

**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, 2019**

**Comprehensive Annual
Financial Report**

of the

**SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY**

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2019

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

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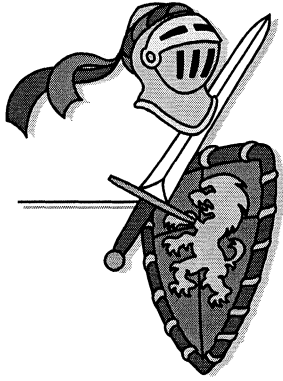
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INTRODUCTORY SECTION



SUSSEX COUNTY

CHARTER SCHOOL FOR TECHNOLOGY

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

November 9, 2019

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, 2019, 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 2018-2019 fiscal year; its nineteenth year of operation, with an enrollment of 225 students.

2) ECONOMIC CONDITION AND OUTLOOK:

Enrollment at the Charter school is nearly at a full enrollment of 225 students. The current fund balance is approximately \$442,432.

3) MAJOR INITIATIVES:

During the 2018-2019 year, a great deal of effort in the form of professional development was placed on improving the math and language 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 2017-2018 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 2019-2020 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 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, 2019.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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November 9, 2019

9) OTHER INFORMATION:

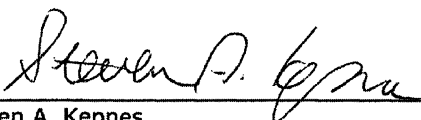
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Trustees at its organization meeting.

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.

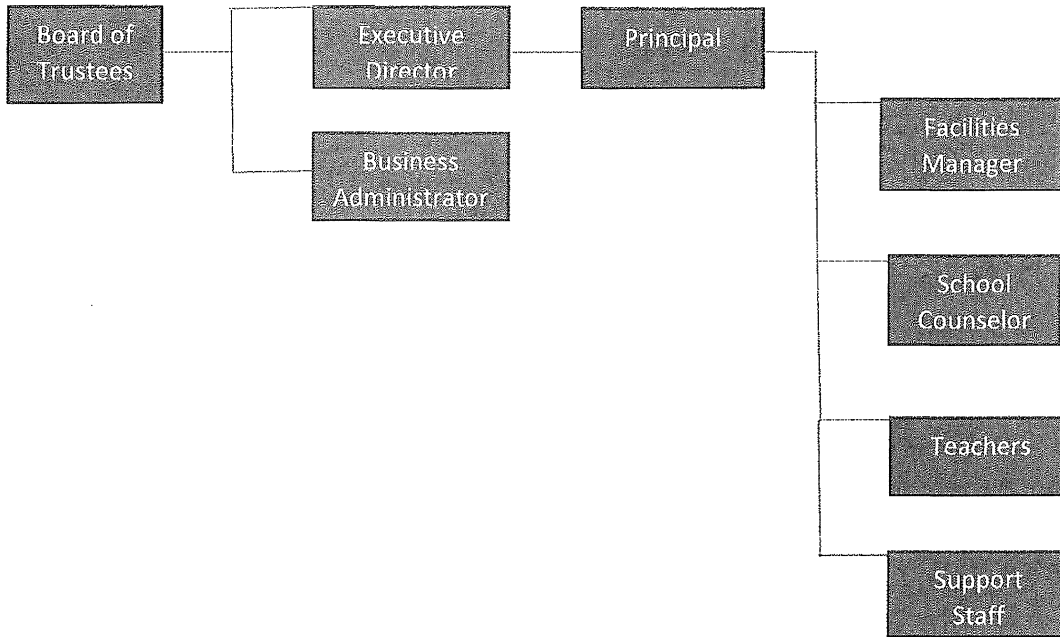
10) ACKNOWLEDGMENTS:

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, 2019

<u>Members of the Board of Trustees:</u>	<u>Expiration of Term</u>
Dr. Edwin Selby, President	2019
Lesa McGuiness	2021
Jason Apter	2020
Stephanie DePinto	2020
Tom Mitchell	2021
Mary Rapuano	2020
Anna Burke	2022
Lou Ruggerio	2021

<u>Other Officials</u>	<u>Title</u>
Noreen Lazariuk	Executive Director
Dr. Mark Edgerton, II	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, 2019, 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, 2019, 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 and postemployment benefits schedules in Exhibits L-1 through L-5 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 other 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 other 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 other 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
Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

November 9, 2019
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, 2019
(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, 2019. 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.

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

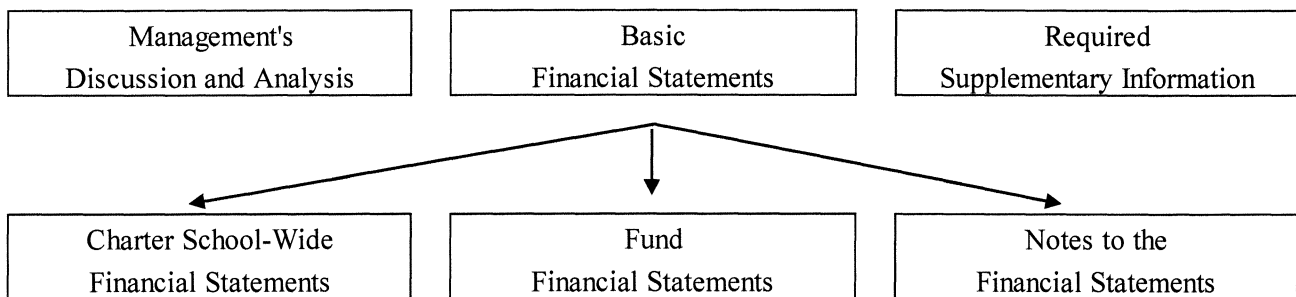


Figure A-2 summarizes the major features of the Charter School's financial statements, including the portion of the Charter School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure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

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(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, 2019
(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 District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both 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 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, 2019
(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 net position was \$604,964 on June 30, 2019, \$90,897 or 17.68% more than it was the year before. (See Figure A-3).

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Percentage Change 2018-19
	2019	2018 Restated	
Current/Other Assets	\$ 518,737	\$ 547,300	
Capital Assets, Net	4,938,225	5,034,603	
Total Assets	<u>5,456,962</u>	<u>5,581,903</u>	-2.24%
Deferred Outflows of Resources	<u>258,220</u>	<u>459,598</u>	-43.82%
Other Liabilities	267,018	341,279	
Long-term Liabilities	<u>4,341,159</u>	<u>4,964,263</u>	
Total Liabilities	<u>4,608,177</u>	<u>5,305,542</u>	-13.14%
Deferred Inflows of Resources	<u>502,041</u>	<u>221,592</u>	126.56%
Net Position:			
Net Investment in Capital Assets	983,723	930,812	
Restricted	75,544	75,530	
Unrestricted/(Deficit)	<u>(454,303)</u>	<u>(492,275)</u>	
Total Net Position	<u>\$ 604,964</u>	<u>\$ 514,067</u>	17.68%

Changes in Net Position. The Charter School's net position for governmental activities increased \$90,897 over the course of the year. Net investment in capital assets decreased \$52,911 due to a retirement of \$148,989 of long-term liabilities related to capital assets, offset by \$101,618 in current year depreciation, and an addition of assets with carrying value of \$5,540. Restricted net position increased \$14 due to a \$5 interest earnings on the Charter School Escrow and a \$1 interest earnings on the Maintenance Reserve. Unrestricted net position increased by \$37,972.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

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

	<u>Governmental Activities</u>		Percentage Change 2018-19
	<u>2019</u>	<u>2018</u>	
Revenue:			
Program Revenue:			
Operating Grants and Contributions	\$ 399,431	\$ 973,927	
General Revenue:			
Local Property Taxes - Charter School Aid	2,839,808	2,542,787	
Unrestricted Federal and State Aid	1,723,261	1,734,168	
Other	45,736	105,576	
Total Revenue	<u>5,008,236</u>	<u>5,356,458</u>	-6.50%
Expenses:			
Instruction	3,420,725	3,796,659	
Pupil and			
Instruction Services	337,639	271,454	
Administration and Business	711,443	781,540	
Maintenance and Operations	277,156	337,460	
Transportation	10,092	11,290	
Other	160,284	165,683	
Total Expenses	<u>4,917,339</u>	<u>5,364,086</u>	-8.33%
Increase/(Decrease) in Net Position	<u>\$ 90,897</u>	<u>\$ (7,628)</u>	1291.62%

Governmental Activities

The financial position of the Charter School increased 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-5 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):

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 3,420,725	\$ 3,796,659	\$ 3,044,393	\$ 2,822,732
Pupil and Instruction Services	337,639	271,454	331,565	271,454
Administration and Business	711,443	781,540	697,407	781,540
Maintenance and Operations	277,156	337,460	274,167	337,460
Transportation	10,092	11,290	10,092	11,290
Other	160,284	165,683	160,284	165,683
Total	\$ 4,917,339	\$ 5,364,086	\$ 4,517,908	\$ 4,390,159

Financial Analysis of the Charter School's Funds

The financial position of the Charter School increased on a fund basis during the year. This increase was mostly attributable to the increases in revenue.

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 \$96,078 as a result of current year depreciation of \$101,618, offset by additions of \$5,540. (More detailed information about the Charter School's capital assets is presented in the Notes to the Basic Financial Statements, Note 4.)

**Figure A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Total Percent Change 2018-19
	2019	Restated 2018	
Sites (Land)	\$ 500,000	\$ 500,000	
Buildings and Building Improvements	4,328,158	4,408,875	
Machinery and Equipment	110,067	125,428	
Total Capital Assets, Net of Depreciation	\$ 4,938,225	\$ 5,034,303	-1.91%

**Sussex County Charter School for Technology
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)**

Long-term Liabilities

At year-end, the Charter School had \$3,954,502 in mortgage loans payable, \$455,322 in net pension liability, and \$84,420 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-7

Outstanding Long-Term Liabilities	Total School District		Percentage
	2019	2018	Change 2018-19
Mortgage Loans Payable	\$ 3,954,502	\$ 4,103,491	
Compensated Absences Payable	82,420	54,520	
Net Pension Liability	455,322	955,241	
	\$ 4,492,244	\$ 5,113,252	-12.15%

- The Charter School retired \$148,989 of Mortgage Loans Payable.
- The Compensated Absence Payable accrued an additional \$27,900.
- The Net Pension Liability decreased \$499,919.

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, 2019

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 413,050
Interfund Receivable	1,443
Receivable from State Government	29,401
Receivable from Federal Government	16,652
Other Accounts Receivable	57,686
Restricted Cash and Cash Equivalents - Maintenance Reserve	505
Capital Assets:	
Site (Land)	500,000
Depreciable Buildings and Building Improvements and Machinery and Equipment, Net	4,438,225
Total Assets	5,456,962
DEFERRED OUTFLOW OF RESOURCES	
Deferred Outflows Related to Pensions	258,220
Total Deferred Outflow of Resources	258,220
LIABILITIES	
Accounts Payable	68,793
Payable to Local Governments	47,052
Unearned Revenue	88
Noncurrent Liabilities:	
Due Within One Year	151,085
Due Beyond One Year	4,341,159
Total Liabilities	4,608,177
DEFERRED INFLOW OF RESOURCES	
Deferred Inflows Related to Pensions	502,041
Total Deferred Inflow of Resources	502,041
NET POSITION	
Net Investment in Capital Assets	983,723
Restricted for:	
Other Purposes	75,544
Unrestricted/(Deficit)	(454,303)
Total Net Position	\$ 604,964

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, 2019

<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	\$ 3,105,757	\$ 290,504	\$ (2,815,253)
Special Education	182,514	74,532	(107,982)
Other Instruction	132,454	11,296	(121,158)
Support Services:			
Student & Instruction Related Services	337,639	6,074	(331,565)
General Administration Services	380,847	7,583	(373,264)
School Administration Services	150,839	3,123	(147,716)
Central Services	143,879	3,330	(140,549)
Administrative Information Technology	35,878		(35,878)
Plant Operations and Maintenance	277,156	2,989	(274,167)
Pupil Transportation	10,092		(10,092)
Interest and Other Charges	160,284		(160,284)
Total Governmental Activities	<u>4,917,339</u>	<u>399,431</u>	<u>(4,517,908)</u>
Total Primary Government	<u>\$ 4,917,339</u>	<u>\$ 399,431</u>	<u>(4,517,908)</u>
General Revenue:			
Taxes:			
Local Property Taxes - Charter School Aid			2,839,808
Unrestricted Federal and State Aid			1,723,261
Investment Earnings			1,416
Miscellaneous Income			44,320
Total General Revenue			<u>4,608,805</u>
Change in Net Position			90,897
Net Position - Beginning - Restated			<u>514,067</u>
Net Position - Ending			<u>\$ 604,964</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, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 413,050			\$ 413,050
Interfund Receivable	4,324			4,324
Intergovernmental Receivable:				
Federal		\$ 16,652		16,652
State	29,401			29,401
Other Accounts Receivable	57,686			57,686
Restricted Cash and Cash Equivalents - Maintenance Reserve	505			505
Total Assets	<u>\$ 504,966</u>	<u>\$ 16,652</u>	<u>\$ - 0 -</u>	<u>\$ 521,618</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 15,482	\$ 13,683		\$ 29,165
Intergovernmental Payable - Local	47,052			47,052
Interfund Payable		2,881		2,881
Unearned Revenue		88		88
Total Liabilities	<u>62,534</u>	<u>16,652</u>		<u>79,186</u>
Fund Balances:				
Restricted:				
Maintenance Reserve	505			505
Charter School Escrow	75,039			75,039
Assigned to:				
Encumbrances	1,154			1,154
Unassigned	365,734			365,734
Total Fund Balances	<u>442,432</u>			<u>442,432</u>
Total Liabilities and Fund Balances	<u>\$ 504,966</u>	<u>\$ 16,652</u>	<u>\$ - 0 -</u>	<u>\$ 521,618</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

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

Total Fund Balances - Governmental Funds	\$ 442,432
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$6,040,278 and the accumulated depreciation is \$1,102,053.	4,938,225
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(4,036,922)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(455,322)
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	218,592
Deferred Inflows	(502,041)
	(283,449)
Net Position of Governmental Activities	\$ 604,964

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, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Charter School Aid	\$ 2,839,808			\$ 2,839,808
Interest - Maintenance Reserve	1			1
Miscellaneous	45,735			45,735
Total - Local Sources	2,885,544			2,885,544
State Sources	1,723,261			1,723,261
Federal Sources		\$ 86,542		86,542
Total Revenue	4,608,805	86,542		4,695,347
EXPENDITURES:				
Instruction:				
Regular Instruction	1,588,072	22,890		1,610,962
Special Education Instruction	61,289	63,652		124,941
Other Instruction	72,679			72,679
Support Services and Undistributed Costs:				
Student & Instruction Related Services	266,309			266,309
General Administration Services	268,879			268,879
School Administration Services	86,268			86,268
Central Services	104,772			104,772
Administrative Information Technology	35,878			35,878
Plant Operations and Maintenance	247,592			247,592
Pupil Transportation	10,092			10,092
Unallocated Benefits	1,505,980			1,505,980
Debt Service:				
Principal			\$ 160,284	160,284
Interest and Other Charges			148,989	148,989
Total Expenditures	4,247,810	86,542	309,273	4,643,625
Excess/(Deficiency) of Revenue over/(under) Expenditures	360,995		(309,273)	51,722
OTHER FINANCING SOURCES/(USES):				
Transfers	(309,273)		309,273	
Net Change in Fund Balances	51,722			51,722
Fund Balance—July 1	390,710			390,710
Fund Balance—June 30	\$ 442,432	\$ - 0 -	\$ - 0 -	\$ 442,432

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	51,722
<p>Amounts Reported for <i>Governmental Activities</i> in the <i>Statement of Activities</i> (Exhibit A-2) are Different Because:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the <i>Statement of Activities</i>, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the current period.</p>		
Capital Outlay	\$	5,540
Depreciation Expense		<u>(101,618)</u>
		(96,078)
<p>Repayment of Mortgage Loans is an expenditure in the Governmental Funds, but the repayment reduces Long-term Liabilities in the <i>Statement of Net Position</i> and is not reported in the <i>Statement of Activities</i>.</p>		
		148,989
<p>In the <i>Statement of Activities</i>, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		(27,900)
<p>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:</p>		
Change in Net Pension Liability		499,919
Change in Deferred Outflows		(205,306)
Change in Deferred Inflows		<u>(280,449)</u>
Change in Net Position (from Exhibit A-2)	\$	<u>90,897</u>

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 51,475	\$ 9,320
Total Assets	<u>51,475</u>	<u>9,320</u>
<u>LIABILITIES:</u>		
Interfund Payable - General Fund	1,443	
Payroll Deductions and Withholdings	27,872	
Due to Student Groups	<u>22,160</u>	
Total Liabilities	<u>51,475</u>	<u>- 0 -</u>
<u>NET POSITION:</u>		
Restricted for Unemployment Claims		<u>9,320</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ 9,320</u>

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, 2019

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee	\$ 4,221
Total Contributions	<u>4,221</u>
Investment Earnings:	
Interest	<u>18</u>
Net Investment Earnings	<u>18</u>
Total Additions	<u>4,239</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>3,031</u>
Total Deductions	<u>3,031</u>
Change in Net Position	1,208
Net Position—Beginning of the Year	<u>8,112</u>
Net Position—End of the Year	<u><u>\$ 9,320</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, 2019

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, 2019
(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, 2019

(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, 2019
(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	\$ 4,608,805	\$ 86,542
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 4,608,805	\$ 86,542
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 4,247,810	\$ 86,542
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 4,247,810	\$ 86,542

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.

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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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.

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 acquisition value. 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:

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

K. Capital Assets: (Cont'd)

	<u>Estimated Useful Life</u>
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, 2019.

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.

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$442,432 General Fund balance at June 30, 2019, \$505 is restricted for a maintenance reserve, \$1,154 is encumbered, \$75,039 is restricted for Charter School Escrow, and \$365,734 is unassigned.

Q. Deficit in Net Position:

The Charter School had a deficit in the governmental activities unrestricted net position at June 30, 2019 of (\$454,303) which is due to General Fund unassigned fund balance of \$365,734, encumbrances of \$1,154, \$218,592 in deferred outflows in pension offset by \$502,041 deferred inflows in pension, \$82,420 for compensated absences, and net pension liability of \$455,322. 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, 2019 related to pensions.

The Charter School had deferred inflows of resources at June 30, 2019 related to pensions.

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

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

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

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has funds restricted at June 30, 2019 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, 2019.

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 assigned resources for encumbrances at June 30, 2019.

T. Revenue - Exchange and Non-exchange Transactions:

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

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

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

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.

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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) 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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (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; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

Investments: (Cont'd)

As of June 30, 2019, cash and cash equivalents of the Charter School consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Maintenance Reserve</u>	<u>Total Cash and Cash Equivalents</u>
Checking & Savings Accounts	\$ 473,845	\$ 505	\$ 474,350

During the period ended June 30, 2019, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2019, was \$474,350 and the bank balance was \$515,116.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the fiscal year ended June 30, 2019 were as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 500,000			\$ 500,000
Total Capital Assets not Being Depreciated	500,000			500,000
Capital Assets Being Depreciated:				
Buildings and Building Improvements	5,276,156			5,276,156
Machinery and Equipment	273,903	\$ 5,540	\$ (15,321)	264,122
Total Capital Assets Being Depreciated	5,550,059	5,540	(15,321)	5,540,278
Governmental Activities Capital Assets	6,050,059	5,540	(15,321)	6,040,278
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(867,281)	(80,717)		(947,998)
Machinery and Equipment	(148,475)	(20,901)	15,321	(154,055)
Total Accumulated Depreciation	(1,015,756)	(101,618)	15,321	(1,102,053)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 5,034,303	\$ (96,078)	\$ - 0 -	\$ 4,938,225

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 78,693
General Administration Services	22,925
	\$ 101,618

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the Charter School-Wide financial statements:

	Balance June 30, 2018	Accrued	Retired	Balance June 30, 2019
Mortgage Loans Payable	\$ 4,103,491		\$ 148,989	\$ 3,954,502
Compensated Absences Payable	54,520	\$ 27,900		82,420
Net Pension Liability	955,241		499,919	455,322
	\$ 5,113,252	\$ 27,900	\$ 648,908	\$ 4,492,244

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, 2019 are as follows:

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

A. Mortgage Loans Payable: (Cont'd)

\$3,000,000 Sussex Bank Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
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>\$ 2,403,010</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (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>
6/30/2020	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>\$ 1,551,492</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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>
6/30/2020	\$ 151,085	\$ 146,604	\$ 297,689
6/30/2021	156,902	140,787	297,689
6/30/2022	163,071	134,618	297,689
6/30/2023	169,482	128,207	297,689
6/20/2024	175,812	121,877	297,689
6/30/25-6/30/30	1,211,856	574,277	1,786,133
6/30/31-6/30/36	1,482,758	259,517	1,742,275
6/30/37-6/30/41	443,536	45,914	489,450
	<u>\$ 3,954,502</u>	<u>\$ 1,551,800</u>	<u>\$ 5,506,302</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 \$82,420 as of June 30, 2019 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, 2019 is \$-0- and the long-term portion is \$455,322. See Note 6 for further information on the PERS.

NOTE 6. 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/financial-reports.shtml.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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.

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 is being paid by the employer in level annual payments over a period of 15 years, which began with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$23,390 for 2019.

The employee contribution rate was 7.50% effective July 1, 2018.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

At June 30, 2019, the District's liability was \$455,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0023%, which was a decrease of 0.0018% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized actual pension expense in the amount of \$21,585. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 3,604	
	2015	5.72	16,266	
	2016	5.57	55,160	
	2017	5.48		\$ (83,936)
	2018	5.63		(61,653)
			<u>75,030</u>	<u>(145,589)</u>
Changes in Proportion	2014	6.44		(17,622)
	2015	5.72	83,357	
	2016	5.57	42,354	
	2017	5.48	9,168	
	2018	5.63		(332,210)
			<u>134,879</u>	<u>(349,832)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00		
	2015	5.00		2,751
	2016	5.00		15,381
	2017	5.00		(13,844)
	2018	5.63		(8,560)
				<u>(4,272)</u>
Difference Between Expected and Actual Experience	2015	5.72	4,513	
	2016	5.57	1,674	
	2017	5.48	2,496	
	2018	5.63		(2,348)
			<u>8,683</u>	<u>(2,348)</u>
District Contribution Subsequent to the Measurement Date	2018	1.00	39,628	
			<u>\$ 258,220</u>	<u>\$ (502,041)</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

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

Fiscal Year Ending June 30,	Total
2019	\$ 3,159
2020	(4,376)
2021	(31,375)
2022	(27,196)
2023	(8,708)
	\$ (68,496)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, 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, 2019
(Continued)

NOTE 6. 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

The following presents the Charter School's proportionate share of the collective net pension liability as of June 30, 2018 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:

	June 30, 2018		
	At 1% Decrease (4.66%)	At Current Discount Rate (5.66%)	At 1% Increase (6.66%)
Charter School's proportionate share of the Net Pension Liability	\$ 572,514	\$ 455,322	\$ 357,004

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/financial-reports.shtml.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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 includes 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 2018, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

During the fiscal year ended 2019, the State of New Jersey contributed \$318,848 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$546,308.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$9,371,192. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0147%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2017.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	9,371,192
Total	<u>\$ 9,371,192</u>

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$546,308 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 financial statements.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. 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)

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	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			<u>11,053,759,853</u>	<u>16,078,750,001</u>
Difference Between Expected and Actual Experience	2014	8.5		\$ 10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			<u>1,420,239,017</u>	<u>96,229,812</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
				<u>5,793,830</u>
			<u>\$ 12,473,998,870</u>	<u>\$ 16,180,773,643</u>

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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	<u>(3,210,092,402)</u>
	<u>\$ (3,706,774,773)</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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 (7.00% at June 30, 2018) 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 TPAF's target asset allocation as of June 30, 2018 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, 2019

(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 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 on the contribution rate in the most recent fiscal year. The State contributed 50% 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 2040. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2040, 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, 2019

(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the 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, 2018 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, 2018		
	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	\$ 11,076,570	\$ 9,371,192	\$ 7,957,474

Pension Plan Fiduciary Net Position

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

NOTE 7. 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 8. ECONOMIC DEPENDENCY

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

NOTE 9. 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, 2019
(Continued)

NOTE 9. 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, 2019 was not available at the time of audit. Selected, summarized financial information for the Group as of June 30, 2018 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 342,337,056
Net Position	\$ 82,580,855
Total Revenue	\$ 129,947,339
Total Expenses	\$ 129,340,074
Change in Net Position	\$ 607,265
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, 2019
(Continued)

NOTE 9. 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>
2018-2019	\$ 4,221	\$ 18	\$ 3,031	\$ 9,320
2017-2018	31,484	30	47,142	8,112
2016-2017	44,559	13	65,955	23,740

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2019.

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 4,324	
Special Revenue Fund		\$ 2,881
Fiduciary Funds		1,443
	<u>\$ 4,324</u>	<u>\$ 4,324</u>

The interfund payable in the Special Revenue Fund is the amount advanced from the General Fund while awaiting federal grant reimbursements. The interfund payable in the Fiduciary Funds is excess funds transferred to the Payroll Agency to be returned to the General Fund.

NOTE 11. 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, 2019

(Continued)

NOTE 11. 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, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance at July 1, 2018	\$	504
Increased by:		
Interest Earned		1
		1
Ending Balance at June 30, 2019	\$	505

NOTE 12. 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, 2019
(Continued)

NOTE 13. ACCOUNTS PAYABLE

Accounts payable recorded in the Charter School’s Governmental Activities as of June 30, 2019 consisted of the following:

	<u>Governmental Funds</u>			<u>District Contribution Subsequent to the Measurement Date</u>	<u>Total Governmental Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>		
Vendors	\$ 15,482	13,683	\$ 29,165		\$ 29,165
State of New Jersey				\$ 39,628	39,628
	<u>\$ 15,482</u>	<u>\$ 13,683</u>	<u>\$ 29,165</u>	<u>\$ 39,628</u>	<u>\$ 68,793</u>

NOTE 14. CHARTER SCHOOL ESCROW

Charter Schools in the State of New Jersey are required to restrict \$75,000 of fund balance for Charter School Escrow, to be utilized in the event of dissolution of the Charter School, within 5 years of the signing of the Charter Agreement. The Charter School has \$75,039 of restricted fund balance for Charter School Escrow as of June 30, 2019.

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	217,131
Total	362,181

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
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SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2016	\$ 4,430,626
Changes for Year:	
Service Cost	355,619
Interest on the Total OPEB Liability	170,086
Changes of Assumptions	(316,034)
Difference in Expected and Actual Experiences	(1,815,214)
Gross Benefit Payments by the State	(73,641)
Contributions from Members	2,545
Net Changes	(1,676,639)
Balance at June 30, 2017	\$ 2,753,987

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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, 2018		
	At 1% Decrease	At Discount Rate	At 1% Increase
	(2.87%)	(3.87%)	(4.87%)
Total OPEB Liability Attributable to the District	\$ 3,255,773	\$ 2,753,987	\$ 2,355,119

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 2,276,331	\$ 2,753,987	\$ 3,385,706

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$365,144 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (334,518)
Changes in Assumptions	2018	9.51		(282,802)
			-0-	(617,320)
Differences Between Expected and Actual Experience	2018	9.51		(267,336)
Changes in Proportion	N/A	N/A	\$ 95,633	(1,227,797)
			\$ 95,633	\$ (2,112,453)

N/A - Not Available

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (109,012)
2019	(109,012)
2020	(109,012)
2021	(109,012)
2022	(109,012)
Thereafter	(339,597)
	\$ (884,656)

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District made prior year adjustments in the District Wide Financial Statements to adjust capital assets due to an updated appraisal report. As a result, the District Wide Financial Statements as of June 30, 2018 have been restated as follows:

	Balance as Previously Reported	Retroactive Adjustments	6/30/2018 Balance as Restated
Statement of Net Position			
Governmental Activities:			
Capital Assets:			
Depreciable Buildings and Building Improvements			
Site & Land Improvements, Furniture, Machinery			
& Equipment	\$ 4,770,130	\$ (235,827)	\$ 4,534,303
Total Assets	5,817,430	(235,827)	5,581,603
Net Investment in Capital Assets	1,166,639	(235,827)	930,812
Total Net Position	749,894	(235,827)	514,067

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Charter School's proportion of the net pension liability	0.0021351659%	0.0035751847%	0.0040373229%	0.0041035491%	0.0023125097%
Charter School's proportionate share of the net pension liability	\$ 399,761	\$ 802,557	\$ 1,195,739	\$ 955,241	\$ 455,322
Charter School's covered employee payroll	\$ 274,663	\$ 279,858	\$ 218,164	\$ 250,566	\$ 278,116
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	145.55%	286.77%	548.09%	381.23%	163.72%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 17,602	\$ 30,737	\$ 36,680	\$ 39,744	\$ 23,390
Contributions in relation to the contractually required contribution	(17,602)	(30,737)	(36,680)	(39,744)	(23,390)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Charter School's covered employee payroll	\$ 272,100	\$ 274,663	\$ 279,858	\$ 218,164	\$ 250,566
Contributions as a percentage of covered employee payroll	6.47%	11.19%	13.11%	18.22%	9.33%

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

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the Charter School	0.0124497203%	0.0143347676%	0.0140700521%	0.0149598346%	0.0147304432%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 6,653,970	\$ 9,060,185	\$ 11,068,399	\$ 10,086,406	\$ 9,371,192
Charter School's covered employee payroll	\$ 1,794,800	\$ 1,527,396	\$ 1,553,349	\$ 1,700,648	\$ 1,669,187
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%	593.09%	561.42%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%

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 CONTRIBUTIONS
ASSOCIATED WITH THE CHARTER SCHOOL
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 358,046	\$ 553,205	\$ 831,637	\$ 698,739	\$ 546,308
Contributions in relation to the contractually required contribution	(77,499)	(112,651)	(162,385)	(216,928)	(318,848)
Contribution deficiency/(excess)	<u>\$ 280,547</u>	<u>\$ 440,554</u>	<u>\$ 669,252</u>	<u>\$ 481,811</u>	<u>\$ 227,460</u>
Charter School's covered employee payroll	\$ 1,794,800	\$ 1,527,396	\$ 1,553,349	\$ 1,700,648	\$ 1,669,187
Contributions as a percentage of covered employee payroll	4.32%	7.38%	10.45%	12.76%	19.10%

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 CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 427,737	\$ 355,619
Interest Cost	142,904	170,086
Changes in Assumptions	(676,670)	(316,034)
Member Contributions	3,779	2,545
Difference in Expected and Actual Experiences		(1,815,214)
Gross Benefit Payments	<u>(102,623)</u>	<u>(73,641)</u>
Net Change in Total OPEB Liability	(204,873)	(1,676,639)
Total OPEB Liability - Beginning	<u>4,635,499</u>	<u>4,430,626</u>
Total OPEB Liability - Ending	<u>\$ 4,430,626</u>	<u>\$ 2,753,987</u>
District's Covered Employee Payroll *	\$ 1,807,254	\$ 1,771,513
Total OPEB Liability as a Percentage of Covered Employee Payroll	245%	155%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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 Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN (Cont'd)

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 3,831,398	\$ (991,590)	\$ 2,839,808	\$ 2,839,808	
Interest Earned on Maintenance Reserve Funds				1	\$ 1
Unrestricted Miscellaneous				45,735	45,735
Total - Local Sources	3,831,398	(991,590)	2,839,808	2,885,544	45,736
State Sources:					
Special Education Aid - Charter School Aid	178,826	2,958	178,784	178,784	
Security Aid	25,954	(1,549)	24,405	24,405	
Local Levy - Charter School Aid - State Share		929,141	929,141	929,141	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				147,656	147,656
On-Behalf TPAF Pension Contributions (Non-Budgeted)				318,848	318,848
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				6,674	6,674
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				703	703
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				117,050	117,050
Total State Sources	201,780	930,550	1,132,330	1,723,261	590,931
TOTAL REVENUES	4,033,178	(61,040)	3,972,138	4,608,805	636,667

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 1,374,381	\$ (14,200)	\$ 1,360,181	\$ 1,356,539	\$ 3,642
Other Salaries for Instruction	177,449	(26,200)	151,249	147,804	3,445
General Supplies	29,750	(4,500)	25,250	24,761	489
Textbooks	13,120	(10,000)	3,120	3,019	101
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000	130	3,130	3,120	10
Purchased Professional/Educational Services	1,000		1,000	978	22
Regular Programs - Undistributed Instruction:					
Purchased Professional/Educational Services	22,800	1,900	24,700	24,700	
General Supplies	30,000	(2,500)	27,500	27,151	349
Total Regular Programs - Instruction	1,651,500	(55,370)	1,596,130	1,588,072	8,058
Resource Room/Resource Center:					
Salaries of Teachers	62,578		62,578	61,289	1,289
Total Resource Room/Resource Center	62,578		62,578	61,289	1,289
Total Special Education Instruction	62,578		62,578	61,289	1,289

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Vocational Programs - Local:					
General Supplies	\$ 9,325	\$ (200)	\$ 9,125	\$ 7,796	\$ 1,329
Total Vocational Programs - Local	<u>9,325</u>	<u>(200)</u>	<u>9,125</u>	<u>7,796</u>	<u>1,329</u>
School-Sponsored Co-curricular Activities - Instruction:					
Salaries	29,600	2,063	31,663	31,663	
Other Objects	2,000	(2,000)			
Total School-Sponsored Co-curricular Activities - Instruction	<u>31,600</u>	<u>63</u>	<u>31,663</u>	<u>31,663</u>	
School-Sponsored Co-curricular Athletics - Instruction:					
Salaries	6,400	5,400	11,800	11,367	433
Supplies and Materials	400	(350)	50		50
Other Objects	1,300		1,300	1,253	47
Total School-Sponsored Co-curricular Athletics - Instruction	<u>8,100</u>	<u>5,050</u>	<u>13,150</u>	<u>12,620</u>	<u>530</u>
Other Instructional Programs - Summer School:					
Salaries	21,600	(963)	20,637	20,600	37
Total Other Instructional Programs - Summer School	<u>21,600</u>	<u>(963)</u>	<u>20,637</u>	<u>20,600</u>	<u>37</u>
Total Instruction	<u>1,784,703</u>	<u>(51,420)</u>	<u>1,733,283</u>	<u>1,722,040</u>	<u>11,243</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 57,226	\$ (3,200)	\$ 54,026	\$ 53,046	\$ 980
Purchased Professional/Technical Services	500		500	500	
Supplies and Materials	1,200	2,850	4,050	4,045	5
Total Health Services	58,926	(350)	58,576	57,591	985
Guidance:					
Salaries of Other Professional Staff	62,565	1,600	64,165	64,163	2
Supplies and Materials	780		780	776	4
Total Guidance	63,345	1,600	64,945	64,939	6
Child Study Teams:					
Salaries of Other Professional Staff	36,050	(2,700)	33,350	33,271	79
Other Purchased Professional/Technical Services	2,400	37,200	39,600	39,579	21
Supplies and Materials	2,400	(2,080)	320	237	83
Other Objects	300		300	250	50
Total Child Study Teams	41,150	32,420	73,570	73,337	233

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Other Professional Staff	\$ 8,600		\$ 8,600	\$ 8,600	
Other Purchased Professional/Educational Services	20,000	\$ 10,200	30,200	30,124	\$ 76
Total Improvement of Instructional Services	28,600	10,200	38,800	38,724	76
Instructional Staff Training Services:					
Purchased Professional/Technical Services	33,425	(475)	32,950	31,665	1,285
Other Purchased Services	275	(50)	225	53	172
Total Instructional Staff Training Services	33,700	(525)	33,175	31,718	1,457
Support Services - General Administration:					
Salaries	224,923	(47,049)	177,874	177,570	304
Legal Services	8,800	8,200	17,000	16,975	25
Audit Fees	17,300	1,350	18,650	18,650	
Other Purchased Professional Services	2,000	3,946	5,946	5,945	1
Other Purchased Services (400-500 series)	37,000	7,892	44,892	42,260	2,632
BOE Membership Dues and Fees	6,250	1,240	7,490	7,479	11
Total Support Services - General Administration	296,273	(24,421)	271,852	268,879	2,973

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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	\$ 81,782	\$ 1	\$ 81,783	\$ 81,782	\$ 1
Other Purchased Services (400-500 series)	3,150	(2,550)	600	485	115
Supplies and Materials	2,200	103	2,303	2,303	
Other Objects	1,700		1,700	1,698	2
Total Support Services - School Administration	88,832	(2,446)	86,386	86,268	118
Central Services:					
Salaries	87,213	1	87,214	87,213	1
Purchased Technical Services	15,700	(1,000)	14,700	14,656	44
Supplies and Materials	2,000	27	2,027	2,026	1
Miscellaneous Expenditures	800	100	900	877	23
Total Central Services	105,713	(872)	104,841	104,772	69
Administrative Information Technology:					
Salaries	21,012		21,012	21,012	
Purchased Professional/Technical Services	1,000	7,500	8,500	8,485	15
Supplies and Materials	15,150	(8,600)	6,550	6,381	169
Total Administrative Information Technology	37,162	(1,100)	36,062	35,878	184

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Required Maintenance of School Facilities:					
Salaries	\$ 49,399	\$ 1	\$ 49,400	\$ 49,399	\$ 1
Cleaning, Repair and Maintenance Services	16,100		16,100	14,381	1,719
General Supplies	9,000	(1,800)	7,200	7,102	98
Total Required Maintenance of School Facilities	74,499	(1,799)	72,700	70,882	1,818
Custodial Services:					
Salaries	32,000		32,000	28,890	3,110
Cleaning, Repair and Maintenance Services	30,366	16,900	47,266	44,146	3,120
Insurance	19,500		19,500	18,607	893
Other Purchased Property Services (400-500 series)	24,200	(6,100)	18,100	17,999	101
General Supplies	10,000	(1,715)	8,285	7,984	301
Energy (Natural Gas)	15,000	20	15,020	11,972	3,048
Energy (Electricity)	38,000	(6,822)	31,178	29,802	1,376
Other Objects	28,675	(6,300)	22,375	17,310	5,065
Total Custodial Services	197,741	(4,017)	193,724	176,710	17,014
Student Transportation Services:					
Contracted Services:					
Between Home and School - Joint Agreements	13,500		13,500	10,092	3,408
Total Student Transportation Services	13,500		13,500	10,092	3,408

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Other Retirement Contributions - PERS	\$ 43,000	\$ (19,000)	\$ 24,000	\$ 23,390	\$ 610
Social Security Contributions	47,800	3,400	51,200	50,321	879
Unemployment Compensation	30,000	(21,100)	8,900	19,793	8,900
Workmen's Compensation	18,800	1,000	19,800	793,416	7
Health Benefits	567,878	234,290	802,168	8,000	8,752
Tuition Reimbursement	7,000	1,000	8,000	20,129	12,249
Other Employee Benefits	6,000	26,378	32,378	915,049	31,397
Total Unallocated Benefits	720,478	225,968	946,446		
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				147,656	(147,656)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				318,848	(318,848)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				6,674	(6,674)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				703	(703)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				117,050	(117,050)
Total On-Behalf Contributions				590,931	(590,931)
Total Personal Services - Employee Benefits	720,478	225,968	946,446	1,505,980	(559,534)
Total Undistributed Expenses	1,759,919	234,658	1,994,577	2,525,770	(531,193)
TOTAL CURRENT EXPENSE	3,544,622	183,238	3,727,860	4,247,810	(519,950)

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL EXPENDITURES	\$ 3,544,622	\$ 183,238	\$ 3,727,860	\$ 4,247,810	\$ (519,950)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	488,556	(244,278)	244,278	360,995	116,717
Other Financing Sources/(Uses):	(309,273)		(309,273)	(309,273)	
Transfer to Debt Service Fund	(309,273)		(309,273)	(309,273)	
Total Other Financing Sources/(Uses)	179,283	(244,278)	(64,995)	51,722	116,717
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	390,710		390,710	390,710	
Fund Balance, July 1	\$ 569,993	\$ (244,278)	\$ 325,715	\$ 442,432	\$ 116,717
Fund Balance, June 30					
Recapitulation:					
Restricted for:					
Maintenance Reserve				\$ 505	
Charter School Escrow				75,039	
Assigned to:					
Year-end Encumbrances				1,154	
Unassigned				365,734	
Fund Balance per Governmental Funds Budgetary/(GAAP) Basis				\$ 442,432	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenue:					
Federal Sources	\$ 85,000	\$ 29,542	\$ 114,542	\$ 86,542	\$ (28,000)
Total Revenue	85,000	29,542	114,542	86,542	(28,000)
Expenditures:					
Instruction:					
Salaries of Teachers	19,000	1,941	20,941	20,941	
General Supplies	28,000	1,949	29,949	1,949	28,000
Total Instruction	47,000	3,890	50,890	22,890	28,000
Support Services:					
Personal Services - Salaries	38,000	(14,802)	23,198	23,198	
Employee Benefits		15,651	15,651	15,651	
Purchased Professional/Educational Services		22,803	22,803	22,803	
Purchased Professional Technical Services		1,000	1,000	1,000	
Other Purchased Services (400-500 Series)		1,000	1,000	1,000	
Total Support Services	38,000	25,652	63,652	63,652	
Total Expenditures	85,000	29,542	114,542	86,542	28,000
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, 2019
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	<u>\$ 4,608,805</u>	<u>\$ 86,542</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,608,805</u>	<u>\$ 86,542</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 4,247,810</u>	<u>\$ 86,542</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,247,810</u>	<u>\$ 86,542</u>

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, 2019

	Elementary and Secondary Education Act			IDEA Part B Basic	Totals June 30, 2019
	Title I	Title II Part A	Title IV		
REVENUE:					
Federal Sources	\$ 20,682	\$ 3,799	\$ 11,968	\$ 50,093	\$ 86,542
Total Revenue	20,682	3,799	11,968	50,093	86,542
EXPENDITURES:					
Instruction:					
Salaries of Teachers	14,300		6,641		20,941
General Supplies	1,949				1,949
Total Instruction	16,249		6,641		22,890
Support Services:					
Personal Services - Salaries			229	22,969	23,198
Employee Benefits	4,433		4,098	7,120	15,651
Purchased Professional/Educational Services		2,799		20,004	22,803
Purchased Professional Technical Services			1,000		1,000
Other Purchased Services (400-500 Series)		1,000			1,000
Total Support Services	4,433	3,799	5,327	50,093	63,652
Total Expenditures	\$ 20,682	\$ 3,799	\$ 11,968	\$ 50,093	\$ 86,542

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, 2019

	<u>Student Activities</u>	<u>Agency Payroll Agency</u>	<u>Total</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 22,160	\$ 29,315	\$ 51,475	\$ 9,320
Total Assets	<u>22,160</u>	<u>29,315</u>	<u>51,475</u>	<u>9,320</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund		1,443	1,443	
Payroll Deductions and Withholdings		27,872	27,872	
Due to Student Groups	<u>22,160</u>		<u>22,160</u>	
Total Liabilities	<u>22,160</u>	<u>29,315</u>	<u>51,475</u>	
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims				<u>9,320</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 9,320</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee	\$ 4,221
Total Contributions	<u>4,221</u>
Investment Earnings:	
Interest	<u>18</u>
Net Investment Earnings	<u>18</u>
Total Additions	<u>4,239</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>3,031</u>
Total Deductions	<u>3,031</u>
Change in Net Position	1,208
Net Position - Beginning of the Year	<u>8,112</u>
Net Position - End of the Year	<u><u>\$ 9,320</u></u>

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 12,463	\$ 50,133	\$ 40,436	\$ 22,160
Total Assets	<u>\$ 12,463</u>	<u>\$ 50,133</u>	<u>\$ 40,436</u>	<u>\$ 22,160</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 12,463	\$ 50,133	\$ 40,436	\$ 22,160
Total Liabilities	<u>\$ 12,463</u>	<u>\$ 50,133</u>	<u>\$ 40,436</u>	<u>\$ 22,160</u>

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Sussex County Charter School for Technology	\$ 12,463	\$ 50,133	\$ 40,436	\$ 22,160
	<u>\$ 12,463</u>	<u>\$ 50,133</u>	<u>\$ 40,436</u>	<u>\$ 22,160</u>

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 32,380	\$ 1,033,824	\$ 1,036,889	\$ 29,315
Total Assets	<u>\$ 32,380</u>	<u>\$ 1,033,824</u>	<u>\$ 1,036,889</u>	<u>\$ 29,315</u>
 <u>LIABILITIES:</u>				
Interfund Payable - General Fund	\$ 1,444		\$ 1	\$ 1,443
Payroll Deductions and Withholdings	<u>30,936</u>	<u>\$ 1,033,824</u>	<u>1,036,888</u>	<u>27,872</u>
Total Liabilities	<u>\$ 32,380</u>	<u>\$ 1,033,824</u>	<u>\$ 1,036,889</u>	<u>\$ 29,315</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Loans				Interest Rate	Balance June 30, 2018	Matured	Balance June 30, 2019
			Outstanding		Amount	Balance				
			Date	June 30, 2019						
USDA Loan	12/27/10	\$ 1,870,000	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%		\$ 1,597,280	\$ 45,788	\$ 1,551,492	

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

Maturities of Loans
Outstanding

Purpose	Date of Issue	Original Issue	June 30, 2019		Interest Rate	June 30, 2018		Balance June 30, 2019
			Date	Amount		Matured	Balance	
Sussex Bank	12/27/2010	\$ 3,000,000	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%				
						\$ 2,506,211	\$ 103,201	\$ 2,403,010
						\$ 4,103,491	\$ 148,989	\$ 3,954,502

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOT APPLICABLE

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 164,868	\$ (4,584)	\$ 160,284	\$ 160,284	
Redemption of Principal	144,405	4,584	148,989	148,989	
Total Regular Debt Service	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Total Expenditures	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(309,273)</u>		<u>(309,273)</u>	<u>(309,273)</u>	
Other Financing Sources:					
Operating Transfer In	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Total Other Financing Sources	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Fund Balance, July 1	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

STATISTICAL SECTION
(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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019
Governmental Activities:										
Net Investment in Capital Assets	\$ 33,325	\$ 529,932	\$ 636,565	\$ 942,416	\$ 1,143,469	\$ 1,277,157	\$ 1,312,594	\$ 1,164,808	\$ 930,812	\$ 983,723
Restricted	390,387	10,000	60,010	80,054	89,057	145,494	75,503	75,521	75,530	75,544
Unrestricted/(Deficit)	51,507	84,238	213,744	264,118	(202,558)	(110,896)	(89,116)	(482,807)	(492,275)	(454,303)
Total Governmental Activities Net Position	\$ 475,219	\$ 624,170	\$ 910,319	\$ 1,286,588	\$ 1,029,968	\$ 1,311,755	\$ 1,298,981	\$ 757,522	\$ 514,067	\$ 604,964

* Restated

Source: Sussex County Charter School for Technology Financial Reports.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 1,447,747	\$ 1,249,043	\$ 1,240,304	\$ 1,598,976	\$ 1,753,069	\$ 2,151,111	\$ 2,581,125	\$ 3,100,754	\$ 3,453,606	\$ 3,105,757
Special Education	31,463	293,722	242,487	191,129	156,145	205,211	224,235	52,335	189,554	182,514
Other Instruction						75,557	89,866	123,651	153,499	132,454
Support Services:										
Student & Instruction Related Services						408,086	374,436	358,024	271,454	337,639
General Administration Services	310,835	467,923	500,725	625,620	750,688	217,615	412,263	465,246	449,344	380,847
School Administration Services	302,178	446,797	444,923	520,984	580,474	138,034	131,650	138,599	155,674	150,839
Central Services						152,203	187,954	219,783	149,420	143,879
Administrative Information Technology						239,406	232,252	504,490	337,460	277,156
Plant Operations And Maintenance						6,665	7,403	6,447	11,290	10,092
Pupil Transportation					76,340	39,736	24,395	3,827		
Capital Outlay										
Interest on Long-Term Debt		135,380	249,593	295,062	225,014	225,921	208,788	182,551	165,683	160,284
Total Governmental Activities Expenses	2,092,223	2,592,865	2,678,032	3,231,771	3,541,730	3,859,545	4,474,367	5,155,707	5,364,086	4,917,339
Total Charter School-Wide Expenses	2,092,223	2,592,865	2,678,032	3,231,771	3,541,730	3,859,545	4,474,367	5,155,707	5,364,086	4,917,339
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	287,165	329,956	374,417	452,890	355,171	707,551	460,549	524,801	973,927	399,431
Total Governmental Activities Program Revenues	287,165	329,956	374,417	452,890	355,171	707,551	460,549	524,801	973,927	399,431
Total Charter School-Wide Program Revenues	287,165	329,956	374,417	452,890	355,171	707,551	460,549	524,801	973,927	399,431
Net (Expenses)/Revenues	(1,805,058)	(2,262,909)	(2,303,615)	(2,778,881)	(3,186,559)	(3,151,994)	(4,013,818)	(4,630,906)	(4,390,159)	(4,517,908)
Governmental Activities	(1,805,058)	(2,262,909)	(2,303,615)	(2,778,881)	(3,186,559)	(3,151,994)	(4,013,818)	(4,630,906)	(4,390,159)	(4,517,908)
Total Charter School-Wide Net (Expenses)/Revenues	(1,805,058)	(2,262,909)	(2,303,615)	(2,778,881)	(3,186,559)	(3,151,994)	(4,013,818)	(4,630,906)	(4,390,159)	(4,517,908)

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Local Property Taxes - Charter School Aid	\$ 1,316,539	\$ 1,690,763	\$ 1,817,171	\$ 2,233,073	\$ 2,371,406	\$ 2,277,903	\$ 2,575,496	\$ 2,413,828	\$ 2,542,787	\$ 2,839,808
Unrestricted Federal and State Aid	604,182	778,247	769,788	916,531	1,006,678	1,132,068	1,412,788	1,669,497	1,734,168	1,723,261
Investment Earnings	1,045	485	1,340	240	206	156	187	246	645	1,416
Miscellaneous Income	3,746		1,465	5,306	18,460	23,654	12,573	5,876	104,931	44,320
Cancellation of Prior Year Payable					20,044					
Total Governmental Activities General Revenues & Other Changes	1,925,512	2,469,495	2,589,764	3,155,150	3,416,794	3,433,781	4,001,044	4,089,447	4,382,531	4,608,805
Total Charter School-Wide General Revenues and Other Changes in Net Position	1,925,512	2,469,495	2,589,764	3,155,150	3,416,794	3,433,781	4,001,044	4,089,447	4,382,531	4,608,805
Change in Net Position:										
Governmental Activities	(337,397)	165,880	(189,117)	(31,409)	264,800	(580,037)	(629,862)	(541,459)	(7,628)	90,897
Total Charter School-Wide Change in Net Position	\$ (337,397)	\$ 165,880	\$ (189,117)	\$ (31,409)	\$ 264,800	\$ (580,037)	\$ (629,862)	\$ (541,459)	\$ (7,628)	\$ 90,897

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Reserved	\$ 390,387									
Unreserved	104,601									
Restricted		\$ 10,000	\$ 60,010	\$ 80,054	\$ 89,257	\$ 145,494	\$ 75,503	\$ 75,521	\$ 75,530	\$ 75,544
Assigned		75,000	169,305	117,733	33,073	15,011	119,659		1,360	1,154
Unassigned		153,827	154,164	234,116	293,469	386,531	368,729	226,899	313,820	365,734
Total General Fund	494,988	238,827	383,479	431,903	415,799	547,036	563,891	302,420	390,710	442,432
Total Governmental Funds	\$ 494,988	\$ 238,827	\$ 383,479	\$ 431,903	\$ 415,799	\$ 547,036	\$ 563,891	\$ 302,420	\$ 390,710	\$ 442,432

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 1,316,539	\$ 1,690,763	\$ 1,817,171	\$ 2,233,073	\$ 2,371,406	\$ 2,277,903	\$ 2,575,496	\$ 2,413,828	\$ 2,542,787	\$ 2,839,808
Miscellaneous	4,791	485	2,805	5,546	18,666	23,810	12,760	6,122	105,576	45,736
Slate Sources	827,066	1,024,359	1,054,982	1,276,670	1,257,889	1,443,873	1,326,210	1,419,218	1,737,899	1,723,261
Federal Sources	64,281	83,844	89,223	92,751	103,960	115,199	106,573	105,828	112,060	86,542
Total Revenue	2,212,677	2,799,451	2,964,181	3,608,040	3,751,921	3,860,785	4,021,039	3,944,996	4,498,322	4,695,347
Expenditures:										
Instruction:										
Regular Instruction	1,107,666	845,525	865,161	1,081,267	1,202,724	1,241,053	1,423,182	1,577,785	1,605,766	1,610,962
Special Education Instruction	31,463	293,722	242,487	191,129	156,145	138,950	146,323	52,335	117,868	124,941
Other Instruction						44,385	51,581	68,044	75,394	72,679
Support Services:										
Student & Instruction Related Services						320,917	279,503	259,844	197,390	266,309
General Administration Services	200,637	313,396	298,748	367,288	442,051	169,434	298,939	289,695	288,948	268,879
School Administration Services	293,785	436,640	460,552	523,312	583,523	113,933	88,210	91,008	95,241	86,268
Central Services						125,934	155,551	176,045	102,412	104,772
Plant Operations And Maintenance						216,471	198,137	289,045	255,220	247,592
Pupil Transportation						6,665	7,403	6,447	11,290	10,092
Administrative Information Technology									27,102	35,878
Unallocated Benefits	450,235	444,925	539,993	706,833	789,774	876,899	1,011,373	1,083,120	1,324,129	1,505,980
Capital Outlay		536,347	42,474	119,673	143,938	75,428	24,395	3,827		
Debt Service:										
Principal		49,677	120,521	261,480	245,100	173,358	110,799	126,721	143,589	164,868
Interest and Other Charges		135,380	249,593	308,634	225,014	225,921	208,788	182,551	165,683	144,405
Total Expenditures	2,083,786	2,870,555	2,819,529	3,559,616	3,788,269	3,729,348	4,004,184	4,206,467	4,410,032	4,643,625
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	128,891	(71,104)	144,652	48,424	(36,348)	131,437	16,855	(261,471)	88,290	51,722
Other Financing Sources:										
Cancellation of Prior Year Payable						20,044				
Net Change In Fund Balances	\$ 128,891	\$ (71,104)	\$ 144,652	\$ 48,424	\$ (36,348)	\$ 131,437	\$ 16,855	\$ (261,471)	\$ 88,290	\$ 51,722
Debt Service as a Percentage of Noncapital Expenditures	0.00%	7.93%	13.33%	16.57%	12.90%	10.93%	8.03%	7.36%	7.01%	6.66%

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
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
2018	645	2,542,787	104,931	2,648,363
2019	1,415	2,839,808	44,321	2,885,544

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
2010	148,827	\$ 47,423	\$ 7,057,822,821	9.30%
2011	148,122	49,072	7,268,642,784	9.30%
2012	146,943	50,809	7,466,026,887	7.80%
2013	145,615	51,392	7,483,446,080	6.00%
2014	144,578	53,709	7,765,139,802	6.20%
2015	142,996	55,528	7,940,281,888	5.20%
2016	141,932	56,711	8,049,105,652	4.70%
2017	141,185	59,193	8,357,163,705	4.40%
2018	140,799	59,193 **	8,334,315,207 *	4.00%
2019	140,799 *	59,193 **	8,334,315,207 *	N/A

N/A - Information is not available.

* - Latest Sussex County population (2018) available was used for calculation purposes.

** - Latest Sussex County per capita personal income available (2017) 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)

	2018		2009		Percentage of Total Employment
	Employer	Employees	Employment	Employer	
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%	Shop Rite (Ronetc Supermarkets, Inc.)	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%	Walmart	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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	18.0	18.0	18.0	20.0	22.0	22.0	22.0	22.0	22.0	22.0
Other Instruction		2.0	2.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0
Support Services:										
General Administration Services	3.5	3.5	3.5	5.5	5.5	5.5	3.0	3.0	3.0	3.0
School Administration Services		2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central Services	2.0	1.5	1.5	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	1.0	1.0
Plant Operations and Maintenance		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	23.5	28.0	31.5	36.5	38.5	38.5	36.5	36.5	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 Middle	Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
2010	150.0	\$ 2,083,786	\$ 13,892	3.77% *	18.0	8.3	150.5	142.4	20.50%	94.62%
2011	200.0	2,334,208	11,671	-15.99%	20.0	10.0	200.3	190.1	33.09%	94.91%
2012	200.0	2,406,941	12,035	3.12%	18.0	9.0	199.4	182.7	-0.45%	91.62%
2013	225.0	2,869,829	12,755	5.98%	20.0	11.1	224.7	212.9	12.69%	94.75%
2014	225.0	3,174,217	14,108	17.22%	22.0	10.2	224.8	212.6	12.74%	94.57%
2015	225.0	3,254,641	14,465	13.41%	22.0	10.2	221.5	209.0	-1.42%	94.36%
2016	225.0	3,660,202	16,268	15.31%	24.0	9.4	225.0	212.6	0.09%	94.49%
2017	225.0	3,893,368	17,304	19.63%	24.0	9.0	215.5	203.6	-4.22%	94.48%
2018	225.0	4,100,760	18,226	12.04%	24.0	9.0	223.0	209.8	3.48%	94.08%
2019	225.0	4,334,352	19,264	11.33%	24.0	9.0	224.0	211.2	0.43%	94.28%

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>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sussex County Charter School										
Square Feet	N/A	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capacity (Students)	N/A	200	200	200	225	225	225	225	225	225
Enrollment	150	200	200	200	225	225	225	225	225	225

Number of Schools at June 30, 2019:

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>
2010	\$ - 0 -	\$ - 0 -
2011	1,600	1,600
2012	4,377	4,377
2013	14,225	14,225
2014	85,621	85,621
2015	59,750	59,750
2016	72,460	72,460
2017	81,015	81,015
2018	73,578	73,578
2019	70,882	70,882

* - 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, 2019
(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, 2019
(UNAUDITED)

	2017	Restated 2018	2019	
Cash	\$ 430,169	\$ 386,872	\$ 413,050	
Current Assets	153,963	160,428	105,687	
Capital Assets, Net	5,411,888	5,034,303	4,938,225	
Total Assets	<u>5,996,020</u>	<u>5,581,603</u>	<u>5,456,962</u>	
Deferred Outflows	<u>606,115</u>	<u>459,598</u>	<u>258,220</u>	
Current Liabilities	316,712	341,279	267,018	
Long Term Liabilities	5,485,819	4,964,263	4,341,159	
Total Liabilities	<u>5,802,531</u>	<u>5,305,542</u>	<u>4,608,177</u>	
Deferred Inflows	<u>42,082</u>	<u>221,592</u>	<u>502,041</u>	
Net Position	<u>\$ 193,489</u>	<u>\$ 276,061</u>	<u>\$ 848,785</u>	
Total Revenue	\$ 4,614,248	\$ 4,980,133	\$ 5,008,236	
Total Expenses	<u>5,155,707</u>	<u>4,987,761</u>	<u>4,917,339</u>	
Change in Net Position	<u>\$ (541,459)</u>	<u>\$ (7,628)</u>	<u>\$ 90,897</u>	
Depreciation Expense	\$ 100,690	\$ 101,853	\$ 101,618	
Principal Payments	129,714	143,589	148,989	
Interest Payments	179,558	165,683	160,284	
Final Average Daily Enrollment	215.50	223.00	224.00	
March 30th Budgeted Enrollment	225.00	225.00	225.00	
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>3 Year Cumulative</u>
Near Term Indicators:				
Current Ratio	0.49	0.47	0.40	0.45
Unrestricted Days Cash	26.19	25.30	27.63	82.28
Enrollment Variance	-4.22%	-0.89%	-0.44%	-1.85%
Default	No	No	No	No
Sustainability Indicators:				
Total Margin	-11.73%	-0.15%	1.81%	-3.14%
Debt to Asset	0.97	0.95	0.84	0.92
Cash Flow	\$ 5,083	\$ (43,297)	\$ 26,178	\$ (17,119)
Debt Service Coverage Ratio	(1.43)	0.30	0.62	(0.17)

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology, in the County of Sussex (the "Charter School") as of and for the fiscal year ended June 30, 2019, 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 November 9, 2019.

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.

November 9, 2019
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

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 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, 2019. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards 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 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, 2019.

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.

November 9, 2019
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, 2019

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2018		Balance, June 30, 2019		Amount Provided to Subrecipients
					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	IDEA7850-19	7/1/18-6/30/19	\$ 50,093		\$ 42,973	\$ (50,093)	\$ (7,120)	
IDEA- B, Basic	84.027	IDEA7850-18	7/1/17-6/30/18	48,090	\$ (14,929)	14,929			
Total Special Education Cluster					(14,929)	57,902	(50,093)	(7,120)	
Elementary and Secondary Education Act									
Title I - Part A	84.010A	ESEA7850-19	7/1/18-6/30/19	20,682		16,217	(20,682)	(4,465)	
Title I - Part A	84.010A	ESEA7850-18	7/1/17-6/30/18	20,531	(4,491)	4,491			
Title II - Part A	84.367A	ESEA7850-18	7/1/17-6/30/18	6,078	(3,934)	5,902	(1,968)		
Title II - Part A	84.367A	ESEA7850-19	7/1/18-6/30/19	3,799		2,774	(3,799)	(1,025)	
Title IV	84.168A	ESEA7850-18	7/1/17-6/30/18	10,000	(511)	511			
Title V	84.168A	ESEA7850-19	7/1/18-6/30/19	10,000		6,870	(10,000)	(3,130)	
Rural Education Achievement Program	84.358	S358A083261	7/1/16-6/30/17	26,787		\$ 89		\$ 89	(912)
Rural Education Achievement Program	84.358	S358A083261	7/1/17-6/30/18	29,329	(912)				
Total U.S. Department of Education					89	94,667	(86,542)	89	(16,652)
Total Federal Awards					\$ 89	\$ 94,667	\$ (86,542)	\$ 89	\$ (16,652)

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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2018		June 30, 2019		MEMO	
				(Accounts Receivable)	Cash Received	GAAP Receivable	Unearned Revenue	Budgetary Receivable	Cumulative Total
				Receivable	Received	Receivable	Revenue	Receivable	Expenditures
State Department of Education:									
General Fund:									
Local Levy - State Share	19-495-034-7850-003	7/01/18-6/30/19	\$ 929,141	\$	\$ 910,258	\$ (18,883)	\$ (18,883)	\$ (18,883)	\$ 929,141
Local Levy - State Share	18-495-034-7850-003	7/01/17-6/30/18	771,310	\$ (17,539)	17,539				771,310
Special Education Aid	19-495-034-5120-089	7/01/18-6/30/19	178,784		175,697	(3,087)	(3,087)	(3,087)	178,784
Special Education Aid	18-495-034-5120-089	7/01/17-6/30/18	164,348	(1,486)	1,486				164,348
Security Aid	19-495-034-5120-084	7/01/18-6/30/19	24,405		23,408	(997)	(997)	(997)	24,405
Security Aid	18-495-034-5120-084	7/01/17-6/30/18	21,291	(1,533)	1,533				21,291
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/01/18-6/30/19	117,051	(6,627)	110,616	(6,434)	(6,434)	(6,434)	117,051
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/01/17-6/30/18	119,254		6,627				119,254
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/01/18-6/30/19	147,656		147,656				147,656
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/01/18-6/30/19	318,848		318,848				318,848
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/01/18-6/30/19	6,674		6,674				6,674
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/01/18-6/30/19	703		703				703
Total General Fund			(27,185)	1,721,045	(1,723,261)	(29,401)	(29,401)	(29,401)	2,799,465
Total State Awards Subject to Single Audit Determination			\$ (27,185)	\$ 1,721,045	\$ (1,723,261)	\$ (29,401)	\$ -0-	\$ (29,401)	\$ 2,799,465
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/01/18-6/30/19	(147,656)		(147,656)				147,656
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/01/18-6/30/19	(318,848)		(318,848)				318,848
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/01/18-6/30/19	(6,674)		(6,674)				6,674
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/01/18-6/30/19	(703)		(703)				703
Subtotal - On-Behalf TPAF Pension System Contributions			(473,881)		(473,881)				473,881
Total State Awards Subject to Single Audit Major Program Determination			\$ 1,247,164	\$ (1,249,380)					

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, 2019

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, 2019. 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. The basis of accounting is 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 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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

The net adjustment to reconcile revenue from the budgetary basis to the GAAP basis is \$-0- for the General Fund and \$-0- 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 Funds. Revenue from Federal and State awards is reported on the Charter School's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,723,261	\$ 1,723,261
Special Revenue Fund	\$ 86,542		86,542
	<u>\$ 86,542</u>	<u>\$ 1,723,261</u>	<u>\$ 1,809,803</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, 2019.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019 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	19-495-034-7850-003	7/1/18 - 6/30/19	\$ 929,141	\$ 929,141
Special Education Aid	19-495-034-5120-089	7/1/18 - 6/30/19	178,784	178,784
Security Aid	19-495-034-5120-084	7/1/18 - 6/30/19	24,405	24,405

- 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, 2019

Status of Prior Year Findings:

There were no prior year audit findings.