | 143 |
| Total Regular Programs - Instruction | 1,554,292 | (25,080) | 1,529,212 | 1,524,292 | 4,920 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 | | | | | |
| Vocational Programs - Local: | | | | | |
| General Supplies | \$ 9,325 | \$ 870 | \$ 10,195 | \$ 10,195 | |
| Total Vocational Programs - Local | 9,325 | 870 | 10,195 | 10,195 | |
| School-Sponsored Co-curricular Activities - Instruction: | | | | | |
| Salaries | 29,600 | 6,450 | 36,050 | 31,360 | \$ 4,690 |
| Other Objects | 2,000 | | 2,000 | 2,000 | |
| Total School-Sponsored Co-curricular Activities - Instruction | 31,600 | 6,450 | 38,050 | 33,360 | 4,690 |
| School-Sponsored Co-curricular Athletics - Instruction: | | | | | |
| Salaries | 6,400 | 3,900 | 10,300 | 10,300 | |
| Supplies and Materials | 400 | (400) | | | |
| Other Objects | 750 | 500 | 1,250 | 1,225 | 25 |
| Total School-Sponsored Co-curricular Athletics - Instruction | 7,550 | 4,000 | 11,550 | 11,525 | 25 |
| Other Instructional Programs - Summer School: | | | | | |
| Salaries | 12,500 | 600 | 13,100 | 12,964 | 136 |
| Total Other Instructional Programs - Summer School | 12,500 | 600 | 13,100 | 12,964 | 136 |
| Total Instruction | 1,615,267 | (13,160) | 1,602,107 | 1,592,336 | 9,771 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 Expenditures: | | | | | |
| Health Services: | | | | | |
| Salaries | \$ 55,380 | | \$ 55,380 | \$ 54,588 | \$ 792 |
| Purchased Professional/Technical Services | 500 | | 500 | 500 | |
| Supplies and Materials | 1,200 | \$ 150 | 1,350 | 1,334 | 16 |
| Total Health Services | 57,080 | 150 | 57,230 | 56,422 | 808 |
| Guidance: | | | | | |
| Salaries of Other Professional Staff | 60,858 | (100) | 60,758 | 60,743 | 15 |
| Supplies and Materials | 400 | 50 | 450 | 446 | 4 |
| Total Guidance | 61,258 | (50) | 61,208 | 61,189 | 19 |
| Child Study Teams: | | | | | |
| Salaries of Other Professional Staff | 66,300 | | 66,300 | 66,059 | 241 |
| Other Purchased Professional/Technical Services | | 4,000 | 4,000 | 3,980 | 20 |
| Supplies and Materials | 4,000 | (400) | 3,600 | 3,579 | 21 |
| Other Objects | 100 | | 100 | 100 | |
| Total Child Study Teams | 70,400 | 3,600 | 74,000 | 73,718 | 282 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 | | | | | |
| Improvement of Instructional Services: | | | | | |
| Salaries of Other Professional Staff | \$ 5,000 | | \$ 5,000 | \$ 2,396 | \$ 2,604 |
| Other Purchased Professional/Educational Services | 19,000 | \$ 5,000 | 24,000 | 23,993 | 7 |
| Total Improvement of Instructional Services | 24,000 | 5,000 | 29,000 | 26,389 | 2,611 |
| Instructional Staff Training Services: | | | | | |
| Purchased Professional/Technical Services | 30,000 | 11,910 | 41,910 | 41,902 | 8 |
| Other Purchased Services | 1,000 | (750) | 250 | 224 | 26 |
| Total Instructional Staff Training Services | 31,000 | 11,160 | 42,160 | 42,126 | 34 |
| Support Services - General Administration: | | | | | |
| Salaries | 222,081 | | 222,081 | 222,081 | |
| Legal Services | 10,000 | (2,250) | 7,750 | 7,736 | 14 |
| Audit Fees | 17,000 | (1,500) | 15,500 | 15,500 | |
| Other Purchased Professional Services | 2,000 | 5,100 | 7,100 | 7,055 | 45 |
| Other Purchased Services (400-500 series) | 33,018 | 200 | 33,218 | 30,558 | 2,660 |
| Miscellaneous Expenditures | 5,000 | (3,000) | 2,000 | 895 | 1,105 |
| BOE Membership Dues and Fees | 5,900 | | 5,900 | 5,870 | 30 |
| Total Support Services - General Administration | 294,999 | (1,450) | 293,549 | 289,695 | 3,854 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 | | | | | |
| Support Services - School Administration: | | | | | |
| Salaries of Secretarial and Clerical Assistants | \$ 76,904 | \$ 9,950 | \$ 86,854 | \$ 86,842 | \$ 12 |
| Other Purchased Services (400-500 series) | 1,000 | | 1,000 | 995 | 5 |
| Supplies and Materials | 2,000 | | 2,000 | 1,996 | 4 |
| Other Objects | 1,200 | | 1,200 | 1,175 | 25 |
| Total Support Services - School Administration | 81,104 | 9,950 | 91,054 | 91,008 | 46 |
| Central Services: | | | | | |
| Salaries | 81,877 | | 81,877 | 81,877 | |
| Purchased Technical Services | 14,850 | 1,900 | 16,750 | 16,747 | 3 |
| Supplies and Materials | 2,000 | 50 | 2,050 | 2,011 | 39 |
| Miscellaneous Expenditures | 800 | 200 | 1,000 | 998 | 2 |
| Total Central Services | 99,527 | 2,150 | 101,677 | 101,633 | 44 |
| Administrative Information Technology: | | | | | |
| Salaries | 20,000 | 50 | 20,050 | 20,000 | 50 |
| Purchased Professional/Technical Services | 1,000 | 3,100 | 4,100 | 4,093 | 7 |
| Supplies and Materials | 35,810 | 14,570 | 50,380 | 50,319 | 61 |
| Total Administrative Information Technology | 56,810 | 17,720 | 74,530 | 74,412 | 118 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 | | | | | |
| Required Maintenance of School Facilities: | | | | | |
| Salaries | \$ 55,922 | \$ (7,907) | \$ 48,015 | \$ 47,718 | \$ 297 |
| Cleaning, Repair and Maintenance Services | 5,000 | 14,360 | 19,360 | 19,321 | 39 |
| General Supplies | 10,000 | 4,225 | 14,225 | 13,976 | 249 |
| Total Required Maintenance of School Facilities | 70,922 | 10,678 | 81,600 | 81,015 | 585 |
| Custodial Services: | | | | | |
| Salaries | 28,000 | 2,250 | 30,250 | 30,209 | 41 |
| Cleaning, Repair and Maintenance Services | 30,270 | 7,715 | 37,985 | 37,981 | 4 |
| Insurance | 19,000 | (300) | 18,700 | 17,891 | 809 |
| Other Purchased Property Services (400-500 series) | 25,150 | (3,000) | 22,150 | 21,402 | 748 |
| General Supplies | 10,000 | (633) | 9,367 | 9,360 | 7 |
| Energy (Natural Gas) | 13,000 | | 13,000 | 12,908 | 92 |
| Energy (Electricity) | 36,000 | | 36,000 | 31,695 | 4,305 |
| Other Objects | 29,075 | 17,570 | 46,645 | 46,584 | 61 |
| Total Custodial Services | 190,495 | 23,602 | 214,097 | 208,030 | 6,067 |
| Student Transportation Services: | | | | | |
| Contracted Services: | | | | | |
| Between Home and School - Joint Agreements | 13,000 | | 13,000 | 6,447 | 6,553 |
| Total Student Transportation Services | 13,000 | | 13,000 | 6,447 | 6,553 |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 | | | | | |
| Unallocated Benefits: | | | | | |
| Other Retirement Contributions - PERS | \$ 32,000 | \$ 4,700 | \$ 36,700 | \$ 36,680 | \$ 20 |
| Social Security Contributions | 38,350 | 15,246 | 53,596 | 53,245 | 351 |
| Unemployment Compensation | 20,000 | 20,600 | 40,600 | 40,099 | 501 |
| Workmen's Compensation | 18,500 | | 18,500 | 18,419 | 81 |
| Health Benefits | 622,862 | (109,950) | 512,912 | 500,337 | 12,575 |
| Tuition Reimbursement | 5,000 | 4,400 | 9,400 | 9,395 | 5 |
| Other Employee Benefits | 24,000 | (4,000) | 20,000 | 5,972 | 14,028 |
| Total Unallocated Benefits | 760,712 | (69,004) | 691,708 | 664,147 | 27,561 |
| On-Behalf Contributions: | | | | | |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted) | | | | 140,205 | (140,205) |
| On-Behalf TPAF Pension Contributions (Non-Budgeted) | | | | 162,385 | (162,385) |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted) | | | | 5,884 | (5,884) |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) | | | | 621 | (621) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | | | | 109,878 | (109,878) |
| Total On-Behalf Contributions | | | | 418,973 | (418,973) |
| Total Personal Services - Employee Benefits | 760,712 | (69,004) | 691,708 | 1,083,120 | (391,412) |
| Total Undistributed Expenses | 1,811,307 | 13,506 | 1,824,813 | 2,195,204 | (370,391) |
| TOTAL CURRENT EXPENSE | 3,426,574 | 346 | 3,426,920 | 3,787,540 | (360,620) |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 |
|---|--------------------|---------------------|-----------------|-----------|-----------------------------|
| CAPITAL OUTLAY | | | | | |
| Equipment: | | | | | |
| Undistributed Expenditures - Instruction | \$ 4,000 | | \$ 4,000 | \$ 3,827 | \$ 173 |
| Total Equipment | 4,000 | | 4,000 | 3,827 | 173 |
| TOTAL CAPITAL OUTLAY | 4,000 | | 4,000 | 3,827 | 173 |
| TOTAL EXPENDITURES | 3,430,574 | \$ 346 | 3,430,920 | 3,791,367 | (360,447) |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | 299,272 | (323,894) | (24,622) | 47,801 | 72,423 |
| Other Financing Sources/(Uses): | | | | | |
| Transfer to Debt Service Fund | (309,272) | | (309,272) | (309,272) | |
| Total Other Financing Sources/(Uses) | (309,272) | | (309,272) | (309,272) | |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures and Other Financing Uses | \$ (10,000) | \$ (323,894) | \$ (333,894) | \$ (261,471) | \$ 72,423 |
| Fund Balance, July 1 | 563,891 | | 563,891 | 563,891 | |
| Fund Balance, June 30 | \$ 553,891 | \$ (323,894) | \$ 229,997 | \$ 302,420 | \$ 72,423 |
| Recapitulation: | | | | | |
| Restricted for: | | | | | |
| Maintenance Reserve | | | | \$ 503 | |
| Charter School Escrow | | | | 75,018 | |
| Unassigned | | | | 226,899 | |
| Fund Balance per Governmental Funds Budgetary/(GAAP) Basis | | | | \$ 302,420 | |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| Revenue: | | | | | |
| Federal Sources | \$ 73,525 | \$ 30,789 | \$ 104,314 | \$ 104,314 | \$ |
| Total Revenue | 73,525 | 30,789 | 104,314 | 104,314 | |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | | 15,000 | 15,000 | 15,000 | |
| General Supplies | 35,275 | 8,997 | 44,272 | 44,272 | |
| Total Instruction | 35,275 | 23,997 | 59,272 | 59,272 | |
| Support Services: | | | | | |
| Employee Benefits | | 3,802 | 3,802 | 3,802 | |
| Purchased Professional/Educational Services | 38,250 | 1,990 | 40,240 | 40,240 | |
| Other Purchased Services | | 1,000 | 1,000 | 1,000 | |
| Total Support Services | 38,250 | 6,792 | 45,042 | 45,042 | |
| Total Expenditures | 73,525 | 30,789 | 104,314 | 104,314 | |
| Excess/(Deficiency) of Revenue Over/(Under) Expenditures | \$ - 0 - | \$ - 0 - | \$ - 0 - | \$ - 0 - | \$ - 0 - |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 | \$ 3,839,168 | \$ 104,314 |
| Differences - Budget to GAAP: | | |
| Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not: | | |
| Prior Year Encumbrances - | | 1,514 |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 3,839,168</u> | <u>\$ 105,828</u> |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 3,791,367 | \$ 104,314 |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes: | | |
| Prior Year Encumbrances - | | 1,514 |
| Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 3,791,367</u> | <u>\$ 105,828</u> |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON 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. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

| | No Child Left Behind | | IDEA | Rural Education | Totals |
|---|----------------------|----------|-----------|-----------------|---------------|
| | Title II | | Part B | Achievement | June 30, 2017 |
| | Title I | Part A | Basic | Program | |
| REVENUE: | | | | | |
| Federal Sources | \$ 22,975 | \$ 2,217 | \$ 52,335 | \$ 26,787 | \$ 104,314 |
| Total Revenue | 22,975 | 2,217 | 52,335 | 26,787 | 104,314 |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of Teachers | 15,000 | | | | 15,000 |
| General Supplies | 485 | | 17,000 | 26,787 | 44,272 |
| Total Instruction | 15,485 | | 17,000 | 26,787 | 59,272 |
| Support Services: | | | | | |
| Employee Benefits | 3,802 | | | | 3,802 |
| Purchased Professional/Educational Services | 3,688 | 1,217 | 35,335 | | 40,240 |
| Other Purchased Services (400-500 Series) | | 1,000 | | | 1,000 |
| Total Support Services | 7,490 | 2,217 | 35,335 | | 45,042 |
| Total Expenditures | \$ 22,975 | \$ 2,217 | \$ 52,335 | \$ 26,787 | \$ 104,314 |

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS
(NOT APPLICABLE)

FIDUCIARY FUNDS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017

| | <u>Student Activities</u> | <u>Agency Payroll Agency</u> | <u>Total</u> | <u>Unemployment Compensation Trust</u> |
|---------------------------------------|-------------------------------|--------------------------------------|-----------------|--|
| <u>ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 10,794 | \$ 34,632 | \$ 45,426 | \$ 23,740 |
| Total Assets | <u>10,794</u> | <u>34,632</u> | <u>45,426</u> | <u>23,740</u> |
| <u>LIABILITIES:</u> | | | | |
| Interfund Payable - General Fund | | 1,443 | 1,443 | |
| Payroll Deductions and Withholdings | | 33,189 | 33,189 | |
| Due to Student Groups | 10,794 | | 10,794 | |
| Total Liabilities | <u>10,794</u> | <u>34,632</u> | <u>45,426</u> | |
| <u>NET POSITION:</u> | | | | |
| Held in Trust for Unemployment Claims | | | | <u>23,740</u> |
| Total Net Position | <u>\$ - 0 -</u> | <u>\$ - 0 -</u> | <u>\$ - 0 -</u> | <u>\$ 23,740</u> |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | <u>Unemployment Compensation Trust</u> |
|--|--|
| Additions: | |
| Contributions: | |
| Employee | \$ 44,559 |
| Total Contributions | <u>44,559</u> |
| Investment Earnings: | |
| Interest | <u>13</u> |
| Net Investment Earnings | <u>13</u> |
| Total Additions | <u>44,572</u> |
| Deductions: | |
| State of New Jersey Unemployment Agency Payments | <u>65,955</u> |
| Total Deductions | <u>65,955</u> |
| Change in Net Position | (21,383) |
| Net Position - Beginning of the Year | <u>45,123</u> |
| Net Position - End of the Year | <u><u>\$ 23,740</u></u> |

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

| | <u>Balance</u> <u>June 30, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|---------------------------|--|------------------|------------------|--|
| <u>ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 12,315 | \$ 34,962 | \$ 36,483 | \$ 10,794 |
| Total Assets | <u>\$ 12,315</u> | <u>\$ 34,962</u> | <u>\$ 36,483</u> | <u>\$ 10,794</u> |
| <u>LIABILITIES:</u> | | | | |
| Liabilities: | | | | |
| Due to Student Groups | \$ 12,315 | \$ 34,962 | \$ 36,483 | \$ 10,794 |
| Total Liabilities | <u>\$ 12,315</u> | <u>\$ 34,962</u> | <u>\$ 36,483</u> | <u>\$ 10,794</u> |

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

| | <u>Balance</u> <u>June 30, 2016</u> | <u>Cash</u> <u>Receipts</u> | <u>Cash</u> <u>Disbursements</u> | <u>Balance</u> <u>June 30, 2017</u> |
|--|--|--------------------------------|-------------------------------------|--|
| Sussex County Charter School for Technology | \$ 12,315 | \$ 34,962 | \$ 36,483 | \$ 10,794 |
| | <u>\$ 12,315</u> | <u>\$ 34,962</u> | <u>\$ 36,483</u> | <u>\$ 10,794</u> |

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

| | <u>Balance</u> <u>June 30, 2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2017</u> |
|--|--|---------------------|---------------------|--|
| <u>ASSETS:</u> | | | | |
| Cash and Cash Equivalents | \$ 31,678 | \$ 2,389,595 | \$ 2,386,641 | \$ 34,632 |
| Total Assets | <u>\$ 31,678</u> | <u>\$ 2,389,595</u> | <u>\$ 2,386,641</u> | <u>\$ 34,632</u> |
| <u>LIABILITIES:</u> | | | | |
| Interfund Payable - General Fund | | \$ 1,443 | | \$ 1,443 |
| Payroll Deductions and Withholdings | \$ 31,678 | 2,388,152 | \$ 2,386,641 | 33,189 |
| Total Liabilities | <u>\$ 31,678</u> | <u>\$ 2,389,595</u> | <u>\$ 2,386,641</u> | <u>\$ 34,632</u> |

LONG-TERM DEBT

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

| Purpose | Date of Issue | Original Issue | Maturities of Loans Outstanding | | Interest Rate | Balance June 30, 2016 | Matured | Balance June 30, 2017 |
|-----------|---------------|----------------|---------------------------------|-----------|---------------|-----------------------|-----------|-----------------------|
| | | | Date | Amount | | | | |
| USDA Loan | 12/27/10 | \$ 1,870,000 | 06/30/18 | \$ 44,105 | 3.75% | | | |
| | | | 06/30/19 | 45,788 | 3.75% | | | |
| | | | 06/30/20 | 47,380 | 3.75% | | | |
| | | | 06/30/21 | 49,342 | 3.75% | | | |
| | | | 06/30/22 | 51,225 | 3.75% | | | |
| | | | 06/30/23 | 53,180 | 3.75% | | | |
| | | | 06/30/24 | 55,074 | 3.75% | | | |
| | | | 06/30/25 | 57,309 | 3.75% | | | |
| | | | 06/30/26 | 59,496 | 3.75% | | | |
| | | | 06/30/27 | 61,765 | 3.75% | | | |
| | | | 06/30/28 | 64,013 | 3.75% | | | |
| | | | 06/30/29 | 66,564 | 3.75% | | | |
| | | | 06/30/30 | 69,104 | 3.75% | | | |
| | | | 06/30/31 | 71,740 | 3.75% | | | |
| | | | 06/30/32 | 74,397 | 3.75% | | | |
| | | | 06/30/33 | 77,315 | 3.75% | | | |
| | | 06/30/34 | 80,265 | 3.75% | | | | |
| | | 06/30/35 | 83,327 | 3.75% | | | | |
| | | 06/30/36 | 86,460 | 3.75% | | | | |
| | | 06/30/37 | 89,804 | 3.75% | | | | |
| | | 06/30/38 | 93,231 | 3.75% | | | | |
| | | 06/30/39 | 96,788 | 3.75% | | | | |
| | | 06/30/40 | 100,473 | 3.75% | | | | |
| | | 06/30/41 | 63,240 | 3.75% | | | | |
| | | | | | | \$ 1,683,870 | \$ 42,485 | \$ 1,641,385 |

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

| Purpose | Date of Issue | Original Issue | Maturities of Loans | | Interest Rate | Balance June 30, 2016 | Matured | Balance June 30, 2017 |
|-------------|---------------|----------------|---------------------|----------------------------------|---------------|-----------------------|------------|-----------------------|
| | | | Date | Outstanding June 30, 2017 Amount | | | | |
| Sussex Bank | 12/27/2010 | \$ 3,000,000 | 06/30/18 | \$ 99,484 | 3.86% | | | |
| | | | 06/30/19 | 103,201 | 3.86% | | | |
| | | | 06/30/20 | 103,705 | 3.86% | | | |
| | | | 06/30/21 | 107,560 | 3.86% | | | |
| | | | 06/30/22 | 111,846 | 3.86% | | | |
| | | | 06/30/23 | 116,302 | 3.86% | | | |
| | | | 06/30/24 | 120,738 | 3.86% | | | |
| | | | 06/30/25 | 125,748 | 3.86% | | | |
| | | | 06/30/26 | 130,758 | 3.86% | | | |
| | | | 06/30/27 | 135,968 | 3.86% | | | |
| | | | 06/30/28 | 141,245 | 3.86% | | | |
| | | | 06/30/29 | 147,014 | 3.86% | | | |
| | | | 06/30/30 | 152,872 | 3.86% | | | |
| | | | 06/30/31 | 158,963 | 3.86% | | | |
| | | | 06/30/32 | 165,223 | 3.86% | | | |
| | | | 06/30/33 | 171,881 | 3.86% | | | |
| | | 06/30/34 | 178,729 | 3.86% | | | | |
| | | 06/30/35 | 185,851 | 3.86% | | | | |
| | | 06/30/36 | 148,607 | 3.86% | | | | |
| | | | | | | \$ 2,689,931 | \$ 84,236 | \$ 2,605,695 |
| | | | | | | \$ 4,373,801 | \$ 126,721 | \$ 4,247,080 |

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

NOT APPLICABLE

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Regular Debt Service: | | | | | |
| Interest | \$ 179,558 | \$ 2,993 | \$ 182,551 | \$ 182,551 | |
| Redemption of Principal | 129,714 | (2,993) | 126,721 | 126,721 | |
| Total Regular Debt Service | 309,272 | | 309,272 | 309,272 | |
| Total Expenditures | 309,272 | | 309,272 | 309,272 | |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | (309,272) | | (309,272) | (309,272) | |
| Other Financing Sources: | | | | | |
| Operating Transfer In | 309,272 | | 309,272 | 309,272 | |
| Total Other Financing Sources | 309,272 | | 309,272 | 309,272 | |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures | - 0 - | - 0 - | - 0 - | - 0 - | \$ - 0 - |
| Fund Balance, July 1 | - 0 - | - 0 - | - 0 - | - 0 - | - 0 - |
| Fund Balance, June 30 | \$ - 0 - | \$ - 0 - | \$ - 0 - | \$ - 0 - | \$ - 0 - |

STATISTICAL SECTION
(UNAUDITED)

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

Contents

| | <u>Exhibit</u> |
|---|-----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time. | J-1 thru J-5 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes. | J-6 thru J-9 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future. | J-10 thru J-13 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments. | J-14 thru J-15 |
| Operating Information These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs. | J-16 thru J-21 |

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(UNAUDITED)

(Accrual Basis of Accounting)

| | June 30, | | | | | | | | | |
|--|------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 33,291 | \$ 33,369 | \$ 33,325 | \$ 529,932 | \$ 636,565 | \$ 942,416 | \$ 1,143,469 | \$ 1,277,157 | \$ 1,312,594 | \$ 1,164,808 |
| Restricted | \$ 294,399 | \$ 294,399 | \$ 390,387 | \$ 10,000 | \$ 60,010 | \$ 80,054 | \$ 89,057 | \$ 145,494 | \$ 75,503 | \$ 75,521 |
| Unrestricted/(Deficit) | 230,187 | 26,997 | 51,507 | 84,238 | 213,744 | 264,118 | (202,558) | (110,896) | (89,116) | (482,807) |
| Total Governmental Activities Net Position | \$ 263,478 | \$ 354,765 | \$ 475,219 | \$ 624,170 | \$ 910,319 | \$ 1,286,588 | \$ 1,029,968 | \$ 1,311,755 | \$ 1,298,981 | \$ 757,522 |

Source: Sussex County Charter School for Technology Financial Reports.

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 944,644 | \$ 1,211,350 | \$ 1,447,747 | \$ 1,249,043 | \$ 1,240,304 | \$ 1,598,976 | \$ 1,753,069 | \$ 2,151,111 | \$ 2,581,125 | \$ 3,100,754 |
| Special Education | 19,433 | 19,486 | 31,463 | 293,722 | 242,487 | 191,129 | 156,145 | 205,211 | 224,235 | 52,335 |
| Other Instruction | | | | | | | | 75,557 | 89,866 | 123,651 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | | | | | | | | 408,086 | 374,436 | 358,024 |
| General Administration Services | 193,948 | 257,667 | 310,835 | 467,923 | 500,725 | 625,620 | 750,688 | 217,615 | 412,263 | 465,246 |
| School Administration Services | 233,335 | 263,336 | 302,178 | 446,797 | 444,923 | 520,984 | 580,474 | 138,034 | 131,650 | 138,599 |
| Central Services | | | | | | | | 152,203 | 187,954 | 219,783 |
| Plant Operations And Maintenance | | | | | | | | 239,406 | 232,252 | 504,490 |
| Pupil Transportation | | | | | | | | 6,665 | 7,403 | 6,447 |
| Capital Outlay | | | | | | | 76,340 | 39,736 | 24,395 | 3,827 |
| Interest on Long-Term Debt | | | | 135,380 | 249,593 | 295,062 | 225,014 | 225,921 | 208,788 | 182,551 |
| Total Governmental Activities Expenses | <u>1,391,360</u> | <u>1,751,839</u> | <u>2,092,223</u> | <u>2,592,865</u> | <u>2,678,032</u> | <u>3,231,771</u> | <u>3,541,730</u> | <u>3,859,545</u> | <u>4,474,367</u> | <u>5,155,707</u> |
| Total Charter School-Wide Expenses | <u>1,391,360</u> | <u>1,751,839</u> | <u>2,092,223</u> | <u>2,592,865</u> | <u>2,678,032</u> | <u>3,231,771</u> | <u>3,541,730</u> | <u>3,859,545</u> | <u>4,474,367</u> | <u>5,155,707</u> |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Operating Grants and Contributions | 246,568 | 205,607 | 287,165 | 329,956 | 374,417 | 452,890 | 355,171 | 707,551 | 460,549 | 524,801 |
| Total Governmental Activities Program Revenues | <u>246,568</u> | <u>205,607</u> | <u>287,165</u> | <u>329,956</u> | <u>374,417</u> | <u>452,890</u> | <u>355,171</u> | <u>707,551</u> | <u>460,549</u> | <u>524,801</u> |
| Total Charter School-Wide Program Revenues | <u>246,568</u> | <u>205,607</u> | <u>287,165</u> | <u>329,956</u> | <u>374,417</u> | <u>452,890</u> | <u>355,171</u> | <u>707,551</u> | <u>460,549</u> | <u>524,801</u> |
| Net (Expenses)/Revenues | | | | | | | | | | |
| Governmental Activities | <u>(1,144,792)</u> | <u>(1,546,232)</u> | <u>(1,805,058)</u> | <u>(2,262,909)</u> | <u>(2,303,615)</u> | <u>(2,778,881)</u> | <u>(3,186,559)</u> | <u>(3,151,994)</u> | <u>(4,013,818)</u> | <u>(4,630,906)</u> |
| Total Charter School-Wide Net (Expenses)/Revenues | <u>(1,144,792)</u> | <u>(1,546,232)</u> | <u>(1,805,058)</u> | <u>(2,262,909)</u> | <u>(2,303,615)</u> | <u>(2,778,881)</u> | <u>(3,186,559)</u> | <u>(3,151,994)</u> | <u>(4,013,818)</u> | <u>(4,630,906)</u> |

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Local Property Taxes - Charter School Aid | \$ 660,244 | \$ 1,146,671 | \$ 1,316,539 | \$ 1,690,763 | \$ 1,817,171 | \$ 2,233,073 | \$ 2,371,406 | \$ 2,277,903 | \$ 2,575,496 | \$ 2,413,828 |
| Unrestricted Federal and State Aid | 401,478 | 487,908 | 604,182 | 778,247 | 769,788 | 916,531 | 1,006,678 | 1,132,068 | 1,412,788 | 1,669,497 |
| Investment Earnings | 7,279 | 2,852 | 1,045 | 485 | 1,340 | 240 | 206 | 156 | 187 | 246 |
| Miscellaneous Income | 11,012 | 88 | 3,746 | | 1,465 | 5,306 | 18,460 | 23,654 | 12,573 | 5,876 |
| Cancellation of Prior Year Payable | | | | | | | 20,044 | | | |
| Total Governmental Activities General Revenues & Other Changes | 1,080,013 | 1,637,519 | 1,925,512 | 2,469,495 | 2,589,764 | 3,155,150 | 3,416,794 | 3,433,781 | 4,001,044 | 4,089,447 |
| Total Charter School-Wide General Revenues and Other Changes in Net Position | 1,080,013 | 1,637,519 | 1,925,512 | 2,469,495 | 2,589,764 | 3,155,150 | 3,416,794 | 3,433,781 | 4,001,044 | 4,089,447 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | (64,779) | 91,287 | 120,454 | 206,586 | 286,149 | 376,269 | 230,235 | 281,787 | (12,774) | (541,459) |
| Total Charter School-Wide Change in Net Position | \$ (64,779) | \$ 91,287 | \$ 120,454 | \$ 206,586 | \$ 286,149 | \$ 376,269 | \$ 230,235 | \$ 281,787 | \$ (12,774) | \$ (541,459) |

General Revenues and Other Changes in Net Position:

Governmental Activities:

Local Property Taxes - Charter School Aid

Unrestricted Federal and State Aid

Investment Earnings

Miscellaneous Income

Cancellation of Prior Year Payable

Total Governmental Activities General Revenues

& Other Changes

Total Charter School-Wide General Revenues and

Other Changes in Net Position

Change in Net Position:

Governmental Activities

Total Charter School-Wide Change in Net Position

Source: Sussex County Charter School for Technology Financial Reports.

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

| | June 30, | | | | | | | | | |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Fund: | | | | | | | | | | |
| Reserved | | 294,399 | \$ 390,387 | | | | | | | |
| Unreserved | | 71,698 | 104,601 | | | | | | | |
| Restricted | | | | 10,000 | \$ 60,010 | \$ 80,054 | \$ 89,257 | \$ 145,494 | \$ 75,503 | \$ 75,521 |
| Assigned | | | | 75,000 | 169,305 | 117,733 | 33,073 | 15,011 | 119,659 | |
| Unassigned | | | | 153,827 | 154,164 | 234,116 | 293,469 | 386,531 | 368,729 | 226,899 |
| Total General Fund | 269,230 | 366,097 | 494,988 | 238,827 | 383,479 | 431,903 | 415,799 | 547,036 | 563,891 | 302,420 |
| Total Governmental Funds | \$ 269,230 | \$ 366,097 | \$ 494,988 | \$ 238,827 | \$ 383,479 | \$ 431,903 | \$ 415,799 | \$ 547,036 | \$ 563,891 | \$ 302,420 |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|------------------|-------------------|--------------------|-------------------|------------------|--------------------|-------------------|------------------|---------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Revenues: | | | | | | | | | | |
| Tax Levy | \$ 660,244 | \$ 1,146,671 | \$ 1,316,539 | \$ 1,690,763 | \$ 1,817,171 | \$ 2,233,073 | \$ 2,371,406 | \$ 2,277,903 | \$ 2,575,496 | \$ 2,413,828 |
| Miscellaneous | 18,291 | 2,940 | 4,791 | 485 | 2,805 | 5,546 | 18,666 | 23,810 | 12,760 | 6,122 |
| State Sources | 587,969 | 650,625 | 827,066 | 1,024,359 | 1,054,982 | 1,276,670 | 1,257,889 | 1,443,873 | 1,326,210 | 1,419,218 |
| Federal Sources | 60,077 | 42,890 | 64,281 | 83,844 | 89,223 | 92,751 | 103,960 | 115,199 | 106,573 | 105,828 |
| Total Revenue | 1,326,581 | 1,843,126 | 2,212,677 | 2,799,451 | 2,964,181 | 3,608,040 | 3,751,921 | 3,860,785 | 4,021,039 | 3,944,996 |
| Expenditures: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular Instruction | 716,076 | 893,600 | 1,107,666 | 845,525 | 865,161 | 1,081,267 | 1,202,724 | 1,241,053 | 1,423,182 | 1,577,785 |
| Special Education Instruction | 19,633 | 19,486 | 31,463 | 293,722 | 242,487 | 191,129 | 156,145 | 138,950 | 146,323 | 52,335 |
| Other Instruction | | | | | | | | 44,385 | 51,581 | 68,044 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | | | | | | | | 320,917 | 279,503 | 259,844 |
| General Administration Services | 161,578 | 175,933 | 200,637 | 313,396 | 298,748 | 367,288 | 442,051 | 169,434 | 298,939 | 289,695 |
| School Administration Services | 235,249 | 255,678 | 293,785 | 436,640 | 460,552 | 523,312 | 583,523 | 113,933 | 88,210 | 91,008 |
| Central Services | | | | | | | | 125,934 | 155,551 | 176,045 |
| Plant Operations And Maintenance | | | | | | | | 216,471 | 198,137 | 289,045 |
| Pupil Transportation | | | | | | | | 6,665 | 7,403 | 6,447 |
| Unallocated Benefits | 237,212 | 328,694 | 450,235 | 444,925 | 539,993 | 706,833 | 789,774 | 876,899 | 1,011,373 | 1,083,120 |
| Capital Outlay | | 70,868 | | 536,347 | 42,474 | 119,673 | 143,938 | 75,428 | 24,395 | 3,827 |
| Debt Service: | | | | | | | | | | |
| Principal | | | | | | | | | | |
| Interest and Other Charges | | | | | | | | | | |
| Total Expenditures | 1,369,748 | 1,744,259 | 2,083,786 | 2,870,555 | 2,819,529 | 3,559,616 | 3,788,269 | 3,729,348 | 4,004,184 | 4,206,467 |
| Excess/(Deficiency) of Revenues Over/(Under) Expenditures | (43,167) | 98,867 | 128,891 | (71,104) | 144,652 | 48,424 | (36,348) | 131,437 | 16,855 | (261,471) |
| Other Financing Sources: | | | | | | | | | | |
| Cancellation of Prior Year Payable | | | | | | | 20,044 | | | |
| Net Change In Fund Balances | \$ (43,167) | \$ 98,867 | \$ 128,891 | \$ (71,104) | \$ 144,652 | \$ 48,424 | \$ (36,348) | \$ 131,437 | \$ 16,855 | \$ (261,471) |
| Debt Service as a Percentage of Noncapital Expenditures | 0.00% | 0.00% | 0.00% | 7.93% | 13.33% | 16.57% | 12.90% | 10.93% | 8.03% | 7.36% |

Source: Sussex County Charter School for Technology Financial Reports.

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

| Fiscal Year Ended June 30, | Interest on Investments | Local Levy - Charter School Aid | Other | Total |
|----------------------------------|----------------------------|---------------------------------------|-----------|------------|
| 2008 | \$ 7,279 | \$ 660,244 | \$ 11,012 | \$ 678,535 |
| 2009 | 2,852 | 1,146,671 | 88 | 1,149,611 |
| 2010 | 1,045 | 1,326,434 | 3,746 | 1,331,225 |
| 2011 | 485 | 1,690,763 | | 1,691,248 |
| 2012 | 1,340 | 1,817,171 | 1,465 | 1,819,976 |
| 2013 | 240 | 2,233,073 | 5,306 | 2,238,619 |
| 2014 | 206 | 2,371,406 | 18,460 | 2,390,072 |
| 2015 | 156 | 2,277,903 | 23,654 | 2,301,713 |
| 2016 | 187 | 2,575,496 | 12,573 | 2,588,256 |
| 2017 | 246 | 2,413,828 | 5,876 | 2,419,950 |

Source: Sussex County Charter School for Technology Financial Reports.

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

| Year | Sussex County Population ^a | Sussex County Per Capita Personal Income ^b | Sussex County Personal Income ^c | Sussex County Unemployment Rate ^d |
|------|---|--|---|---|
| 2008 | 151,431 | \$ 47,416 | \$ 7,180,252,296 | 3.90% |
| 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 | 9.30% |
| 2012 | 147,048 | 50,169 | 7,377,251,112 | 7.80% |
| 2013 | 145,826 | 50,534 | 7,369,171,084 | 6.00% |
| 2014 | 145,004 | 52,851 | 7,663,606,404 | 6.20% |
| 2015 | 143,673 | 52,851 | 7,593,261,723 | 5.20% |
| 2016 | 142,522 | 55,497 ** | 7,909,543,434 * | 4.70% |
| 2017 | 142,522 * | 55,497 ** | 7,909,543,434 * | N/A |

N/A - Information is not available.

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

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

Sources:

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

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

| | 2016 | | 2007 | | Percentage of Total Employment | |
|----------------------------------|----------|--------------------|--------------------------------|--|--------------------------------|--------------|
| | Employer | Employees | Percentage of Total Employment | Employer | | Employees |
| Newton Medical Center | | 1,000-4,999 | 1.38%-6.91% | Newton Memorial Hospital | 1,109 | 1.37% |
| County of Sussex | | 500-999 | 0.69%-1.38% | County of Sussex | 770 | 0.95% |
| Thorlabs | | 500-999 | 0.69%-1.38% | Ronetco Supermarkets, Inc. (Shop Rite) | 672 | 0.83% |
| Sussex County Community College | | 250-499 | 0.35%-0.69% | Sussex County Community College | 516 | 0.64% |
| Newton 213 LLC, C/O Ronetco | | 100-249 | 0.14%-0.34% | Wal-Mart | 426 | 0.53% |
| Bristol Glen | | 100-249 | 0.14%-0.34% | Newton Board of Education | 266 | 0.33% |
| Barn Hill Care Center | | 100-249 | 0.14%-0.34% | Lakeland Bank | 226 | 0.28% |
| Home Depot | | 100-249 | 0.14%-0.34% | Kittatinny Regional High School | 169 | 0.21% |
| Kohls | | 100-249 | 0.14%-0.34% | Thorlabs | 150 | 0.19% |
| Superior Court of Newton | | 100-249 | 0.14%-0.34% | All Quality Care, Inc. | 150 | 0.19% |
| | | <u>2,850-8,990</u> | <u>3.94%-12.42%</u> | | <u>4,454</u> | <u>5.50%</u> |
| Total Employment - Sussex County | | <u>72,391</u> | | Total Employment - Sussex County | <u>81,045</u> | |

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

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

| <u>Function/Program</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction: | | | | | | | | | | |
| Regular | 14.0 | 14.0 | 18.0 | 18.0 | 18.0 | 20.0 | 22.0 | 22.0 | 22.0 | 22.0 |
| Other Instruction | | | | 2.0 | 2.5 | 3.5 | 3.5 | 3.5 | 4.0 | 4.0 |
| Support Services: | | | | | | | | | | |
| General Administration Services | 3.0 | 3.0 | 3.5 | 3.5 | 3.5 | 5.5 | 5.5 | 5.5 | 3.0 | 3.0 |
| School Administration Services | | | | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Central Services | 2.0 | 2.0 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 |
| Administrative Information Technology | | | | 1.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Plant Operations and Maintenance | | | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Total | 19.0 | 19.0 | 23.5 | 28.0 | 31.5 | 36.5 | 38.5 | 38.5 | 36.5 | 36.5 |

Source: Sussex County Charter School for Technology Business Office.

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

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil ^b | Percent Change | Teaching Staff ^c | Pupil/Teacher Ratio | | Average Daily Enrollment (ADE) ^d | Average Daily Attendance (ADA) ^d | % Change Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|-----------------------------|----------------|-----------------------------|---------------------|------|---|---|-----------------------------------|-------------------------------|
| | | | | | | Middle | High | | | | |
| 2008 | 99.6 | 1,369,748 | \$ 13,752 | 32.34% | 14.0 | 14.0 | 14.0 | 99.6 | 94.3 | 1.22% | 94.68% |
| 2009 | 125.0 | 1,673,391 | 13,387 | -2.66% | 14.0 | 14.0 | 8.9 | 124.9 | 119.0 | 25.40% | 95.28% |
| 2010 | 150.0 | 2,083,786 | 13,892 | 3.77%* | 18.0 | 18.0 | 8.3 | 150.5 | 142.4 | 20.50% | 94.62% |
| 2011 | 200.0 | 2,334,208 | 11,671 | -15.99% | 20.0 | 20.0 | 10.0 | 200.3 | 190.1 | 33.09% | 94.91% |
| 2012 | 200.0 | 2,406,941 | 12,035 | 3.12% | 18.0 | 18.0 | 9.0 | 199.4 | 182.7 | -0.45% | 91.62% |
| 2013 | 225.0 | 2,869,829 | 12,755 | 5.98% | 20.0 | 20.0 | 11.1 | 224.7 | 212.9 | 12.69% | 94.75% |
| 2014 | 225.0 | 3,174,217 | 14,108 | 17.22% | 22.0 | 22.0 | 10.2 | 224.8 | 212.6 | 12.74% | 94.57% |
| 2015 | 225.0 | 3,254,641 | 14,465 | 13.41% | 22.0 | 22.0 | 10.2 | 221.5 | 209.0 | -1.42% | 94.36% |
| 2016 | 225.0 | 3,660,202 | 16,268 | 15.31% | 24.0 | 24.0 | 9.4 | 225.0 | 212.6 | 0.09% | 94.49% |
| 2017 | 216.0 | 3,893,368 | 18,025 | 24.61% | 24.0 | 24.0 | 9.0 | 215.5 | 203.6 | -4.22% | 94.48% |

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

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

Source: Sussex County Charter School for Technology Business Office.

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

| <u>District Building</u> | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|------------------------------|------|------|------|--------|--------|--------|--------|--------|--------|--------|
| Sussex County Charter School | | | | | | | | | | |
| Square Feet | N/A | N/A | N/A | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Capacity (Students) | N/A | N/A | N/A | 200 | 200 | 200 | 225 | 225 | 225 | 225 |
| Enrollment | 99 | 125 | 150 | 200 | 200 | 200 | 225 | 225 | 225 | 216 |

Number of Schools at June 30, 2016:

Other = 1

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

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

Source: Sussex County Charter School for Technology Business Office.

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

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

| <u>Fiscal Year</u> <u>Ended</u> <u>June 30</u> | <u>Sussex County</u> <u>Charter School</u> <u>for Technology</u> | <u>Total</u> <u>School</u> <u>Facilities</u> |
|--|--|--|
| 2008 | \$ - 0 - | |
| 2009 | - 0 - | |
| 2010 | - 0 - | |
| 2011 | 1,600 | 1,600 |
| 2012 | 4,377 | 4,377 |
| 2013 | 14,225 | 14,225 |
| 2014 | 85,621 | 85,621 |
| 2015 | 59,750 | 59,750 |
| 2016 | 72,460 | 72,460 |
| 2017 | 81,015 | 81,015 |

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

Source: Sussex County Charter School for Technology records.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
INSURANCE SCHEDULE
JUNE 30, 2017
(UNAUDITED)

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| School Package Policy - NJSIG: | | |
| Blanket Building and Contents: | | |
| Each Occurrence | \$ 6,489,000 | \$ 1,000 |
| Blanket Hardware and Software: | | |
| Each Occurrence | 305,130 | 1,000 |
| Blanket Business Income: | | |
| Each Occurrence | 3,729,846 | 1,000 |
| Boiler and Machinery: | | |
| Each Occurrence | 100,000,000 | 1,000 |
| Crime/Faithful Performance: | | |
| Each Occurrence | 100,000 | 500 |
| Comprehensive General Liability: | | |
| Each Occurrence | 6,000,000 | |
| Sexual Abuse Liability: | | |
| Each Occurrence | 6,000,000 | |
| Comprehensive Automobile Liability: | | |
| Combined single limit (each accident) | 6,000,000 | |
| Employee Benefits Liability: | | |
| Each Occurrence | 6,000,000 | 1,000 |
| Environmental Liability: | | |
| Each Occurrence | 1,000,000 | 25,000 |
| School Board Legal Liability: | | |
| Each Occurrence | 6,000,000 | 5,000 |
| Workers Compensation: | | |
| Each Occurrence | 2,000,000 | |
| Student Accident: | | |
| Each Occurrence | 1,000,000 | |
| Public Official Bond - Selective Insurance Company of America: | | |
| School Business Administrator | 125,000 | |
| Treasurer | 125,000 | |

Source: Sussex County Charter School for Technology Business Office.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FINAL PERFORMANCE
JUNE 30, 2017
(UNAUDITED)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | |
|--------------------------------|---------------------|---------------------|---------------------|------------------------------|
| Cash | \$ 533,473 | \$ 425,086 | \$ 430,169 | |
| Current Assets | 18,986 | 281,131 | 153,963 | |
| Capital Assets, Net | 5,761,757 | 5,686,395 | 5,411,888 | |
| Total Assets | <u>6,314,216</u> | <u>6,392,612</u> | <u>5,996,020</u> | |
| Current Liabilities | 5,423 | 142,326 | 316,712 | |
| Long Term Liabilities | 4,519,475 | 5,218,158 | 5,485,819 | |
| Total Liabilities | <u>4,524,898</u> | <u>5,360,484</u> | <u>5,802,531</u> | |
| Net Position | <u>\$ 1,789,318</u> | <u>\$ 1,032,128</u> | <u>\$ 193,489</u> | |
| Total Revenue | \$ 3,860,785 | \$ 4,070,698 | \$ 4,614,248 | |
| Total Expenses | <u>3,588,290</u> | <u>4,123,843</u> | <u>5,155,707</u> | |
| Change in Net Position | <u>\$ 272,495</u> | <u>\$ (53,145)</u> | <u>\$ (541,459)</u> | |
| Depreciation Expense | \$ 75,362 | \$ 75,362 | \$ 100,690 | |
| Principal Payments | 173,358 | 110,799 | 129,714 | |
| Interest Payments | 225,921 | 208,788 | 179,558 | |
| Final Average Daily Enrollment | 225.00 | 225.00 | 215.50 | |
| March 30th Budgeted Enrollment | 225.00 | 225.00 | 225.00 | |
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>3 Year Cumulative</u> |
| Near Term Indicators: | | | | |
| Current Ratio | 3.50 | 1.98 | 0.49 | 0.98 |
| Unrestricted Days Cash | 30.84 | 24.27 | 26.19 | 84.54 |
| Enrollment Variance | 0.00% | 0.00% | -4.22% | -1.41% |
| Default | No | No | No | No |
| Sustainability Indicators: | | | | |
| Total Margin | 7.06% | -1.31% | -11.73% | -2.57% |
| Debt to Asset | 0.72 | 0.84 | 0.97 | 0.84 |
| Cash Flow | \$ 137,618 | \$ (108,387) | \$ 5,083 | \$ (103,304) |
| Debt Service Coverage Ratio | 0.87 | 0.07 | (1.43) | (0.07) |

SINGLE AUDIT SECTION



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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology, in the County of Sussex (the "Charter School") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated September 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter School'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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School'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 Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School'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 Charter School'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 Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 18, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

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

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

Report on Compliance for Each Major State Program

We have audited the Sussex County Charter School for Technology's (the "Charter School'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 Charter School's major state programs for the fiscal year ended June 30, 2017. The Charter School's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Charter School's major federal and 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 Charter School'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 Charter School's compliance.

Opinion on Each Major State Program

In our opinion, the Charter School 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.

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

Report on Internal Control Over Compliance

Management of the Charter School 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 Charter School'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 the Charter School'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.

September 18, 2017
Mount Arlington, New Jersey

NISIVOCCIA LLP



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

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

| Federal Grantor/Pass Through Grantor/Program Title/Cluster Title | Federal CFDA Number | Grant or State Project Number | Grant Period | Award Amount | Balance, June 30, 2016 | | Balance, June 30, 2017 | |
|--|---------------------|-------------------------------|----------------|--------------|------------------------|-------------------------------|------------------------|-------------------------------|
| | | | | | Unearned Revenue | Budgetary Accounts Receivable | Unearned Revenue | Budgetary Accounts Receivable |
| Special Revenue Fund: | | | | | | | | |
| US Department of Education Passed-through State of New Jersey Department of Education Special Education Cluster: | | | | | | | | |
| IDEA- B, Basic | 84.027 | IDEA7850-16 | 7/1/15-6/30/16 | \$ 55,617 | \$ (27,288) | \$ 27,288 | | |
| IDEA- B, Basic | 84.027 | IDEA7850-17 | 7/1/16-6/30/17 | 52,335 | | 51,192 | \$ (1,143) | |
| Total Special Education Cluster | | | | | | (27,288) | 78,480 | (1,143) |
| No Child Left Behind: | | | | | | | | |
| Title I - Part A | | | | | | | | |
| Title I - Part A | 84.010A | NCLB7850-16 | 7/1/15-6/30/16 | 20,753 | (19,159) | 19,159 | | |
| Title I - Part A | 84.010A | NCLB7850-17 | 7/1/16-6/30/17 | 20,801 | | 14,802 | (8,173) | |
| Title II - Part A | 84.367A | NCLB7850-16 | 7/1/15-6/30/16 | 2,541 | (2,286) | 2,286 | | |
| Title II - Part A | 84.367A | NCLB7850-17 | 7/1/16-6/30/17 | 2,217 | | 348 | (1,869) | |
| Rural Education Achievement Program | | | | | | | | |
| Rural Education Achievement Program | 84.358 | S358A083261 | 7/1/15-6/30/16 | 25,831 | (306) | 395 | (89) | |
| Rural Education Achievement Program | 84.358 | S358A083261 | 7/1/16-6/30/17 | 26,787 | | 26,787 | \$ 89 | |
| Total U.S. Department of Education | | | | | | (49,039) | 142,257 | (11,185) |
| Total Federal Awards | | | | | \$ - 0 - | \$ (49,039) | \$ 142,257 | \$ (11,185) |
| | | | | | | | \$ 89 | \$ - 0 - |

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

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

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | June 30, 2016 | | June 30, 2017 | | MEMO | | |
|---|-------------------------------|-----------------|--------------|-----------------------|---------------|------------------------|-----------------|------------------|----------------------|-------------------------------|
| | | | | (Accounts Receivable) | Cash Received | Budgetary Expenditures | GAAP Receivable | Unearned Revenue | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education: | | | | | | | | | | |
| General Fund: | | | | | | | | | | |
| Local Levy - State Share | 17-495-034-7850-003 | 7/01/16-6/30/17 | \$ 816,091 | \$ | 788,384 | \$ | (816,091) | \$ | (27,707) | \$ 816,091 |
| Special Education Aid | 16-495-034-5120-089 | 7/01/15-6/30/16 | 170,225 | \$ | 7,278 | | | | | 170,225 |
| Special Education Aid | 17-495-034-5120-089 | 7/01/16-6/30/17 | 165,409 | | 147,332 | | (165,409) | | (18,077) | 165,409 |
| Security Aid | 16-495-034-5120-084 | 7/01/15-6/30/16 | 24,479 | | 859 | | | | | 23,170 |
| Security Aid | 17-495-034-5120-084 | 7/01/16-6/30/17 | 18,745 | | 18,099 | | (18,745) | | (646) | 18,745 |
| Reimbursed TPAF Social Security Contributions | 17-495-034-5094-003 | 7/01/16-6/30/17 | 109,878 | | 104,003 | | (109,878) | | | 109,878 |
| On-Behalf TPAF Post Retirement Contributions | 17-495-034-5094-001 | 7/01/16-6/30/17 | 140,205 | | 140,205 | | (140,205) | | | 140,205 |
| On-Behalf TPAF Pension Contributions | 17-495-034-5094-002 | 7/01/16-6/30/17 | 162,385 | | 162,385 | | (162,385) | | | 162,385 |
| On-Behalf TPAF Non-Contributory Insurance | 17-495-034-5094-004 | 7/01/16-6/30/17 | 5,884 | | 5,884 | | (5,884) | | | 5,884 |
| On-Behalf TPAF Long-Term Disability Insurance | 17-495-034-5094-004 | 7/01/16-6/30/17 | 621 | | 621 | | (621) | | | 621 |
| Total General Fund | | | | (8,137) | 1,375,050 | | (1,419,218) | (52,305) | | 1,451,697 |
| Total State Awards Subject to Single Audit Determination | | | | \$ (8,137) | \$ 1,375,050 | \$ | (1,419,218) | \$ (52,305) | \$ - 0 - | \$ 1,451,697 |
| 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 | 7/01/16-6/30/17 | (140,205) | | (140,205) | | 140,205 | | | |
| On-Behalf TPAF Pension Contributions | 17-495-034-5094-002 | 7/01/16-6/30/17 | (162,385) | | (162,385) | | 162,385 | | | |
| On-Behalf TPAF Non-Contributory Insurance | 17-495-034-5094-004 | 7/01/16-6/30/17 | (5,884) | | (5,884) | | 5,884 | | | |
| On-Behalf TPAF Long-Term Disability Insurance | 17-495-034-5094-004 | 7/01/16-6/30/17 | (621) | | (621) | | 621 | | | |
| Subtotal - On-Behalf TPAF Pension System Contributions | | | | | (309,095) | | 309,095 | | | |
| Total State Awards Subject to Single Audit Major Program Determination | | | | | \$ 1,065,955 | \$ | (1,110,123) | | | |

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

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

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Board of Trustees, Sussex County Charter School for Technology under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of the 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*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported 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 Charter School’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. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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.

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$-0- for the General Fund and \$1,514 for the Special Revenue Fund. See Exhibit C-3 for a reconciliation of revenue from the budgetary basis to the GAAP basis of accounting for the General and Special Revenue. Revenue from Federal and State awards is reported on the Charter School’s basic financial statements on a GAAP basis as presented below:

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------|-------------------|---------------------|---------------------|
| General Fund | | \$ 1,419,218 | \$ 1,419,218 |
| Special Revenue Fund | \$ 105,828 | | 105,828 |
| | <u>\$ 105,828</u> | <u>\$ 1,419,218</u> | <u>\$ 1,525,046</u> |

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

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2017.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 Charter School.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over 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 Charter School expresses an unmodified opinion on all major state programs.
- The Charter School was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended 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 Charter School's programs tested as major state programs for the current fiscal year consisted of the following:

| <u>Program Title</u> | <u>Grant Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Budgetary Expenditures</u> |
|--------------------------|---------------------|---------------------|---------------------|-------------------------------|
| Local Levy - State Share | 17-495-034-7850-003 | 7/1/16 - 6/30/17 | \$ 816,091 | \$ 816,091 |
| Special Education Aid | 17-495-034-5120-089 | 7/1/16 - 6/30/17 | 165,409 | 165,409 |
| Security Aid | 17-495-034-5120-084 | 7/1/16 - 6/30/17 | 18,745 | 18,745 |

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

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

Status of Prior Year Findings:

There were no prior year audit findings.