

**SCHOOL DISTRICT OF
SUSSEX COUNTY TECHNICAL**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

**Comprehensive Annual
Financial Report**

of the

**Sussex County Technical School District
Board of Education**

(a component unit of the County of Sussex)

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2020

Prepared by

**Sussex County Technical School District
Business Office**

SUSSEX COUNTY TECHNICAL SCHOOL
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INTRODUCTORY SECTION
(UNAUDITED)



SUSSEX COUNTY TECHNICAL SCHOOL

105 North Church Road, Sparta, New Jersey 07871

Andrew Italiano
School Business Administrator\ Board Secretary

Phone: (973) 383-6700
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December 3, 2020

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

Dear Board Members:

The comprehensive annual financial report of the Sussex County Technical School District (the "District") for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board").

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels 9 through 12 and an adult evening school. The District also has several management agreements with other agencies to provide services. Fleet maintenance services are provided to the Morris County Educational Services Commission and Sparta Township Board of Education. Food Services are provided to the Sussex County Charter School for Technology.

The District completed the 2019-2020 fiscal year with an average daily enrollment of 761. This figure was taken from the District's Application for State School Aid (ASSA) and includes both high school and post-secondary day students.

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

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

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

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

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

The Concurrent/College credit program continues to offer students exposure to college level work at a tremendous cost savings to parents. The above program benefits students and parents and also serves to strengthen the School's foundation as a very viable option for students. In addition to providing Sussex County residents with many outstanding educational opportunities, the District provides businesses with skilled employees who drive the local economy through their work and entrepreneurship.

The McNiece building continues to attract a considerable rental population during the school year by outside organizations. The main building currently has two science labs recently renovated with funding bonded by the Freeholders and also had the Welding Shop renovated which was funded by an SDA grant.

Upcoming projects at Sussex Tech will involve upgrades to our Bake Shop and Culinary Back Kitchen.

Sussex Tech will also be converting to natural gas within the next year.

The District is also looking to connect to city sewer within the next 12-18 months.

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2020.

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

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


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

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

9. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors’ report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors’ reports related specifically to the Single Audit and *Government Auditing Standards* are included in the single audit section of this report.

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

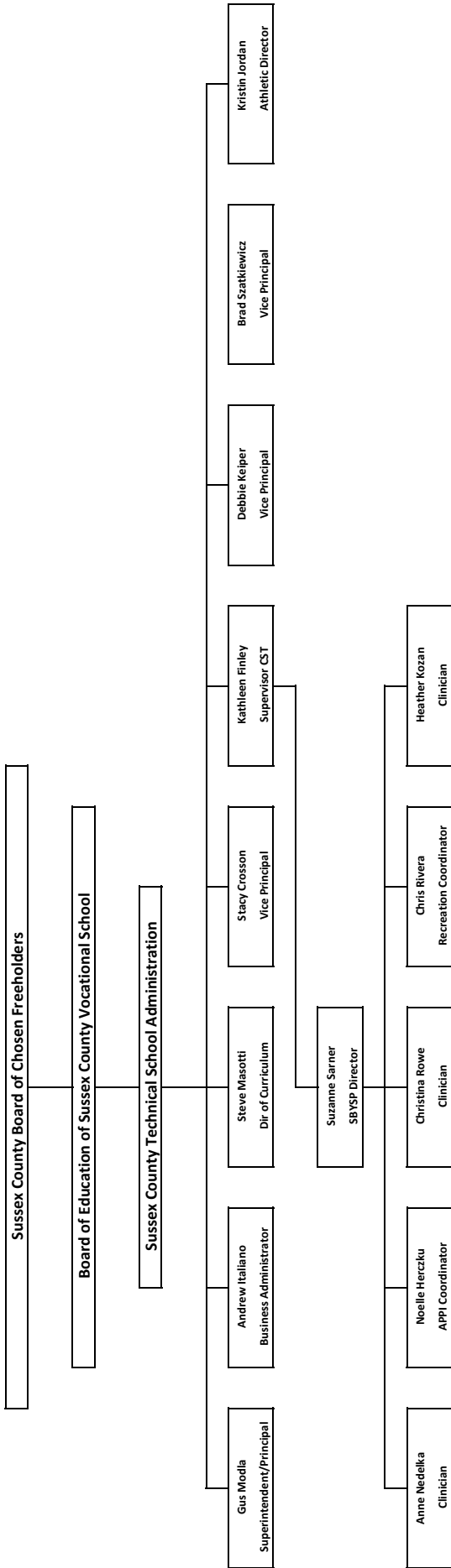
Respectfully submitted,



Augustus Modla
Superintendent/Principal



Andrew Italiano
School Business Administrator



**SUSSEX COUNTY TECHNICAL SCHOOL
ROSTER OF OFFICIALS
JUNE 30, 2020**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jarrold Cofrancesco, President	10/2021
Diane Wexler, Vice President	10/2023
John Miller	10/2020
Susan Shake, Vice President	10/2022
Rosalie Lamonte, County Superintendent	N/A

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

SUSSEX COUNTY TECHNICAL SCHOOL
Consultants and Advisors

Audit Firm

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

Attorneys

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Sparta, NJ 07871

Weiner Law
629 Parsippany Road
Parsippany, NJ 07054

Cleary, Giacobbe, Alfieri & Jacobs, LLC
169 Ramapo Valley Road
Oakland, NJ 07436

Official Depository

Lakeland Bank
Route 15
Lafayette, NJ 07848

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sussex County Technical School (the "District"), a component unit of the County of Sussex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District’s internal control over financial reporting and compliance.

December 3, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management’s Discussion and Analysis

This section of Sussex County Technical School’s annual financial report presents its discussion and analysis of the District’s financial performance during the fiscal year ending June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District’s Financial Report

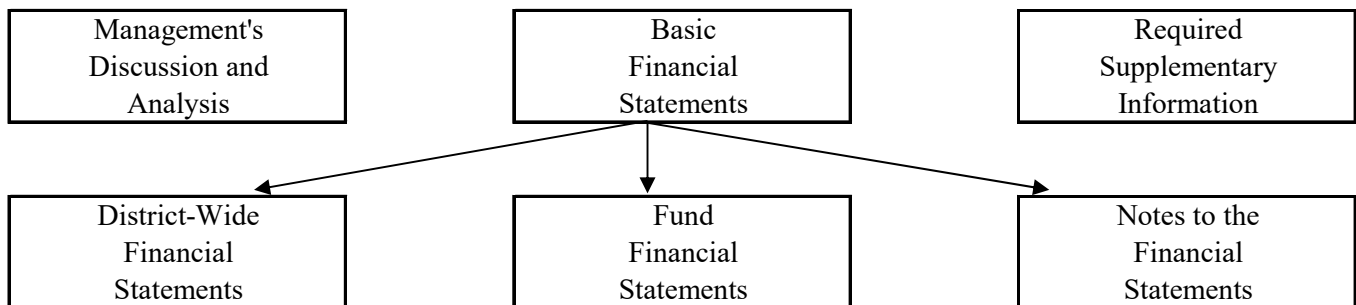


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$551,482. Net position from governmental activities increased by \$761,122 and net position from business-type activities decreased by \$209,640. Net investment in capital assets increased by \$1,400,401, restricted net position increased by \$113,537 and unrestricted net position decreased by \$962,456.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	(Restated) 2018/19	2019/20	2018/19	2019/20	(Restated) 2018/19	2019/20	
Current and Other Assets	\$ 2,838,231	\$ 2,321,571	\$ 500,913	\$ 285,169	\$ 3,339,144	\$ 2,606,740	
Capital Assets, Net	16,003,188	17,405,108	364,698	352,967	16,367,886	17,758,075	
Total Assets	<u>18,841,419</u>	<u>19,726,679</u>	<u>865,611</u>	<u>638,136</u>	<u>19,707,030</u>	<u>20,364,815</u>	3.34%
Deferred Outflows of Resources	<u>1,114,532</u>	<u>728,543</u>			<u>1,114,532</u>	<u>728,543</u>	-34.63%
Other Liabilities	793,807	1,257,163	26,369	8,534	820,176	1,265,697	
Long-Term Liabilities	5,383,786	4,717,642			5,383,786	4,717,642	
Total Liabilities	<u>6,177,593</u>	<u>5,974,805</u>	<u>26,369</u>	<u>8,534</u>	<u>6,203,962</u>	<u>5,983,339</u>	-3.56%
Deferred Inflows of Resources	<u>2,332,425</u>	<u>2,273,362</u>			<u>2,332,425</u>	<u>2,273,362</u>	-2.53%
Net Position:							
Net Investment in Capital Assets	15,984,158	17,396,290	364,698	352,967	16,348,856	17,749,257	
Restricted	148,457	261,994			148,457	261,994	
Unrestricted/(Deficit)	<u>(4,686,682)</u>	<u>(5,451,229)</u>	<u>474,544</u>	<u>276,635</u>	<u>(4,212,138)</u>	<u>(5,174,594)</u>	
Total Net Position	<u>\$ 11,445,933</u>	<u>\$ 12,207,055</u>	<u>\$ 839,242</u>	<u>\$ 629,602</u>	<u>\$ 12,285,175</u>	<u>\$ 12,836,657</u>	4.49%

Changes in Net Position. The District's combined net position was \$12,836,657 on June 30, 2020, \$551,482 or 4.49% more than the previous year (See Figure A-3). Net Investment in Capital Assets increased \$1,400,401 due to the maturity of \$10,212 in capital lease principal and \$1,989,476 in capital assets additions (net of capital assets disposals); offset by \$599,287 in depreciation expense. Restricted net position increased by \$113,537 primarily due to the increase in capital reserve and maintenance reserve. Unrestricted net position decreased by \$962,456 primarily due to a decrease in Capital Projects Fund Balance; offset by changes in net pension liability and related deferred outflows and inflows.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,507,671	\$ 1,740,713	\$ 653,533	\$ 396,218	\$ 2,161,204	\$ 2,136,931	
Operating Grants and Contributions	4,735,093	4,667,366	72,601	72,664	4,807,694	4,740,030	
Capital Grants and Contributions		224,728				224,728	
General Revenue:							
Property Taxes	6,983,863	7,120,050			6,983,863	7,120,050	
State and Federal Aid not Restricted	3,790,971	3,782,004			3,790,971	3,782,004	
County Improvement Authorization	1,106,553	243,017			1,106,553	243,017	
Other	120,873	113,636	187	197	121,060	113,833	
Total Revenue	<u>18,245,024</u>	<u>17,891,514</u>	<u>726,321</u>	<u>469,079</u>	<u>18,971,345</u>	<u>18,360,593</u>	-3.22%
Expenses:							
Instruction	9,797,283	9,681,811			9,797,283	9,681,811	
Pupil and Instruction Services	2,539,393	2,528,898			2,539,393	2,528,898	
Administrative and Business	2,449,300	2,371,968			2,449,300	2,371,968	
Maintenance and Operations	2,290,934	2,241,395			2,290,934	2,241,395	
Pupil Transportation	246,261	152,122			246,261	152,122	
Special Schools	219,660	154,198			219,660	154,198	
Other			846,986	666,614	846,986	666,614	
Total Expenses	<u>17,542,831</u>	<u>17,130,392</u>	<u>846,986</u>	<u>666,614</u>	<u>18,389,817</u>	<u>17,797,006</u>	-3.22%
Other Items	<u>(29,082)</u>		<u>(4)</u>	<u>(12,105)</u>	<u>(29,086)</u>	<u>(12,105)</u>	58.38%
Increase/(Decrease) in Net Position	<u>\$ 673,111</u>	<u>\$ 761,122</u>	<u>\$ (120,669)</u>	<u>\$ (209,640)</u>	<u>\$ 552,442</u>	<u>\$ 551,482</u>	-0.17%

Governmental Activities

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

However, careful management of expenses remains essential for the District to sustain its financial health and increase the efficiencies within the District. Among the cost savings activities implemented or continued during the 2019-2020 fiscal year are the following:

- Look to expand our Facility Rentals and expand our customer base after the McNiece upgrades are complete.
- Continue to expand cooperative purchasing options by joining Ed Data for supplies.
- Expand our Fleet Mechanic services to increase revenue for our internal transportation needs and to help keep our automotive department up to date.

Figure A-5 presents the cost of the major District activities: instruction, pupil and instructional services, administrative and business, maintenance and operations, pupil transportation and special schools. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-5

Net Cost of Governmental Activities

	<u>Total Cost of Services</u> <u>2018/19</u>	<u>Total Cost of Services</u> <u>2019/20</u>	<u>Net Cost of Services</u> <u>2018/19</u>	<u>Net Cost of Services</u> <u>2019/20</u>
Functional Expenses:				
Instruction	\$ 9,797,283	\$ 9,681,811	\$ 6,014,938	\$ 5,810,488
Pupil and Instruction Services	2,539,393	2,528,898	1,418,571	1,306,263
Administrative and Business	2,449,300	2,371,968	1,762,145	1,696,390
Maintenance and Operations	2,290,934	2,241,395	1,774,850	1,444,096
Pupil Transportation	246,261	152,122	197,587	95,595
Special Schools	219,660	154,198	131,976	144,753
	<u>\$ 17,542,831</u>	<u>\$ 17,130,392</u>	<u>\$ 11,300,067</u>	<u>\$ 10,497,585</u>

Business-Type Activities

Net position from the District's business-type activities decreased by \$209,640. The primary contributing factors to this result were the following:

- Food Service Fund expenses exceeded revenues by \$10,898. During the State mandated closure of schools due to COVID-19, the District had a similar decrease in both operating revenue and expenses.
- Use of Facilities Fund expenses exceeded revenues by \$58,596, which was primarily due to a decrease in program fees generated during the COVID-19 shutdown.
- Transportation Fund expenses exceeded revenues by \$140,146. This was mainly due to the loss in revenue from discontinued transportation contracts with several LEA's, as well as no services provided during the COVID-19 shutdown.

Financial Analysis of the District's Funds

The District's overall fund balance decreased primarily due to capital outlay expenses. Additionally, the District had a small decrease in enrollment during the current fiscal year.

General Fund Budgetary Highlights

Most of the budgeted revenue projections for the 2019-2020 fiscal year were fully realized, similarly to the prior year. The rate of execution for the expense side of the budget was more than 95% of the current expense budget for the 2019-2020 fiscal year.

Capital Asset and Long-Term Liability Administration

Figure A-6

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities (Restated)		Business-Type Activities		Total School District (Restated)		
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	
Sites and Site Improvements	\$ 3,771,949	\$ 3,712,379			\$ 3,771,949	\$ 3,712,379	
Construction in Progress	2,659,614	4,001,778			2,659,614	4,001,778	
Buildings and Building Improvements	8,582,805	8,316,694			8,582,805	8,316,694	
Machinery and Equipment	988,820	1,374,257	\$ 364,698	\$ 352,967	1,353,518	1,727,224	
Total Capital Assets (Net of Depreciation)	\$ 16,003,188	\$ 17,405,108	\$ 364,698	\$ 352,967	\$ 16,367,886	\$ 17,758,075	8.49%

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage Change
	2018/19	2019/20	
Other Long-Term Liabilities	\$ 871,228	\$ 817,061	
Net Pension Liability	4,512,558	3,900,581	
	\$ 5,383,786	\$ 4,717,642	-12.37%

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

- The District continued to pay down its capital leases payable, retiring \$10,212 of leases payable.
- A net decrease in compensated absences of \$43,955.
- A decrease in net pension liability of \$611,977.

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

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

- Maintenance cost of aging facilities and systems
- Continued increases in salary and health insurance that exceed state-imposed caps on school budgets
- Uncertainty in the level of tax levy support from the County Freeholders

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 770,329	\$ 185,825	\$ 956,154
Internal Balances	(61,330)	61,330	
Receivable from State Government	22,901		22,901
Receivable from Federal Government	90,592		90,592
Receivables from Other Governments	1,236,574	14,080	1,250,654
Other Receivables	511	13,070	13,581
Inventory		10,864	10,864
Restricted Cash and Cash Equivalents	261,994		261,994
Capital Assets, Net			
Sites (Land) and Construction in Progress	6,766,078		6,766,078
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	10,639,030	352,967	10,991,997
Total Assets	<u>19,726,679</u>	<u>638,136</u>	<u>20,364,815</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	728,543		728,543
Total Deferred Outflows of Resources	<u>728,543</u>		<u>728,543</u>
<u>LIABILITIES</u>			
Accounts Payable	1,077,183	396	1,077,579
Payable to Federal Government	16,012		16,012
Payable to State Government	86,239		86,239
Payable to Other Government	70,852		70,852
Unearned Revenue	6,877	8,138	15,015
Noncurrent Liabilities:			
Due Within One Year	55,210		55,210
Due Beyond one Year	4,662,432		4,662,432
Total Liabilities	<u>5,974,805</u>	<u>8,534</u>	<u>5,983,339</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,273,362		2,273,362
Total Deferred Inflows of Resources	<u>2,273,362</u>		<u>2,273,362</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	17,396,290	352,967	17,749,257
Restricted for:			
Capital Projects	148,786		148,786
Maintenance	113,208		113,208
Unrestricted/(Deficit)	(5,451,229)	276,635	(5,174,594)
Total Net Position	<u>\$ 12,207,055</u>	<u>\$ 629,602</u>	<u>\$ 12,836,657</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,697,773	\$ 481,704	\$ 1,202,604		\$ (3,013,465)		\$ (3,013,465)
Special Education	634,475	65,058	701,752		132,335		132,335
Vocational Education	3,402,583	348,896	777,958		(2,275,729)		(2,275,729)
School-Sponsored/Other Instruction	946,980	97,102	196,249		(653,629)		(653,629)
Support Services:							
Student & Instruction Related Services	2,528,898	259,309	963,326		(1,306,263)		(1,306,263)
General Administrative Services	618,648	63,435	75,159		(480,054)		(480,054)
School Administrative Services	838,636	85,992	201,129		(551,515)		(551,515)
Central Services	644,530	66,089	118,250		(460,191)		(460,191)
Administrative Information Technology	270,154	27,701	37,823		(204,630)		(204,630)
Plant Operations and Maintenance	2,241,395	229,829	342,742	\$ 224,728	(1,444,096)		(1,444,096)
Pupil Transportation	152,122	15,598	40,929		(95,595)		(95,595)
Special Schools	154,198		9,445		(144,753)		(144,753)
Total Governmental Activities	17,130,392	1,740,713	4,667,366	224,728	(10,497,585)		(10,497,585)
Business-Type Activities:							
Transportation	272,436	132,330				\$ (140,106)	(140,106)
Use of Facilities	108,062	61,531				(46,531)	(46,531)
Food Service	286,116	202,357	72,664			(11,095)	(11,095)
Total Business-Type Activities	666,614	396,218	72,664			(197,732)	(197,732)
Total Primary Government	\$ 17,797,006	\$ 2,136,931	\$ 4,740,030	\$ 224,728	(10,497,585)	(197,732)	(10,695,317)

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Other Items:			
Taxes:			
County Tax Levy	\$ 7,120,050		\$ 7,120,050
Federal and State Aid not Restricted	3,782,004		3,782,004
County Improvement Authorization	243,017		243,017
Miscellaneous Income	113,636	\$ 197	113,833
Other Items:			
Cancellation of Prior Year Accounts Receivable		(12,105)	(12,105)
Total General Revenues and Other Items	11,258,707	(11,908)	11,246,799
Change in Net Position	761,122	(209,640)	551,482
Net Position - Beginning	11,445,933	839,242	12,285,175
Net Position - Ending	\$ 12,207,055	\$ 629,602	\$ 12,836,657

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

FUND FINANCIAL STATEMENTS

SUSSEX COUNTY TECHNICAL SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 674,005	\$ 96,324		\$ 770,329
Interfund Receivable	50,234			50,234
Receivables From State Government	20,478	2,423		22,901
Receivables From Federal Government	8,742	81,850		90,592
Receivables From Other Governments	227,019		\$ 1,009,555	1,236,574
Other Accounts Receivables	511			511
Restricted Cash and Cash Equivalents	261,994			261,994
Total Assets	<u>\$ 1,242,983</u>	<u>\$ 180,597</u>	<u>\$ 1,009,555</u>	<u>\$ 2,433,135</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 61,330		\$ 50,234	\$ 111,564
Accounts Payable	764,651	\$ 71,914		836,565
Payable to Federal Government		16,012		16,012
Payable to State Government		86,239		86,239
Payable to Other Government			70,852	70,852
Unearned Revenue	445	6,432		6,877
Total Liabilities	<u>826,426</u>	<u>180,597</u>	<u>121,086</u>	<u>1,128,109</u>
Fund Balances:				
Restricted:				
Capital Reserve	148,786			148,786
Maintenance Reserve	113,208			113,208
Committed:				
Capital Projects			888,469	888,469
Assigned:				
Other Purposes	53,798			53,798
Unassigned	100,765			100,765
Total Fund Balances	<u>416,557</u>		<u>888,469</u>	<u>1,305,026</u>
Total Liabilities and Fund Balances	<u>\$ 1,242,983</u>	<u>\$ 180,597</u>	<u>\$ 1,009,555</u>	<u>\$ 2,433,135</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

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

Total Fund Balances from previous page	\$ 1,305,026
Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds.	17,405,108
Long-Term Liabilities, Including Compensated Absences, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(817,061)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(3,900,581)
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.	<u>(1,785,437)</u>
Net Position of Governmental Activities	<u><u>\$ 12,207,055</u></u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 7,120,050			\$ 7,120,050
Tuition from LEA's	1,740,713			1,740,713
Interest Earned on Capital Reserve Funds	329			329
Other Restricted Miscellaneous Revenue	86,701			86,701
Unrestricted Miscellaneous Revenue	26,606	\$ 26,577		53,183
Total - Local Sources	8,974,399	26,577		9,000,976
State Sources	6,244,478	307,041	\$ 224,728	6,776,247
Federal Sources		492,253		492,253
Total Revenues	15,218,877	825,871	224,728	16,269,476
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	2,750,294	119,597		2,869,891
Special Education Instruction	262,541	179,815		442,356
Vocational Education Instruction	1,999,151	49,200		2,048,351
School-Sponsored/Other Instruction	627,929			627,929
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	1,312,564	403,015		1,715,579
General Administration	495,837			495,837
School Administration	498,694			498,694
Central Services	376,103			376,103
Administrative Information Technology	211,273			211,273
Plant Operations and Maintenance	1,804,206			1,804,206
Student Transportation	100,087			100,087
Unallocated Benefits	4,541,662			4,541,662
Capital Outlay	39,937	71,407	1,585,181	1,696,525
Special Schools	31,130	2,837		33,967
Total Expenditures	15,051,408	825,871	1,585,181	17,462,460
Excess/(Deficit) of Revenue				
Over/(Under) Expenditures	167,469		(1,360,453)	(1,192,984)
Other Financing Sources:				
County Improvement Authorization			243,017	243,017
Total Other Financing Sources			243,017	243,017
Net Change in Fund Balances	167,469		(1,117,436)	(949,967)
Fund Balance - July 1 (Restated)	249,088		2,005,905	2,254,993
Fund Balance - June 30	\$ 416,557	\$ -0-	\$ 888,469	\$ 1,305,026

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

SUSSEX COUNTY TECHNICAL SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (949,967)
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.</p>		
Depreciation Expense	\$ (541,201)	
Capital Outlays	1,943,121	1,401,920
<p>Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.</p>		
		10,212
<p>In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		43,955
<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		611,977
Changes in Deferred Outflows and Inflows Related to Pensions		(356,975)
Change in Net Position of Governmental Activities (A-2)		\$ 761,122

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Non-Major Fund	Major Funds		
	Food Service	Use of Facilities	Transportation	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 28,214	\$ 157,611		\$ 185,825
Intrafund Receivable		40,159	\$ 6,646	46,805
Interfund Receivable - General Fund	61,330			61,330
Intergovernmental Accounts Receivable:				
Other			14,080	14,080
Other Accounts Receivable		150	12,920	13,070
Inventories	10,864			10,864
Total Current Assets	<u>100,408</u>	<u>197,920</u>	<u>33,646</u>	<u>331,974</u>
Non-Current Assets:				
Capital Assets	130,068	40,600	611,862	782,530
Less: Accumulated Depreciation	<u>(88,201)</u>	<u>(5,764)</u>	<u>(335,598)</u>	<u>(429,563)</u>
Total Non-Current Assets	<u>41,867</u>	<u>34,836</u>	<u>276,264</u>	<u>352,967</u>
Total Assets	<u>142,275</u>	<u>232,756</u>	<u>309,910</u>	<u>684,941</u>
LIABILITIES:				
Current Liabilities:				
Intrafund Payable	6,646		40,159	46,805
Accounts Payable			396	396
Unearned Revenue - Prepaid Sales	5,284			5,284
Unearned Revenue - Donated Commodities	2,854			2,854
Total Liabilities	<u>14,784</u>		<u>40,555</u>	<u>55,339</u>
NET POSITION:				
Investment in Capital Assets	41,867	34,836	276,264	352,967
Unrestricted/(Deficit)	<u>85,624</u>	<u>197,920</u>	<u>(6,909)</u>	<u>276,635</u>
Total Net Position	<u>\$ 127,491</u>	<u>\$ 232,756</u>	<u>\$ 269,355</u>	<u>\$ 629,602</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Non-Major Fund	Major Funds		
	Food Service	Use of Facilities	Transportation	
Operating Revenue:				
Daily Sales:				
Reimbursable Programs	\$ 101,626			\$ 101,626
Non-Reimbursable Programs	98,092			98,092
Program Fees		\$ 61,531	\$ 132,330	193,861
Special Events	2,228			2,228
Miscellaneous Revenue	411			411
Total Operating Revenue	202,357	61,531	132,330	396,218
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	78,742			78,742
Non-Reimbursable Programs	38,784			38,784
Salaries	85,012	24,186	185,124	294,322
Employee Benefits	21,741		4,415	26,156
Purchased Professional Technical Services		10,278		10,278
Maintenance			13,374	13,374
Other Purchased Services	41,007			41,007
Supplies and Materials	13,353		12,192	25,545
Energy		37,675		37,675
Miscellaneous Expenditures	504	32,195	9,946	42,645
Depreciation Expense	6,973	3,728	47,385	58,086
Total Operating Expenses	286,116	108,062	272,436	666,614
Operating Loss	(83,759)	(46,531)	(140,106)	(270,396)
Non-Operating Revenue:				
Local Sources:				
Interest Income	197			197
State Sources:				
State School Lunch Program	2,023			2,023
COVID - Seamless Summer Option	2			2
Federal Sources:				
National School Lunch Program	46,630			46,630
School Breakfast Program	8,202			8,202
COVID - Seamless Summer Option	126			126
Food Distribution Program	15,681			15,681
Total Non-Operating Revenue	72,861			72,861

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			Total Enterprise
	Non-Major Fund	Major Funds		
	Food Service	Use of Facilities	Transportation	
Change in Net Position Before Other Items	\$ (10,898)	\$ (46,531)	\$ (140,106)	\$ (197,535)
Other Items:				
Cancellation of Prior Year Accounts Receivable		(12,065)	(40)	(12,105)
Total Other Items		(12,065)	(40)	(12,105)
Change in Net Position	(10,898)	(58,596)	(140,146)	(209,640)
Net Position - Beginning of Year	138,389	291,352	409,501	839,242
Net Position - End of Year	\$ 127,491	\$ 232,756	\$ 269,355	\$ 629,602

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	Non-Major Fund	Major Funds		Total Enterprise
	Food Service	Use of Facilities	Transportation	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 217,577	\$ 71,623	\$ 136,430	\$ 425,630
Payments to Food Service Company	(236,049)			(236,049)
Payments to/for Employees		(24,186)	(189,539)	(213,725)
Payments to Suppliers	(53,984)	(83,048)	(35,607)	(172,639)
Net Cash Used for Operating Activities	(72,456)	(35,611)	(88,716)	(196,783)
Cash flows from Financing Activities:				
Interest Income	197			197
Net Cash Provided by Financing Activities	197			197
Cash flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(12,121)	(20,336)	(13,898)	(46,355)
Net Cash Used for Capital and Related Financing Activities	(12,121)	(20,336)	(13,898)	(46,355)
Cash Flows from Noncapital Financing Activities:				
Intrafund Advanced		(40,159)	40,159	
Interfund Returned - General Fund	87,994			87,994
State Sources	159			159
Federal Sources	3,811			3,811
Net Cash Provided by/(Used for) Noncapital Financing Activities	91,964	(40,159)	40,159	91,964
Net Increase/(Decrease) in Cash and Cash Equivalents	7,584	(96,106)	(62,455)	(150,977)
Cash and Cash Equivalents, July 1	20,630	253,717	62,455	336,802
Cash and Cash Equivalents, June 30	\$ 28,214	\$ 157,611	\$ -0-	\$ 185,825

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activities - Enterprise Funds			
	<u>Non-Major Fund</u>	<u>Major Funds</u>		<u>Total</u>
	<u>Food</u>	<u>Use of</u>	<u>Transportation</u>	
	<u>Service</u>	<u>Facilities</u>	<u>Transportation</u>	<u>Enterprise</u>
Reconciliation of Operating Loss to				
Net Cash Used for Operating Activities:				
Operating Loss	\$ (83,759)	\$ (46,531)	\$ (140,106)	\$ (270,396)
Depreciation	6,973	3,728	47,385	58,086
Food Distribution Program	15,681			15,681
Changes in Assets and Liabilities:				
Decrease in Other Accounts Receivable	9,963	10,092	4,100	24,155
(Decrease) in Accounts Payable	(22,310)	(2,900)	(95)	(25,305)
Increase in Unearned Revenue - Donated Commodities	2,186			2,186
Increase in Unearned Revenue - Prepaid Sales	5,284			5,284
(Increase) in Inventory	(6,474)			(6,474)
Net Cash Used for Operating Activities	<u>\$ (72,456)</u>	<u>\$ (35,611)</u>	<u>\$ (88,716)</u>	<u>\$ (196,783)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$17,867 and utilized U.S.D.A. Commodities valued at \$15,681.

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 232,804	\$ 2,544	\$ 21,426
Investments		5,902	
Interfund Receivable - Payroll Agency			18,620
Total Assets	<u>232,804</u>	<u>8,446</u>	<u>40,046</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	18,013		
Interfund Payable:			
Unemployment Compensation Trust	18,620		
Due to Student Groups	196,171		
Total Liabilities	<u>232,804</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims			40,046
Restricted for Health Promotion Expenses		8,446	
Total Net Position	<u>\$ -0-</u>	<u>\$ 8,446</u>	<u>\$ 40,046</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members		\$ 16,273
Total Contributions		<u>16,273</u>
Investment Earnings:		
Interest	\$ 18	31
Net Investment Earnings	<u>18</u>	<u>31</u>
Total Additions	<u>18</u>	<u>16,304</u>
DEDUCTIONS:		
Unemployment Benefit Claims		<u>1,341</u>
Total Deductions		<u>1,341</u>
Change in Net Position	18	14,963
Net Position - Beginning of the Year	<u>8,428</u>	<u>25,083</u>
Net Position - End of the Year	<u>\$ 8,446</u>	<u>\$ 40,046</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

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

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

B. Basis of Presentation: (Cont'd)

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

Additionally, the District reports the following fund types:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

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

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

	Capital Projects Fund	
	Revenue	Fund Balance
Revenue/Committed Fund Balance	\$ -0-	\$ 1,398,421
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue Recognized on GAAP Basis	224,728	
SDA Grant Receivable not Recognized on GAAP Basis		(509,952)
Revenue/Fund Balance per Governmental Funds (GAAP)	\$ 224,728	\$ 888,469

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,221,127	\$ 860,465
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(39,924)
Prior Year Encumbrances		5,330
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	417,059	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(419,309)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 15,218,877</u>	<u>\$ 825,871</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,051,408	\$ 860,465
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(39,924)
Prior Year Encumbrances		5,330
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,051,408</u>	<u>\$ 825,871</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

E. Cash and Cash Equivalents and Investments

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

H. Encumbrances: (Cont'd)

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

K. Capital Assets:

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2020.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$416,557 General Fund fund balance at June 30, 2020, \$53,798 is assigned for year-end encumbrances; \$148,786 is restricted in the capital reserve account; \$113,208 is restricted in the maintenance reserve account; and there is \$100,765 in unassigned fund balance, which is \$419,309 less than the calculated maximum unassigned fund balance due to the final state aid payments that are not recognized until the fiscal year ending June 30, 2021 on the GAAP basis.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

P. Fund Balance Appropriated (Cont'd)

Capital Projects Fund: The Capital Projects Fund has \$888,469 of committed fund balance at June 30, 2020, which is \$509,952 less on a GAAP basis due to the SDA grants not being recognized as revenue until funds are requested for reimbursement.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2020.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable.

Q. Deficit Net Position

The District had a deficit in unrestricted net position from governmental activities in the amount of \$5,451,229. This is due to the accrual of compensated absences payable, net pension liability and deferred outflows and inflows related to pensions. The District also has a deficit in unrestricted net position in the transportation fund. This was mostly the result of operating expenses exceeding operating revenues. The District is reviewing the transportation fund to ensure that further deficits do not occur in the future.

R. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources and deferred inflows of resources at June 30, 2020 related to pensions.

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

R. Net Position (Cont'd)

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

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

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

Fund balance restrictions have been established for a capital reserve and a maintenance reserve.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2020.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

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

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

On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: county taxes available as an advance, interest and tuition.

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

Investments: (Cont'd)

- (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
- (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;

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

- (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.

As of June 30, 2020, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents		Investments	Total
		Capital Reserve Account	Maintenance Reserve Account		
Checking and Savings Accounts	\$ 1,212,928	\$ 148,786	\$ 113,208		\$ 1,361,714
Certificates of Deposit				\$ 5,902	5,902
	<u>\$ 1,212,928</u>	<u>\$ 148,786</u>	<u>\$ 113,208</u>	<u>\$ 5,902</u>	<u>\$ 1,367,616</u>

During the period ended June 30, 2020, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2020, was \$1,367,616 and the bank balance was \$1,577,911.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Balance at June 30, 2019	\$ 148,457
Add:	
Interest Earnings	329
Balance at June 30, 2020	<u>\$ 148,786</u>

The June 30, 2020 LRFP balance of local support costs of uncompleted capital projects at June 30, 2020 exceeds the balance in the capital reserve account at June 30, 2020.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	(Restated) Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,764,300			\$ 2,764,300
Construction in Progress	2,659,614	\$ 1,585,181	\$ (243,017)	4,001,778
Total Capital Assets Not Being Depreciated	<u>5,423,914</u>	<u>1,585,181</u>	<u>(243,017)</u>	<u>6,766,078</u>
Capital Assets Being Depreciated:				
Site Improvements	1,191,403			1,191,403
Buildings and Building Improvements	23,381,291			23,381,291
Machinery and Equipment	4,044,174	357,940	243,017	4,645,131
Total Capital Assets Being Depreciated	<u>28,616,868</u>	<u>357,940</u>	<u>243,017</u>	<u>29,217,825</u>
Governmental Activities Capital Assets	<u>34,040,782</u>	<u>1,943,121</u>		<u>35,983,903</u>
Less Accumulated Depreciation for:				
Site Improvements	(183,754)	(59,570)		(243,324)
Buildings and Building Improvements	(14,798,486)	(266,111)		(15,064,597)
Machinery and Equipment	(3,055,354)	(215,520)		(3,270,874)
	<u>(18,037,594)</u>	<u>(541,201)</u>		<u>(18,578,795)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,003,188</u>	<u>\$ 1,401,920</u>	<u>\$ -0-</u>	<u>\$ 17,405,108</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 736,175	\$ 46,355		\$ 782,530
Less Accumulated Depreciation	<u>(371,477)</u>	<u>(58,086)</u>		<u>(429,563)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 364,698</u>	<u>\$ (11,731)</u>	<u>\$ -0-</u>	<u>\$ 352,967</u>

The District expended \$1,585,181 towards construction projects in progress during the fiscal year. As of June 30, 2020, the District has \$4,001,778 in active construction projects for various improvements to the District.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 60,995
Special Education Instruction	11,136
Vocational Instruction	167,048
School-Sponsored/Other Instruction	6,364
Student and Instruction Related Services	8,266
General Administration	3,005
School Administration	507
Central Services	70,050
Administrative Information Technology	32,985
Operations and Maintenance of Plant	78,537
Transportation	511
Special Schools	<u>101,797</u>
	<u>\$ 541,201</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance 6/30/2019</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2020</u>
Capital Leases	\$ 19,030		\$ 10,212	\$ 8,818
Compensated Absences Payable	852,198	\$ 17,027	60,982	808,243
Net Pension Liability	<u>4,512,558</u>		<u>611,977</u>	<u>3,900,581</u>
	<u>\$ 5,383,786</u>	<u>\$ 17,027</u>	<u>\$ 683,171</u>	<u>\$ 4,717,642</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

A. Bonds Payable:

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

B. Capital Leases Payable:

The District is leasing several copiers and radio equipment under capital leases valued at \$64,997 of which \$56,179 has been amortized. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2020.

<u>Year</u>	<u>Amount</u>
2021	\$ 4,895
2022	4,450
	<u>9,345</u>
Less: Amount representing interest	<u>(527)</u>
Present value of net minimum lease payments	<u><u>\$ 8,818</u></u>

The current portion of Capital Leases payable at June 30, 2020 is \$4,496 and the long-term portion is \$4,322. The General Fund will be used to liquidate the capital leases payable.

C. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$50,714 and is separated from the long-term liability balance of compensated absences of \$757,529.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the Enterprise Funds. The General Fund will be used to liquidate the compensated absences payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$0- and the long-term portion is \$3,900,581. See Note 7 for further information on the PERS.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

District employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee's Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

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/annual-reports.shtml.

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$211,273 for 2020.

The employee contribution rate was 7.50% effective July 1, 2019.

Pension Liabilities and Pension Expense

At June 30, 2020, the District reported a liability of \$3,900,581 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.022%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension benefit of \$44,434. At June 30, 2020, 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	\$ 10,308	
	2015	5.72	63,739	
	2016	5.57	315,440	
	2017	5.48		\$ 559,942
	2018	5.63		452,485
	2019	5.21		341,452
			389,487	1,353,879
Changes in Proportion	2014	6.44	7,243	
	2015	5.72	21,185	
	2016	5.57		107,218
	2017	5.48		75,461
	2018	5.63		425,372
	2019	5.21		232,629
			28,428	840,680

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference Between Expected and Actual Experience	2015	5.72	\$ 17,684	
	2016	5.57	9,573	
	2017	5.48	16,653	
	2018	5.63		\$ 17,231
	2019	5.21	26,100	
			<u>70,010</u>	<u>17,231</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(71,994)
	2017	5.00		86,397
	2018	5.00		60,096
	2019	5.00		(12,927)
				<u>61,572</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	240,618	
			<u>\$ 728,543</u>	<u>\$ 2,273,362</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2020	\$ (112,631)
2021	(365,373)
2022	(326,257)
2023	(153,194)
2024	(15,730)
	<u>\$ (973,185)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 4,911,730	\$ 3,900,581	\$ 3,026,171

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. 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 member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, 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. During the fiscal year ended 2020, the State of New Jersey contributed \$1,167,818 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,931,392.

The employee contribution rate was 7.50% effective July 1, 2019.

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$32,745,076. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.053%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District with the District		32,745,076
Total	\$	32,745,076

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,931,392 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.50	\$ 768,874,621	
	2015	8.30	2,351,172,865	
	2016	8.30	5,609,216,856	
	2017	8.30		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			<u>8,729,264,342</u>	<u>17,163,131,436</u>
Difference Between Expected and Actual Experience	2014	8.50		7,323,009
	2015	8.30	145,211,243	
	2016	8.30		69,755,412
	2017	8.30	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			<u>1,203,503,264</u>	<u>213,344,311</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(431,855,192)
	2017	5.00		452,016,524
	2018	5.00		288,091,115
	2019	5.00		(144,882,771)
			<u>163,369,676</u>	
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

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

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	<u>\$ (7,607,077,817)</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2019) 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, 2019 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	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 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, 2019		
	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
Total Net Pension Liability	\$ 38,613,692	\$ 32,745,076	\$ 27,875,977

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$4,438 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$5,332 for the fiscal year ended June 30, 2020.

NOTE 8. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

Selected, summarized financial information for the Fund as of June 30, 2020 is as follows:

Total Assets	\$ 51,526,293
Net Position	<u>\$ 20,539,909</u>
Total Revenue	<u>\$ 43,264,723</u>
Total Expenses	<u>\$ 41,642,801</u>
Change in Net Position	<u>\$ 1,621,922</u>
Member Dividends	<u>\$ -0-</u>

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$ -0-	\$ 31	\$ 16,273	\$ 1,341	\$ 40,046
2018-2019	-0-	16	19,996	7,728	25,083
2017-2018	-0-	79	22,505	42,042	12,799

NOTE 9. ECONOMIC DEPENDENCY

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 10. INTERFUND AND INTRAFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 50,234	\$ 61,330
Capital Projects Fund		50,234
Enterprise Funds:		
Food Service	61,330	6,646
Use of Facilities	40,159	
Transportation	6,646	40,159
Fiduciary Fund:		
Payroll Agency Fund		18,620
Unemployment Compensation Trust	18,620	
	\$ 176,989	\$ 176,989

The interfund payable in the Capital Projects Fund is an interfund loan from the General Fund to the Capital Projects Fund for cash flow purposes. The interfund payable in the Transportation Enterprise Fund is an interfund loan from the Use of Facilities Enterprise Fund to the Transportation Enterprise Fund for cash flow purposes. The interfund receivable in the Food Service Fund is subsidy reimbursements collected in the General Fund not turned over to the Food Service Fund by June 30. The intrafund payable in the Food Service Fund is a prior year intrafund advanced from the Transportation Fund. The interfund receivable in the Unemployment Compensation Trust is the 2019-2020 employee contributions collected in the Payroll Agency Fund not turned over to the Unemployment Compensation Trust by June 30.

NOTE 11. DEFERRED COMPENSATION

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

The 403(b) plan administrators are as follows:

Lincoln Investments	Equitable
Prudential Financial	Midland National Life Insurance Company

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

NOTE 12. TAX CALENDAR

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 13. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 53,798	\$ 39,924	\$ 93,722

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$39,924 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 14. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities and Business-Type Activities as of June 30, 2020 consisted of the following:

	Governmental Funds			District Contribution Subsequent to the Measure- ment Date	Total Govern- mental Activities	Business- Type Activities Enterprise Funds
	General Fund	Special Revenue Fund	Capital Projects Fund			
State of New Jersey	\$ 5,445	\$ 62,936		\$ 68,381	\$ 240,618	\$ 308,999
Vendors	759,206	8,978		768,184	768,184	\$ 396
	\$ 764,651	\$ 71,914	\$ -0-	\$ 836,565	\$ 240,618	\$ 1,077,183

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 15. OPERATING LEASES

The District has commitments to lease copying equipment under operating leases which expire in 2023. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 13,156
2022	13,156
2023	<u>7,675</u>
Total future minimum lease payments	<u>\$ 33,987</u>

NOTE 16. 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.

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.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

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 TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (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, 2017	\$ 34,075,252
Changes for Year:	
Service Cost	972,272
Interest on the Total OPEB Liability	1,241,267
Difference between Actual and Expected Experience	(2,836,256)
Changes of Assumptions	(3,365,724)
Gross Benefit Payments by the State	(784,264)
Contributions from Members	27,105
Net Changes	(4,745,600)
Balance at June 30, 2018	\$ 29,329,652

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 (2.87%)	At Discount Rate (3.87%)	At 1% Increase (4.87%)
Total OPEB Liability Attributable to the District	\$ 34,673,619	\$ 29,329,652	\$ 25,081,750

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.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 24,242,666	\$ 29,329,652	\$ 36,057,386

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$1,056,451 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:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 3,562,581
	2018	9.51		3,011,810
				<u>6,574,391</u>
Differences between Expected and Actual Experience	2018	9.51		2,847,098
Changes in Proportion	N/A	N/A	\$ 43,395	99,242
			<u>\$ 43,395</u>	<u>\$ 9,520,731</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2019	\$ (1,160,965)
2020	(1,160,964)
2021	(1,160,964)
2022	(1,160,964)
2023	(1,160,964)
Thereafter	(3,616,668)
	\$ (9,421,489)

NOTE 17. MAINTENANCE RESERVE

A maintenance reserve account in the amount of \$113,208 was established by the District on June 30, 2020. The funds for the establishment of this reserve were transferred from excess unassigned general fund balance.

These 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 their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district 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 district's school 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.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. MAINTENANCE RESERVE (Cont'd)

Balance at June 30, 2019	\$	-0-
Add:		
Transfer from Unassigned Fund Balance per Board Resolution - June 18, 2020		113,208
Balance at June 30, 2020	\$	<u>113,208</u>

NOTE 18. PRIOR PERIOD ADJUSTMENT

The District made a prior period adjustment to record the payment of a payable to another government which had been reported as construction in progress in the prior year in error.

	<u>Balance 6/30/19</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance 6/30/19</u> <u>as Restated</u>
<u>Statement of Net Position</u>			
<u>Governmental Activities</u>			
Assets:			
Capital Assets, Net			
Sites (Land) and Construction in Progress	\$ 5,964,239	\$ (540,325)	\$ 5,423,914
Total Capital Assets, Net	16,543,513	(540,325)	16,003,188
Total Assets	19,381,744	(540,325)	18,841,419
Liabilities:			
Payable to Other Government	540,325	(540,325)	-0-
Total Liabilities	6,717,918	(540,325)	6,177,593
Net Position:			
Net Investment in Capital Assets	16,524,483	(540,325)	15,984,158
Unrestricted/(Deficit)	(5,227,007)	540,325	(4,686,682)
Total Net Position	11,445,933	-0-	11,445,933

Statement of Revenue, Expenditures, and Changes in Fund Balance

Capital Projects Fund

Net Position:			
Committed	1,465,580	540,325	2,005,905
Total Net Position	1,714,668	540,325	2,254,993

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

Additionally, the District's cash flow in the Governmental Funds may be affected by the timing of the collection of the District's tax levy as well as certain State aid payments.

The District's Food Service, Use of Facilities and Transportation Enterprise Funds will likely be impacted by COVID-19 for the fiscal year ending June 30, 2021.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.0276491979%	0.0285235464%	0.0266084872%	0.0258436698%	0.0229185976%	0.0216476635%
District's proportionate share of the net pension liability	\$ 5,176,686	\$ 6,402,965	\$ 7,880,671	\$ 6,015,993	\$ 4,512,558	\$ 3,900,581
District's covered employee payroll	\$ 1,947,119	\$ 1,829,439	\$ 1,778,164	\$ 1,610,448	\$ 1,512,699	\$ 1,577,896
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	265.86%	350.00%	443.19%	373.56%	298.31%	247.20%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 227,936	\$ 245,226	\$ 243,883	\$ 244,299	\$ 288,932	\$ 211,273
Contributions in relation to the contractually required contribution	(227,936)	(245,226)	(243,883)	(244,299)	(288,932)	(211,273)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 1,829,439	\$ 1,778,164	\$ 1,610,448	\$ 1,512,699	\$ 1,577,896	\$ 1,633,292
Contributions as a percentage of covered employee payroll	12.46%	13.79%	15.14%	16.15%	18.31%	12.94%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0547309809%	0.0521117141%	0.0557555225%	0.0555668276%	0.0535024307%	0.0533559915%
State's proportionate share of the net pension liability attributable to the District	\$ 29,251,928	\$ 32,936,829	\$ 43,860,844	\$ 37,465,159	\$ 34,037,097	\$ 32,745,076
District's covered employee payroll	\$ 5,557,776	\$ 5,643,076	\$ 5,592,289	\$ 5,611,772	\$ 5,679,855	\$ 5,892,118
State's proportionate share of the net pension liability attributable to the District as a percentage of the District's covered employee payroll	526.32%	583.67%	784.31%	667.62%	599.26%	555.74%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 1,574,028	\$ 2,011,090	\$ 3,295,532	\$ 2,595,396	\$ 1,984,244	\$ 1,931,392
Contributions in relation to the contractually required contribution	<u>(281,735)</u>	<u>(446,401)</u>	<u>(603,163)</u>	<u>(787,902)</u>	<u>(1,049,384)</u>	<u>(1,167,818)</u>
Contribution deficiency/(excess)	<u>\$ 1,292,293</u>	<u>\$ 1,564,689</u>	<u>\$ 2,692,369</u>	<u>\$ 1,807,494</u>	<u>\$ 934,860</u>	<u>\$ 763,574</u>
District's covered employee payroll	\$ 5,643,076	\$ 5,592,289	\$ 5,611,772	\$ 5,679,855	\$ 5,892,118	\$ 5,883,105
Contributions as a percentage of covered employee payroll	4.99%	7.98%	10.75%	13.87%	17.81%	19.85%

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

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB
LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST TWO FISCAL YEARS

	Fiscal Year Ending	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 1,168,250	\$ 972,272
Interest Cost	1,073,632	1,241,267
Difference between Actual and Expected Experience		(2,836,256)
Changes in Assumptions	(4,286,914)	(3,365,724)
Member Contributions	29,062	27,105
Gross Benefit Payments	(789,255)	(784,264)
Net Change in Total OPEB Liability	(2,805,225)	(4,745,600)
Total OPEB Liability - Beginning	36,880,477	34,075,252
Total OPEB Liability - Ending	\$ 34,075,252	\$ 29,329,652
District's Covered Employee Payroll *	\$ 7,370,453	\$ 7,222,220
Total OPEB Liability as a Percentage of Covered Employee Payroll	462%	406%

* Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 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 TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 plan actuary's modified MP-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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions (Cont'd)

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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 OPEB 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.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Changes of Actuarial Assumptions (Cont'd)

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

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, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine 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 5.9% 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 eight 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.

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 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 TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
County Tax Levy	\$ 7,120,050		\$ 7,120,050	\$ 7,120,050	
Tuition from LEA's	1,841,600		1,841,600	1,740,713	\$ (100,887)
Interest Earned on Capital Reserve Funds	1		1	329	328
Other Restricted Miscellaneous Revenue	81,500		81,500	86,701	5,201
Unrestricted Miscellaneous Revenues	22,340		22,340	26,606	4,266
Total - Local Sources	9,065,491		9,065,491	8,974,399	(91,092)
State Sources:					
Special Education Aid	413,134		413,134	413,134	
Equalization Aid	2,460,033		2,460,033	2,460,033	
Categorical Security Aid	74,363		74,363	74,363	
Adjustment Aid	1,025,246		1,025,246	1,025,246	
Vocational Expansion Stabilization Aid	224,391		224,391	224,391	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				441,004	441,004
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,167,818	1,167,818
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				20,932	20,932
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,247	1,247
TPAF Reimbursed Social Security (Non-Budgeted)				418,560	418,560
Total State Sources	4,197,167		4,197,167	6,246,728	2,049,561
Total Revenues	13,262,658		13,262,658	15,221,127	1,958,469

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 9-12 - Salaries of Teachers	\$ 2,525,326	\$ 90,653	\$ 2,615,979	\$ 2,581,444	\$ 34,535
Purchased Professional-Educational Services	28,000	4,000	32,000	24,599	7,401
General Supplies	82,825	50,177	133,002	113,356	19,646
Textbooks	34,000	(5,225)	28,775	27,775	1,000
Regular Programs - Home Instruction:					
Salaries of Teachers	4,850		4,850	3,120	1,730
Purchased Professional/Educational Services	320		320		320
Total Regular Programs - Instruction	<u>2,675,321</u>	<u>139,605</u>	<u>2,814,926</u>	<u>2,750,294</u>	<u>64,632</u>
Special Education Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	100,000	30,000	130,000	98,726	31,274
Other Salaries for Instruction	168,972		168,972	161,457	7,515
General Supplies	4,500		4,500	2,358	2,142
Textbooks	3,518		3,518		3,518
Total Resource Room/Resource Center	<u>276,990</u>	<u>30,000</u>	<u>306,990</u>	<u>262,541</u>	<u>44,449</u>
Regular Vocational Programs:					
Salaries of Teachers	1,832,098	(92,941)	1,739,157	1,739,157	
Other Purchased Services	23,848	(11,900)	11,948	10,075	1,873
General Supplies	258,517	12,730	271,247	243,078	28,169
Textbooks	1,171	6,900	8,071	6,841	1,230
Total Regular Vocational Programs	<u>2,115,634</u>	<u>(85,211)</u>	<u>2,030,423</u>	<u>1,999,151</u>	<u>31,272</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities:					
Salaries	\$ 135,000		\$ 135,000	\$ 132,941	\$ 2,059
Supplies and Materials		30	30	30	
Other Objects	49,900	(25,998)	23,902	22,930	972
Total School-Sponsored Cocurricular Activities	<u>184,900</u>	<u>(25,968)</u>	<u>158,932</u>	<u>155,901</u>	<u>3,031</u>
School-Sponsored Athletics:					
Salaries	295,783	39,619	335,402	335,402	
Purchased Services (300-500 series)	26,450	(11,187)	15,263	14,022	1,241
Supplies and Materials	35,000	3,808	38,808	38,633	175
Other Objects	88,325	(2,800)	85,525	83,971	1,554
Total School-Sponsored Athletics	<u>445,558</u>	<u>29,440</u>	<u>474,998</u>	<u>472,028</u>	<u>2,970</u>
Total Instruction	<u>5,698,403</u>	<u>87,866</u>	<u>5,786,269</u>	<u>5,639,915</u>	<u>146,354</u>
Undist. Expend. - Attendance and Social Work Services:					
Salaries	48,630		48,630	48,630	
Supplies and Materials	50		50		50
Total Undist. Expend. - Attendance and Social Work Services	<u>48,680</u>		<u>48,680</u>	<u>48,630</u>	<u>50</u>
Undist. Expend. - Health Services:					
Salaries	80,547		80,547	80,547	
Purchased Professional and Technical Services	100	(2)	98		98
Supplies and Materials	1,500	(31)	1,469	1,469	
Total Undist. Expend. - Health Services	<u>82,147</u>	<u>(33)</u>	<u>82,114</u>	<u>82,016</u>	<u>98</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Speech, OT, PT and Related Services:					
Purchased Professional Educational Services	\$ 45,000	\$ (9,800)	\$ 35,200	\$ 35,200	
Total Undist. Expend. - Speech, OT, OT and Related Services	<u>45,000</u>	<u>(9,800)</u>	<u>35,200</u>	<u>35,200</u>	
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	381,185	6,196	387,381	387,381	
Salaries of Secretarial and Clerical Assistants	72,906	9,450	82,356	82,356	
Other Purchased Professional and Technical Services	29,000	(18,240)	10,760	10,743	\$ 17
Other Purchased Services (400-500 series)	4,500	(1,500)	3,000	2,703	297
Supplies and Materials	8,750	(4,425)	4,325	3,171	1,154
Other Objects	20,500	5,487	25,987	25,587	400
Total Undist. Expend. - Guidance	<u>516,841</u>	<u>(3,032)</u>	<u>513,809</u>	<u>511,941</u>	<u>1,868</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	427,349	98	427,447	427,447	
Salaries of Secretarial and Clerical Assistants	56,630	2,552	59,182	59,182	
Other Purchased Professional and Technical Services	12,299	12,351	24,650	18,576	6,074
Other Purchased Services (400-500 series)	1,000		1,000	813	187
Supplies and Materials	1,000	(548)	452	449	3
Other Objects		1,330	1,330	1,330	
Total Undist. Expend. - Child Study Team	<u>498,278</u>	<u>15,783</u>	<u>514,061</u>	<u>507,797</u>	<u>6,264</u>
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Other Professional Staff	8,000	(8,000)			
Supplies and Materials	500		500	500	500
Total Undist. Expend. - Improvement of Instruction Services	<u>8,500</u>	<u>(8,000)</u>	<u>500</u>	<u>500</u>	<u>500</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Educational Media Services/School Library:					
Salaries	\$ 77,552		\$ 77,552	\$ 77,552	
Purchased Professional and Technical Services	4,600	75	4,675	4,675	
Other Purchased Services (400-500 series)	13,200	3,872	17,072	17,072	
Supplies and Materials	13,160	47	13,207	13,207	
Total Undist. Expend. - Educational Media Services/School Library	108,512	3,994	112,506	112,506	
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	3,659		3,659	3,659	
Purchased Professional Educational Services	3,525	(59)	3,466	2,575	\$ 891
Other Purchased Services (400-500 series)	13,334	(5,000)	8,334	8,240	94
Total Undist. Expend. - Instructional Staff Training Services	16,859	(1,400)	15,459	14,474	985
Undist. Expend. - Support Services - General Administration:					
Salaries	189,360	(2,000)	187,360	179,363	7,997
Legal Services	25,000	1,975	26,975	26,975	
Audit Fees	42,000	9,000	51,000	51,000	
Architectural/ Engineering Services	5,000	12,962	17,962	17,962	
Other Purchased Professional Services	3,000	905	3,905	3,905	
Communications/Telephone	135,000	44,982	179,982	179,982	
Board of Education Other Purchased Services	1,000		1,000	121	879
General Supplies	1,500		1,500	1,199	301
Miscellaneous Expenditures	25,000	2,036	27,036	27,036	
Board of Education Membership Dues and Fees	25,000	(16,445)	8,555	8,294	261
Total Undist. Expend. - Support Services - General Administration	451,860	53,415	505,275	495,837	9,438

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 445,599	\$ (75,486)	\$ 370,113	\$ 368,727	\$ 1,386
Salaries of Secretarial and Clerical Assistants	111,260		111,260	111,260	
Purchased Professional and Technical Services	3,800	2,000	5,800	5,448	352
Other Purchased Services	1,200		1,200	826	374
Supplies and Materials	12,000	(2,000)	10,000	9,133	867
Other Objects	2,525	1,834	4,359	3,300	1,059
Total Undist. Expend. - Support Services - School Administration	<u>576,384</u>	<u>(73,652)</u>	<u>502,732</u>	<u>498,694</u>	<u>4,038</u>
Undistributed Expenditures - Central Services:					
Salaries	290,123		290,123	282,199	7,924
Purchased Technical Services	25,000	(18,307)	6,693	784	5,909
Miscellaneous Purchased Services (400-500)	30,000	(4,000)	26,000	24,604	1,396
Supplies and Materials	8,000	13,265	21,265	21,265	
Interest on Lease Purchase Agreements	1,000	(1,000)			
Miscellaneous Expenditures	27,400	33,173	60,573	47,251	13,322
Total Undistributed Expenditures - Central Services	<u>381,523</u>	<u>23,131</u>	<u>404,654</u>	<u>376,103</u>	<u>28,551</u>
Undistributed Expend. - Administrative Information Technology:					
Salaries	90,087	175	90,262	90,262	
Other Purchased Services	40,000	65,092	105,092	102,003	3,089
Supplies and Materials	10,000	12,455	22,455	19,008	3,447
Total Undistributed Expenditures - Admin. Info. Technology	<u>140,087</u>	<u>77,722</u>	<u>217,809</u>	<u>211,273</u>	<u>6,536</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expend. - Required Maintenance for School Facilities:					
Salaries	\$ 302,374	\$ 97,351	\$ 399,725	\$ 395,117	\$ 4,608
Cleaning, Repair and Maintenance Services	139,605	270,509	410,114	389,833	20,281
General Supplies	50,000	(47,468)	2,532	2,505	27
Total Undistributed Expend. - Required Maintenance for School Facilities	491,979	320,392	812,371	787,455	24,916
Undist. Expend. - Custodial Services:					
Salaries	368,139	60	368,199	368,199	
Other Purchased Property Services	77,648	(39,860)	37,788	23,363	14,425
Insurance	165,000	23,625	188,625	188,625	
General Supplies	40,000	2,171	42,171	32,378	9,793
Energy (Natural Gas)	5,000		5,000	3,965	1,035
Energy (Electricity)	270,000	(62,126)	207,874	206,929	945
Energy (Oil)	155,000	(11,708)	143,292	138,665	4,627
Total Undist. Expend. - Custodial Services	1,080,787	(87,838)	992,949	962,124	30,825
Undist. Expend. - Care and Upkeep of Grounds:					
General Supplies	5,000	(5,000)			
Total Undist. Expend. - Care and Upkeep of Grounds	5,000	(5,000)			
Undist. Expend. - Security:					
Salaries	53,009	3,651	56,660	54,627	2,033
Total Undist. Expend. - Security	53,009	3,651	56,660	54,627	2,033

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	\$ 25,000	\$ (25,000)			
Contracted Services - Other than Between Home and School - Vendors	75,000	22,675	\$ 97,675	\$ 97,675	
Supplies and Materials		2,412	2,412	2,412	
Total Undist. Expend. - Student Transportation Services	100,000	87	100,087	100,087	
Unallocated Benefits:					
Social Security Contributions	200,000	4,000	204,000	202,868	\$ 1,132
Other Retirement Contributions - PERS	275,000	(61,291)	213,709	211,273	2,436
Other Retirement Contributions - Regular	3,000	4,628	7,628	4,438	3,190
Workmen's Compensation	165,000	(9,893)	155,107	151,023	4,084
Health Benefits	2,233,000	(381,162)	1,851,838	1,833,929	17,909
Tuition Reimbursement	20,819	(4,000)	16,819	16,599	220
Other Employee Benefits	60,000	11,971	71,971	71,971	
Total Unallocated Benefits	2,956,819	(435,747)	2,521,072	2,492,101	28,971
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				441,004	(441,004)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,167,818	(1,167,818)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				20,932	(20,932)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				1,247	(1,247)
Reimbursed TPAF Social Security Contributions (non-budgeted)				418,560	(418,560)
Total On-Behalf Contributions				2,049,561	(2,049,561)
Total Personal Services - Employee Benefits	2,956,819	(435,747)	2,521,072	4,541,662	(2,020,590)

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 7,562,265	\$ (126,327)	\$ 7,435,938	\$ 9,340,426	\$ (1,904,488)
TOTAL GENERAL CURRENT EXPENSE	13,260,668	(38,461)	13,222,207	14,980,341	(1,758,134)
CAPITAL OUTLAY:					
Facilities Acquisition and Construction Services:					
Construction Services	4,075	35,862	35,862	35,862	
Assessment for Debt Service on SDA Funding	4,075		4,075	4,075	
Total Facilities Acquisition and Construction Services	4,075	35,862	39,937	39,937	
TOTAL CAPITAL OUTLAY	4,075	35,862	39,937	39,937	
SPECIAL SCHOOLS:					
Vocational Evening - Local - Instruction:					
Salaries of Teachers	35,000		35,000	15,770	19,230
General Supplies	10,000	5,000	15,000	12,497	2,503
Other Objects	4,000		4,000	264	3,736
Total Vocational Evening - Local - Instruction	49,000	5,000	54,000	28,531	25,469
Vocational Evening - Local - Support Services:					
Personal Services - Employee Benefits	1,500		1,500		1,500
Other Purchased Services (400-500 series)	2,000	599	2,599	2,599	
Supplies and Materials	3,000	(3,000)			
Total Vocational Evening - Local - Support Services	6,500	(2,401)	4,099	2,599	1,500

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL SPECIAL SCHOOLS	\$ 55,500	\$ 2,599	\$ 58,099	\$ 31,130	\$ 26,969
TOTAL EXPENDITURES	<u>13,320,243</u>		<u>13,320,243</u>	<u>15,051,408</u>	<u>(1,731,165)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(57,585)		(57,585)	169,719	227,304
Fund Balance, July 1	<u>666,147</u>		<u>666,147</u>	<u>666,147</u>	
Fund Balance, June 30	<u>\$ 608,562</u>	<u>\$ -0-</u>	<u>\$ 608,562</u>	<u>\$ 835,866</u>	<u>\$ 227,304</u>
Recapitulation:					
Restricted:				\$ 148,786	
Capital Reserve				113,208	
Maintenance Reserve					
Assigned:				53,798	
Year End Encumbrances				520,074	
Unassigned				<u>835,866</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(419,309)</u>	
Last State Aid Payments not recognized on a GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 416,557</u>	

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 30,945	\$ 30,945	\$ 26,577	\$ (4,368)
State Sources	\$ 323,000	10,801	333,801	303,775	(30,026)
Federal Sources	465,862	131,055	596,917	530,113	(66,804)
Total Revenues	788,862	172,801	961,663	860,465	(101,198)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	278,293		278,293	271,154	7,139
General Supplies	117,625	28,518	146,143	118,155	27,988
Total Instruction	395,918	28,518	424,436	389,309	35,127
Support Services:					
Salaries	53,932	121,992	175,924	166,816	9,108
Salaries of Other Professional Staff	77,323	2,280	79,603	76,924	2,679
Other Salaries	16,305	7,695	24,000	16,305	7,695
Personal Services - Employee Benefits	99,671	1,229	100,900	92,299	8,601
Purchased Professional and Technical Services	9,000	6,840	9,000	9,000	6,840
Purchased Professional - Educational Services	29,530		29,530	15,586	13,944
Other Purchased Services					
Travel		31	31		31
Supplies and Materials	30,375	945	31,320	21,287	10,033
Other Objects	1,532	3,271	4,803	1,532	3,271
Total Support Services	317,668	144,283	461,951	399,749	62,202
Facilities Acquisition and Construction Services:					
Instructional Equipment	75,276		75,276	71,407	3,869
Total Facilities Acquisition and Construction Services	75,276		75,276	71,407	3,869
Total Expenditures	\$ 788,862	\$ 172,801	\$ 961,663	\$ 860,465	\$ 101,198

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,221,127	\$ 860,465
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(39,924)
Prior Year Encumbrances		5,330
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	417,059	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(419,309)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,218,877</u>	<u>\$ 825,871</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,051,408	\$ 860,465
Difference - Budgetary to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(39,924)
Prior Year Encumbrances		5,330
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,051,408</u>	<u>\$ 825,871</u>

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Adolescent Pregnancy Prevention Initiative	School Based Youth Services	Apprenticeship Coordinator	CARES Emergency Relief
REVENUES				
Local Sources				
State Sources	\$ 63,181	\$ 230,830	\$ 9,764	\$ 37,860
Federal Sources				
Total Revenues	63,181	230,830	9,764	37,860
EXPENDITURES				
Instruction:				
Salaries of Teachers			9,000	37,860
General Supplies				
Total Instruction			9,000	37,860
Support Services:				
Salaries	46,717	112,884		
Salaries of Other Professional Staff		76,924		
Other Salaries				
Personal Services - Employee Benefits	15,674	11,013	689	
Purchased Professional - Educational Services		9,000		
Other Purchased Services				
Supplies and Materials	300	20,042		
Other Objects	490	967	75	
Total Support Services	63,181	230,830	764	
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	\$ 63,181	\$ 230,830	\$ 9,764	\$ 37,860

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	I.D.E.A. Part B, Basic	Carl D. Perkins Secondary	Post Secondary	Workforce Investment Act Program
REVENUES				
Local Sources				
State Sources				
Federal Sources				
Total Revenues	\$ 242,751	\$ 63,110	\$ 65,054	\$ 52,077
	242,751	63,110	65,054	52,077
EXPENDITURES				
Instruction:				
Salaries of Teachers	179,815			26,399
General Supplies		49,200	2,837	
Total Instruction	179,815	49,200	2,837	26,399
Support Services:				
Salaries		4,720		
Salaries of Other Professional Staff				
Other Salaries				16,305
Personal Services - Employee Benefits	62,936			1,987
Purchased Professional - Educational Services				
Other Purchased Services				7,386
Supplies and Materials				
Other Objects				
Total Support Services	62,936	4,720		25,678
Facilities Acquisition and Construction Services:				
Instructional Equipment		9,190	62,217	
Total Facilities Acquisition and Construction Services		9,190	62,217	
Total Expenditures	\$ 242,751	\$ 63,110	\$ 65,054	\$ 52,077

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Elementary and Secondary Education Act			Total
	Title I	Title II A	Title IV	
REVENUES				
Local Sources				\$ 26,577
State Sources	49,081	\$ 12,680	\$ 7,500	\$ 303,775
Federal Sources				530,113
Total Revenues	<u>49,081</u>	<u>12,680</u>	<u>7,500</u>	<u>860,465</u>
EXPENDITURES				
Instruction:				
Salaries of Teachers	45,755	10,185		271,154
General Supplies	2,626			118,155
Total Instruction	<u>48,381</u>	<u>10,185</u>		<u>389,309</u>
Support Services:				
Salaries		2,495		166,816
Salaries of Other Professional Staff				76,924
Other Salaries				16,305
Personal Services - Employee Benefits				92,299
Purchased Professional - Educational Services				9,000
Other Purchased Services	700		7,500	15,586
Supplies and Materials				21,287
Other Objects				945
Total Support Services	<u>700</u>	<u>2,495</u>	<u>7,500</u>	<u>399,749</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment				71,407
Total Facilities Acquisition and Construction Services				<u>71,407</u>
Total Expenditures	<u>\$ 49,081</u>	<u>\$ 12,680</u>	<u>\$ 7,500</u>	<u>\$ 860,465</u>

CAPITAL PROJECTS FUND

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Revenue and Other Financing Sources:	
County Improvement Authorizations	\$ 243,017
	<hr/>
Total Revenue and Other Financing Sources	243,017
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	5,483
Construction Services	1,329,902
Equipment	242,409
Bond Issuance and Legal Costs	7,387
Cancel Accounts Receivables from SDA	19,272
	<hr/>
Total Expenditures and Other Financing Uses	1,604,453
	<hr/>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(1,361,436)
	<hr/>
Fund Balance - Beginning of Year (Restated)	2,759,857
	<hr/>
Fund Balance - End of Year	\$ 1,398,421
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 1,398,421
	<hr/>
Total Fund Balance - Budgetary Basis	1,398,421
	<hr/>
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	(509,952)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 888,469
	<hr/> <hr/>

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
SEWER TREATMENT PLANT REPLACEMENT, MCNIECE PARKING LOT,
GREENHOUSE, TENNIS COURT AND BACKSTOPS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 354,000		\$ 354,000	\$ 354,000
County Improvement Authorization	<u>1,518,918</u>		<u>1,518,918</u>	<u>1,518,918</u>
Revenue and Other Financing Sources	<u>1,872,918</u>		<u>1,872,918</u>	<u>1,872,918</u>
Expenditures:				
Purchased Professional and Technical Services	42,477		42,477	194,600
Construction Services	952,732		952,732	1,636,318
Bond Issuance and Legal Costs	<u>3,930</u>		<u>3,930</u>	<u>42,000</u>
Total Expenditures	<u>999,139</u>		<u>999,139</u>	<u>1,872,918</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 873,779</u>	<u>\$ -0-</u>	<u>\$ 873,779</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5110-010-14-4000; 1004
Grant Date	N/A
County Bond Ordinance Authorization Date	4/23/14
County Bond Ordinance Authorized	\$ 1,548,000
Original Authorized Cost	\$ 1,872,918
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 1,872,918</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	53%
Original Target Completion Date	12/15
Revised Target Completion Date	06/22

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ROOF REPLACEMENT AND WELDING SHOP IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Restated Prior Periods	Current Year	Totals	Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 976,000	\$ (19,272)	\$ 956,728	\$ 956,728
County Improvement Authorization	1,464,000		1,464,000	1,464,000
Revenue and Other Financing Sources	2,440,000	(19,272)	2,420,728	2,420,728
Expenditures:				
Purchased Professional and Technical Services				150,728
Construction Services	1,620,319	485,496	2,105,815	2,255,000
Bond Issuance and Legal Costs	6,840	4,322	11,162	15,000
Total Expenditures	1,627,159	489,818	2,116,977	2,420,728
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 812,841	\$ (509,090)	\$ 303,751	\$ -0-

Additional Project Information:

Project Numbers	5110-010-14-1003; 1005
Grant Date	10/20/16
County Bond Ordinance Authorization Date	5/11/16
County Bond Ordinance Authorized	\$ 1,464,000
Original Authorized Cost	\$ 2,420,728
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 2,420,728

Percentage Increase/Decrease over Original

Authorized Cost	0%
Percentage Completion	87%
Original Target Completion Date	06/17
Revised Target Completion Date	06/20

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
SCIENCE LAB IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 790,000		\$ 790,000	\$ 790,000
Revenue and Other Financing Sources	<u>790,000</u>		<u>790,000</u>	<u>790,000</u>
Expenditures:				
Purchased Professional and Technical Services	32,250	\$ 5,483	37,733	78,934
Construction Services		707,339	707,339	710,000
Bond Issuance and Legal Costs	1,066	2,457	3,523	1,066
Total Expenditures	<u>33,316</u>	<u>715,279</u>	<u>748,595</u>	<u>790,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 756,684</u>	<u>\$ (715,279)</u>	<u>\$ 41,405</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Bond Ordinance Authorization Date	4/26/17
County Bond Ordinance Authorized	\$ 790,000
Original Authorized Cost	\$ 790,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 790,000</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	95%
Original Target Completion Date	06/20
Revised Target Completion Date	N/A

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization	\$ 316,553		\$ 316,553	\$ 316,553
Revenue and Other Financing Sources	316,553		316,553	316,553
Expenditures:				
Construction Services		\$ 137,067	137,067	316,553
Total Expenditures		137,067	137,067	316,553
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 316,553	\$ (137,067)	\$ 179,486	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Bond Ordinance Authorization	
Date	5/15/19
County Bond Ordinance Authorized	\$ 316,553
Original Authorized Cost	\$ 316,553
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 316,553</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	43%
Original Target Completion Date	06/20
Revised Target Completion Date	06/21

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS EQUIPMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Improvement Authorization		\$ 243,017	\$ 243,017	\$ 243,017
Revenue and Other Financing Sources		243,017	243,017	243,017
Expenditures:				
Equipment		242,409	242,409	242,409
Bond Issuance and Legal Costs		608	608	608
Total Expenditures		243,017	243,017	243,017
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
County Bond Ordinance Authorization	
Date	5/15/19
County Bond Ordinance Authorized	\$ 243,017
Original Authorized Cost	\$ 243,017
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	<u>\$ 243,017</u>
Percentage Increase over Original	
Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	06/20
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Non-Major Fund	Major Funds		Totals
	Food Service	Use of Facilities	Transportation	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 28,214	\$ 157,611		\$ 185,825
Intrafund Receivable		40,159	\$ 6,646	46,805
Interfund Receivable - General Fund	61,330			61,330
Intergovernmental Accounts Receivable:				
Other			14,080	14,080
Other Accounts Receivable		150	12,920	13,070
Inventories	10,864			10,864
Total Current Assets	100,408	197,920	33,646	331,974
Non-Current Assets:				
Capital Assets	130,068	40,600	611,862	782,530
Less: Accumulated Depreciation	(88,201)	(5,764)	(335,598)	(429,563)
Total Non-Current Assets	41,867	34,836	276,264	352,967
Total Assets	142,275	232,756	309,910	684,941
LIABILITIES:				
Current Liabilities:				
Intrafund Payable	6,646		40,159	46,805
Accounts Payable			396	396
Unearned Revenue - Prepaid Sales	5,284			5,284
Unearned Revenue - Donated Commodities	2,854			2,854
Total Liabilities	14,784		40,555	55,339
NET POSITION:				
Investment in Capital Assets	41,867	34,836	276,264	352,967
Unrestricted/(Deficit)	85,624	197,920	(6,909)	276,635
Total Net Position	\$ 127,491	\$ 232,756	\$ 269,355	\$ 629,602

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Non-Major Fund	Major Funds		Totals
	Food Service	Use of Facilities	Transportation	
Operating Revenue:				
Daily Sales:				
Reimbursable Programs	\$ 101,626			\$ 101,626
Non-Reimbursable Programs	98,092			98,092
Charges for Services - Program Fees		\$ 61,531	\$ 132,330	193,861
Special Events	2,228			2,228
Miscellaneous Revenue	411			411
Total Operating Revenue	202,357	61,531	132,330	396,218
Operating Expenses:				
Cost of Sales:				
Reimbursable Programs	78,742			78,742
Non-Reimbursable Programs	38,784			38,784
Salaries	85,012	24,186	185,124	294,322
Employee Benefits	21,741		4,415	26,156
Purchased Professional Technical Services		10,278		10,278
Maintenance			13,374	13,374
Other Purchased Services	41,007			41,007
Supplies and Materials	13,353		12,192	25,545
Energy		37,675		37,675
Miscellaneous Expenditures	504	32,195	9,946	42,645
Depreciation Expense	6,973	3,728	47,385	58,086
Total Operating Expenses	286,116	108,062	272,436	666,614
Operating Loss	(83,759)	(46,531)	(140,106)	(270,396)
Non-Operating Revenue:				
Interest Income	197			197
State Sources:				
State School Lunch Program	2,023			2,023
COVID - Seamless Summer Option	2			2
Federal Sources:				
National School Lunch Program	46,630			46,630
School Breakfast Program	8,202			8,202
COVID - Seamless Summer Option	126			126
Food Distribution Program	15,681			15,681
Total Non-Operating Revenue	72,861			72,861

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Non-Major Fund</u>	<u>Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Use of Facilities</u>	<u>Transportation</u>	
Change in Net Position Before Other Items	\$ (10,898)	\$ (46,531)	\$ (140,106)	\$ (197,535)
Other Items:				
Cancellation of Prior Year Accounts Receivable		(12,065)	(40)	(12,105)
Total Other Items		(12,065)	(40)	(12,105)
Change in Net Position	(10,898)	(58,596)	(140,146)	(209,640)
Net Position - Beginning of Year	138,389	291,352	409,501	839,242
Net Position - End of Year	<u>\$ 127,491</u>	<u>\$ 232,756</u>	<u>\$ 269,355</u>	<u>\$ 629,602</u>

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Non-Major Fund</u>	<u>Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Use of Facilities</u>	<u>Transportation</u>	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 217,577	\$ 71,623	\$ 136,430	\$ 425,630
Payments to Food Service Company	(236,049)			(236,049)
Payments to/for Employees		(24,186)	(189,539)	(213,725)
Payments to Suppliers	(53,984)	(83,048)	(35,607)	(172,639)
Net Cash Used for Operating Activities	<u>(72,456)</u>	<u>(35,611)</u>	<u>(88,716)</u>	<u>(196,783)</u>
Cash Flows from Financing Activities:				
Interest Income	197			197
Net Cash Provided by Financing Activities	<u>197</u>			<u>197</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(12,121)	(20,336)	(13,898)	(46,355)
Net Cash Used for Capital and Related Financing Activities	<u>(12,121)</u>	<u>(20,336)</u>	<u>(13,898)</u>	<u>(46,355)</u>
Cash Flows by Noncapital Financing Activities:				
Interfund Advanced		(40,159)	40,159	
Interfund Returned - General Fund	87,994			87,994
State Sources	159			159
Federal Sources	3,811			3,811
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>91,964</u>	<u>(40,159)</u>	<u>40,159</u>	<u>91,964</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	7,584	(96,106)	(62,455)	(150,977)
Cash and Cash Equivalents, July 1	<u>20,630</u>	<u>253,717</u>	<u>62,455</u>	<u>336,802</u>
Cash and Cash Equivalents, June 30	<u>\$ 28,214</u>	<u>\$ 157,611</u>	<u>\$ -0-</u>	<u>\$ 185,825</u>

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Non-Major Fund</u>	<u>Major Funds</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Use of Facilities</u>	<u>Transportation</u>	
Reconciliation of Operating Loss to				
Net Cash Used for Operating Activities:				
Operating Loss	\$ (83,759)	\$ (46,531)	\$ (140,106)	\$ (270,396)
Depreciation	6,973	3,728	47,385	58,086
Food Distribution Program	15,681			15,681
Changes in Assets and Liabilities:				
Decrease in Other Accounts Receivable	9,963	10,092	4,100	24,155
(Decrease) in Accounts Payable	(22,310)	(2,900)	(95)	(25,305)
Increase in Unearned Revenue - Donated Commodities	2,186			2,186
Increase in Unearned Revenue - Prepaid Sales	5,284			5,284
(Increase) in Inventory	(6,474)			(6,474)
Net Cash Used for Operating Activities	<u>\$ (72,456)</u>	<u>\$ (35,611)</u>	<u>\$ (88,716)</u>	<u>\$ (196,783)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$17,867 and utilized U.S.D.A. Commodities valued at \$15,681.

FIDUCIARY FUNDS

SUSSEX COUNTY TECHNICAL SCHOOL
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Agency</u>		<u>Total Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>		<u>Trust</u>	<u>Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 196,171	\$ 36,633	\$ 232,804	\$ 2,544	\$ 21,426
Investments				5,902	
Interfund Receivable - Payroll Agency					18,620
Total Assets	<u>196,171</u>	<u>36,633</u>	<u>232,804</u>	<u>8,446</u>	<u>40,046</u>
<u>LIABILITIES:</u>					
Payroll Deductions and Withholdings		18,013	18,013		
Interfund Payable:					
Unemployment Compensation Trust		18,620	18,620		
Due to Student Groups	<u>196,171</u>		<u>196,171</u>		
Total Liabilities	<u>196,171</u>	<u>36,633</u>	<u>232,804</u>		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims					40,046
Restricted for Health Promotion Expenses				<u>8,446</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,446</u>	<u>\$ 40,046</u>

SUSSEX COUNTY TECHNICAL SCHOOL
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2020

	Health Promotion Trust	Unemployment Compensation Trust
	<hr/>	<hr/>
ADDITIONS:		
Contributions:		
Plan Members		\$ 16,273
Investment Earnings:		
Interest	\$ 18	31
Total Additions	<hr/> 18	<hr/> 16,304
DEDUCTIONS:		
Unemployment Benefit Claims		1,341
Total Deductions		<hr/> 1,341
Change in Net Position	18	14,963
Net Position - Beginning of the Year	<hr/> 8,428	<hr/> 25,083
Net Position - End of the Year	<hr/> <hr/> \$ 8,446	<hr/> <hr/> \$ 40,046

SUSSEX COUNTY TECHNICAL SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 193,490	\$ 328,599	\$ 325,918	\$ 196,171
Total Assets	<u>\$ 193,490</u>	<u>\$ 328,599</u>	<u>\$ 325,918</u>	<u>\$ 196,171</u>
 <u>LIABILITIES:</u>				
Due to Student Groups	\$ 193,460	\$ 328,599	\$ 325,888	\$ 196,171
Interfund Payable:				
General Fund	<u>30</u>		<u>30</u>	
Total Liabilities	<u>\$ 193,490</u>	<u>\$ 328,599</u>	<u>\$ 325,918</u>	<u>\$ 196,171</u>

SUSSEX COUNTY TECHNICAL SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 90,359	\$ 15,326,315	\$ 15,380,041	\$ 36,633
Total Assets	<u>\$ 90,359</u>	<u>\$ 15,326,315</u>	<u>\$ 15,380,041</u>	<u>\$ 36,633</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 18,116	\$ 15,310,042	\$ 15,310,145	\$ 18,013
Interfund Payable:				
Unemployment				
Compensation Trust	19,996	16,273	17,649	18,620
General Fund	52,247		52,247	
Total Liabilities	<u>\$ 90,359</u>	<u>\$ 15,326,315</u>	<u>\$ 15,380,041</u>	<u>\$ 36,633</u>

LONG-TERM DEBT

SUSSEX COUNTY TECHNICAL SCHOOL
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Purpose	Interest Rate	Original Issue	Balance July 1, 2019	Matured	Balance June 30, 2020
1 Savin C4503sp Copier & 5 Savin MP3054 Copiers	3.25%	\$ 42,202	\$ 5,598	\$ 5,598	
Motorola Radio Equipment	6.41%	22,795	13,432	4,614	8,818
			\$ 19,030	\$ 10,212	\$ 8,818

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:									(Restated)	
Net Investment in Capital Assets	\$ 8,501,170	\$ 8,723,160	\$ 10,949,201	\$ 11,569,599	\$ 13,090,307	\$ 13,182,426	\$ 13,417,964	\$ 15,380,891	\$ 15,984,158	\$ 17,396,290
Restricted	904,291	2,888,074	225,541	541	541	541	541	250,541	148,457	261,994
Unrestricted/(Deficit)	(410,203)	(183,223)	1,987,222	(2,946,352)	(4,461,616)	(3,464,976)	(3,002,659)	(4,858,610)	(4,686,682)	(5,451,229)
Total Governmental Activities Net Position	\$ 8,995,258	\$ 11,428,011	\$ 13,161,964	\$ 8,623,788	\$ 8,629,232	\$ 9,717,991	\$ 10,415,846	\$ 10,772,822	\$ 11,445,933	\$ 12,207,055
Business-Type Activities:										
Net Investment in Capital Assets	\$ 119,464	\$ 141,948	\$ 179,897	\$ 268,044	\$ 297,929	\$ 315,213	\$ 294,421	\$ 208,151	\$ 364,698	\$ 352,967
Unrestricted/(Deficit)	(1,571)	21,806	121,103	201,243	495,348	638,982	795,398	751,760	474,544	276,635
Total Business-Type Activities Net Position	\$ 117,893	\$ 163,754	\$ 301,000	\$ 469,287	\$ 793,277	\$ 954,195	\$ 1,089,819	\$ 959,911	\$ 839,242	\$ 629,602
District-Wide:										
Net Investment in Capital Assets	\$ 8,620,634	\$ 8,865,108	\$ 11,129,098	\$ 11,837,643	\$ 13,388,236	\$ 13,497,639	\$ 13,712,385	\$ 15,589,042	\$ 16,348,856	\$ 17,749,257
Restricted	904,291	2,888,074	225,541	541	541	541	541	250,541	148,457	261,994
Unrestricted/(Deficit)	(411,774)	(161,417)	2,108,325	(2,745,109)	(3,966,268)	(2,825,994)	(2,207,261)	(4,106,850)	(4,212,138)	(5,174,594)
Total District Net Position	\$ 9,113,151	\$ 11,591,765	\$ 13,462,964	\$ 9,093,075	\$ 9,422,509	\$ 10,672,186	\$ 11,505,665	\$ 11,732,733	\$ 12,285,175	\$ 12,836,657

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,014,188	\$ 3,551,917	\$ 3,465,198	\$ 3,346,773	\$ 3,895,241	\$ 4,316,769	\$ 5,116,687	\$ 5,276,074	\$ 4,660,042	\$ 4,697,773
Special Education	369,177	485,510	526,185	543,303	975,613	1,368,925	467,204	731,289	612,283	634,475
Other Special Instruction	177,878	75,119	850							
Vocational Education	3,057,019	2,798,254	3,012,477	3,272,174	3,437,792	2,908,830	3,995,379	3,836,945	3,615,702	3,402,583
School-Sponsored/Other Instruction	666,075	662,399	714,374	752,062	864,965	918,782	1,078,597	986,741	909,256	946,980
Support Services:										
Student and Instruction Related Services	2,032,388	2,076,490	2,302,096	2,432,384	2,656,703	2,525,986	2,593,938	2,745,649	2,539,393	2,528,898
General Administrative Services	385,125	350,707	323,626	390,006	446,202	738,150	722,345	745,747	603,539	618,648
School Administrative Services	428,820	426,091	407,811	453,446	564,120	630,379	1,017,870	1,097,615	997,172	838,636
Central Services	453,552	498,783	548,860	538,245	553,272	597,303	570,275	623,689	638,886	644,530
Administrative Information Technology	121,765	124,532	129,186	134,939	162,140	195,967	210,955	262,882	209,703	270,154
Plant Operations and Maintenance	1,750,396	2,330,740	2,431,393	2,358,718	2,283,357	2,073,262	2,179,084	2,242,213	2,290,934	2,241,395
Pupil Transportation	141,247	295,552	343,543	478,356	514,667	460,368	508,920	320,341	246,261	152,122
Special Schools	596,556	137,487	116,993	78,006	208,813	254,000	316,510	242,896	219,660	154,198
Capital Outlay	35,841	305,009	1,000,431	136,263						
Unallocated Depreciation	307,277	388,737	398,567	415,265						
Total Governmental Activities Expenses	13,537,304	14,507,327	15,721,590	15,329,940	16,562,885	16,988,721	18,777,764	19,112,081	17,542,831	17,130,392
Business-Type Activities:										
Juvenile Detention Center	4,682									
Swimming Pool	28,245									
Transportation	782,002	803,412	991,447	1,107,714	1,028,886	817,355	804,323	226,615	224,411	272,436
Use of Facilities	113,829	110,855	110,165	128,455	116,323	72,996	90,602	155,334	207,470	108,062
Charter School	53,608									
Food Service	340,245	359,092	382,596	376,639	421,497	435,438	417,022	417,650	415,105	286,116
Total Business-Type Activities Expense	1,322,611	1,273,359	1,484,208	1,612,808	1,566,706	1,325,789	1,311,947	799,599	846,986	666,614
Total District Expenses	14,859,915	15,780,686	17,205,798	16,942,748	18,129,591	18,314,510	20,089,711	19,911,680	18,389,817	17,797,006
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition		1,267,527	1,386,790	1,521,742	1,638,601	1,650,771	1,723,034	1,736,034	1,507,671	1,740,713
Operating Grants and Contributions	1,937,007	2,254,343	2,220,638	2,131,459	3,525,237	3,938,840	5,395,048	5,933,107	4,735,093	4,667,366
Capital Grants and Contributions	255,449	127,670	971,004	502,400	502,400	146,515	576,048	576,048	224,728	224,728
Total Governmental Activities Program Revenues	2,192,456	3,649,540	4,578,432	3,653,201	5,666,238	5,736,126	7,118,082	8,245,189	6,242,764	6,632,807

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

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues: (Cont'd)										
Business-Type Activities:										
Charges for Services:										
Swimming Pool	\$ 5,805									
Transportation	719,144	\$ 823,528	\$ 1,063,218	\$ 1,210,373	\$ 1,313,006	\$ 953,014	\$ 856,779	\$ 194,724	\$ 160,114	\$ 132,330
Use of Facilities	127,752	162,705	170,269	138,679	154,038	128,983	177,279	145,088	171,754	61,531
Charter School	53,608									
Food Service	254,418	264,321	280,695	307,364	319,090	321,986	355,308	355,559	321,665	202,357
Operating Grants and Contributions	83,172	97,904	107,992	119,178	119,767	107,316	81,174	70,568	72,601	72,664
Capital Grants and Contributions								7,787		
Total Business-Type Activities Program Revenues	1,243,899	1,348,458	1,622,174	1,775,594	1,905,901	1,511,299	1,470,540	773,726	726,134	468,882
Total District Program Revenues	3,436,355	4,997,998	6,200,606	5,428,795	7,572,139	7,247,425	8,588,622	9,018,915	6,968,898	7,101,689
Net (Expense)/Revenue:										
Governmental Activities	(11,344,848)	(10,857,787)	(11,143,158)	(11,676,739)	(10,896,647)	(11,252,595)	(11,659,682)	(10,866,892)	(11,300,067)	(10,497,585)
Business-Type Activities	(78,712)	75,099	137,966	162,786	339,195	185,510	158,593	(25,873)	(120,852)	(197,732)
Total District-Wide Net Expense	(11,423,560)	(10,782,688)	(11,005,192)	(11,513,953)	(10,557,452)	(11,067,085)	(11,501,089)	(10,892,765)	(11,420,919)	(10,695,317)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Tax Levy	7,826,010	6,561,362	6,692,589	6,826,444	6,962,974	6,962,974	6,962,974	6,983,863	6,983,863	7,120,050
Tuition	15,810									
Federal and State Aid not Restricted	3,624,889	3,785,435	3,848,619	3,833,360	3,845,724	3,847,345	3,853,083	3,855,765	3,790,971	3,782,004
Miscellaneous Income	200,683	677,115	149,874	129,846	141,471	125,784	212,304	384,240	120,873	113,636
County Improvement Authorization and Capital Lease Proceeds	717,600	2,309,642	1,280,000	1,548,000	130,000	1,464,000	1,331,000		1,106,553	243,017
Insurance Recovery Related to Fire Damage			450,604							
Insurance Recovery Related to Other Costs of Super Storm Sandy			522,784							
Insurance Recovery Related to Snow Storm				55,750						
Cancellation of Intergovernmental Accts Receivable	(190,000)	(43,014)	(67,359)		(178,078)	(58,749)	(1,824)		(29,082)	
Allowance for Doubtful Accounts				(76,528)						
Total Governmental Activities	12,180,734	13,290,540	12,877,111	12,316,872	10,902,091	12,341,354	12,357,537	11,223,868	11,973,178	11,258,707

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

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Miscellaneous Income	\$ 14,258	\$ 38	\$ 81	\$ 129	\$ 217	\$ 267	\$ 132	\$ 148	\$ 187	\$ 197
Insurance Recovery Related to Buses Transfers	(15,985)	(29,276)	(801)	(5,368)	(23,972)	(24,859)	(26,929)	(16,208)	(4)	(12,105)
Cancellation of Prior Year Accounts Receivable					8,550		3,828			
Cancellation of Prior Year Accounts Payable										
Disposal of Capital Assets, Net of Accumulated Depreciation				(68,917)				(87,975)		
Total Business-Type Activities	<u>(1,727)</u>	<u>(29,238)</u>	<u>(720)</u>	<u>5,501</u>	<u>(15,205)</u>	<u>(24,592)</u>	<u>(22,969)</u>	<u>(104,035)</u>	<u>183</u>	<u>(11,908)</u>
Total District-Wide	<u>12,179,007</u>	<u>13,261,302</u>	<u>12,876,391</u>	<u>12,322,373</u>	<u>10,886,886</u>	<u>12,316,762</u>	<u>12,334,568</u>	<u>11,119,833</u>	<u>11,973,361</u>	<u>11,246,799</u>
Change in Net Position:										
Governmental Activities	835,886	2,432,753	1,733,953	640,133	5,444	1,088,759	697,855	356,976	673,111	761,122
Business-Type Activities	(80,439)	45,861	137,246	168,287	323,990	160,918	135,624	(129,908)	(120,669)	(209,640)
Total District	<u>\$ 755,447</u>	<u>\$ 2,478,614</u>	<u>\$ 1,871,199</u>	<u>\$ 808,420</u>	<u>\$ 329,434</u>	<u>\$ 1,249,677</u>	<u>\$ 833,479</u>	<u>\$ 227,068</u>	<u>\$ 552,442</u>	<u>\$ 551,482</u>

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	(Restated)	
									2019	2020
General Fund:										
Restricted	\$ 100,001	\$ 225,001	\$ 225,541	\$ 541	\$ 541	\$ 541	\$ 541	\$ 250,541	\$ 148,457	\$ 261,994
Assigned	297,637	517,822	285,359			69,135	72,559	257,036	57,586	53,798
Unassigned/(Deficit)			116,380	(133,758)	(64,231)	41,432	341,289	51,480	43,045	100,765
Total General Fund/(Deficit)	\$ 397,638	\$ 742,823	\$ 627,280	\$ (133,217)	\$ (63,690)	\$ 111,108	\$ 414,389	\$ 559,057	\$ 249,088	\$ 416,557
All Other Governmental Funds:										
Restricted	\$ 804,290	\$ 2,663,073	\$ 2,318,690		\$ 1,681,744	\$ 2,611,538	\$ 3,340,645	\$ 1,756,604	\$ 2,005,905	\$ 888,469
Committed										
Total All Other Governmental Funds	\$ 804,290	\$ 2,663,073	\$ 2,318,690	\$ 3,183,343	\$ 1,681,744	\$ 2,611,538	\$ 3,340,645	\$ 1,756,604	\$ 2,005,905	\$ 888,469
Governmental Funds:										
Restricted	\$ 904,291	\$ 2,888,074	\$ 2,544,231	\$ 541	\$ 541	\$ 541	\$ 541	\$ 250,541	\$ 148,457	\$ 261,994
Committed				3,183,343	1,681,744	2,611,538	3,340,645	1,756,604	2,005,905	888,469
Assigned	297,637	517,822	285,359			69,135	72,559	257,036	57,586	53,798
Unassigned/(Deficit)			116,380	(133,758)	(64,231)	41,432	341,289	51,480	43,045	100,765
Total Governmental Funds	\$ 1,201,928	\$ 3,405,896	\$ 2,945,970	\$ 3,050,126	\$ 1,618,054	\$ 2,722,646	\$ 3,755,034	\$ 2,315,661	\$ 2,254,993	\$ 1,305,026

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
County Tax Levy	\$ 7,826,010	\$ 6,561,362	\$ 6,692,589	\$ 6,826,444	\$ 6,962,974	\$ 6,962,974	\$ 6,962,974	\$ 6,983,863	\$ 6,983,863	\$ 7,120,050
Tuition from LEA's	13,310	1,265,627	1,386,790	1,521,742	1,638,601	1,650,771	1,723,034	1,736,034	1,507,671	1,740,713
Other Tuition	2,500	1,900								
Interest Earned on Capital Reserve Funds			540							329
Other Restricted Miscellaneous Revenue	118,253	84,785	99,771	89,282	87,995	94,603	118,759	278,055	112,660	86,701
Unrestricted Miscellaneous Revenue	83,345	592,330	49,563	41,564	53,476	31,181	93,545	106,185	8,213	53,183
State Sources	5,267,495	5,463,300	6,568,233	5,521,027	6,144,106	6,045,716	6,061,900	6,878,149	6,563,817	6,776,247
Federal Sources	548,935	704,148	472,028	442,792	436,962	322,295	493,862	437,730	456,899	492,253
Total Revenue	13,859,848	14,673,452	15,269,514	14,442,851	15,324,114	15,107,540	15,454,074	16,420,016	15,633,123	16,269,476
Expenditures:										
Instruction:										
Regular Instruction	2,113,452	2,519,796	2,497,008	2,390,737	2,447,444	2,673,849	2,636,356	2,783,952	2,777,617	2,869,891
Special Education Instruction	144,386	146,933	151,409	146,020	157,020	436,482	446,704	442,609	364,731	442,356
Other Special Instruction	177,878	75,119	850							
Vocational Education Instruction	2,383,526	2,222,339	2,437,836	2,600,624	2,615,945	2,114,391	2,157,351	2,096,073	2,127,781	2,048,351
School-Sponsored/Other Instruction	518,769	512,410	551,444	570,260	597,082	626,878	657,359	599,935	584,050	627,929
Support Services:										
Student and Instruction Related Services	1,613,906	1,609,213	1,724,110	1,853,544	1,844,085	1,610,805	1,548,771	1,668,083	1,669,375	1,715,579
General Administrative Services	342,265	288,104	264,899	317,047	333,213	599,935	560,701	579,528	471,000	495,837
School Administrative Services	317,765	305,489	301,919	327,804	342,069	424,834	530,246	589,241	584,370	498,694
Central Services	342,185	367,761	403,477	384,050	346,145	372,710	303,665	313,128	345,809	376,103
Administrative Information Technology	84,876	88,157	88,230	92,976	96,085	123,225	118,138	178,046	127,295	211,273
Plant Operations and Maintenance	1,469,974	1,966,107	2,034,839	2,014,905	1,765,565	1,482,783	1,470,362	1,549,591	1,718,882	1,804,206
Pupil Transportation	102,704	208,523	254,549	339,396	288,252	205,109	244,298	209,691	198,163	100,087
Unallocated Benefits	3,083,644	3,276,828	3,385,220	3,453,539	3,677,601	3,953,999	4,120,819	4,352,068	4,637,872	4,541,662
Special Schools	496,746	108,859	77,376	36,812	48,748	94,540	93,555	75,485	60,607	33,967
Capital Outlay	804,804	1,040,474	3,742,303	1,390,135	2,191,056	688,659	885,332	2,421,959	1,644,035	1,696,525
Total Expenditures	13,996,880	14,736,112	17,915,469	15,917,849	16,750,310	15,408,199	15,773,657	17,859,389	17,311,587	17,462,460
Deficit of Revenues Under Expenditures	(137,032)	(62,660)	(2,645,955)	(1,474,998)	(1,426,196)	(300,659)	(319,583)	(1,439,373)	(1,678,464)	(1,192,984)

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

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses):										
County Improvement Authorization	\$ 717,600	\$ 2,309,642	\$ 1,280,000	\$ 1,548,000	\$ 130,000	\$ 1,464,000	\$ 1,331,000		\$ 1,106,553	\$ 243,017
Insurance Recovery Related to Fire Damage			450,604							
Insurance Recovery Related to Other Costs of Super Storm Sandy			522,784							
Insurance Recovery Related to Snow Storm Allowance for Doubtful Accounts				55,750 (76,528)						
Residual Deficit Transfer from Enterprise Funds	(23,948)			51,932	42,202 (178,078)	(58,749)	22,795 (1,824)			
Capital Leases (Non-Budgeted)	(190,000)	(43,014)	(67,359)						(29,082)	
Cancellation of Intergovernmental Accts Receivable	503,652	2,266,628	2,186,029	1,579,154	(5,876)	1,405,251	1,351,971		\$ 1,077,471	\$ 243,017
Total Other Financing Sources (Uses)	\$ 366,620	\$ 2,203,968	\$ (459,926)	\$ 104,156	\$ (1,432,072)	\$ 1,104,592	\$ 1,032,388	\$ (1,439,373)	\$ (600,993)	\$ (949,967)
Net Change in Fund Balances	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt Service as a Percentage of Noncapital Expenditures										

N/A - Not Applicable

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Evening School/ Other Program Fees	Interest on Investments	Tuition	Miscellaneous	Total
2011	\$ 64,975	\$ 4,027		\$ 147,491	\$ 216,493
2012	65,865	1,661	\$ 1,267,527	62,843	1,397,896
2013	79,564	2,437	1,386,790	67,873	1,536,664
2014	72,892	1,950	1,521,742	55,004	1,651,588
2015	55,456	2,432	1,638,601	83,583	1,780,072
2016	53,590	2,041	1,650,771	70,153	1,776,555
2017	47,563	2,668	1,723,034	162,073	1,935,338
2018	75,802	3,599	1,736,034	304,839	2,120,274
2019	67,641	3,173	1,507,671	50,059	1,628,544
2020	53,558	2,925	1,740,713	57,153	1,854,349

Source: Sussex County Technical School Records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2010	\$ 488,554,580	\$ 14,579,690,049	\$ 627,217,400	\$ 28,989,196	\$ 1,634,261,535	\$ 225,413,100	\$ 98,403,600	\$ 17,682,529,460	\$ 1,927,044,857	\$ 34,228,867	\$ 17,716,758,327	N/A	\$ 20,842,547,207
2011	464,189,940	14,362,628,590	632,384,300	29,157,336	1,577,641,135	197,931,200	94,613,100	17,358,545,601	1,934,993,757	31,414,462	17,389,960,063	N/A	19,877,491,206
2012	434,117,189	13,954,080,550	621,469,900	29,054,367	1,533,919,235	192,072,000	93,927,500	16,858,640,741	1,942,903,281	31,167,721	16,889,808,462	N/A	18,892,649,964
2013	388,642,510	12,956,786,993	569,350,100	29,987,805	1,527,333,445	180,425,100	104,300,200	15,756,826,153	1,908,996,581	27,844,569	15,784,670,722	N/A	17,771,912,524
2014	359,859,600	12,832,613,799	575,638,300	28,697,212	1,562,871,731	182,853,900	105,834,650	15,648,369,192	1,966,476,133	28,535,189	15,676,904,381	N/A	17,288,892,523
2015	354,838,050	12,892,141,356	577,445,200	28,141,970	1,568,633,691	205,680,100	106,856,150	15,733,736,517	1,871,957,683	31,267,079	15,765,003,596	N/A	17,099,240,434
2016	351,390,250	13,470,489,956	581,440,500	27,144,800	1,651,039,630	212,895,500	107,816,300	16,402,216,936	1,930,454,783	19,865,747	16,422,082,683	N/A	16,855,188,150
2017	348,829,950	13,450,764,856	582,672,600	26,600,052	1,643,363,784	213,286,000	111,820,300	16,377,337,542	1,938,071,683	15,172,530	16,392,510,072	N/A	16,867,913,287
2018	341,406,050	13,441,874,256	583,508,500	26,467,372	1,621,718,384	211,294,100	140,113,700	16,366,382,362	1,945,442,750	15,015,577	16,381,397,939	N/A	16,972,770,842
2019	341,867,450	13,456,287,656	582,490,000	26,178,372	1,652,318,234	212,849,600	124,904,500	16,396,895,812	1,957,409,750	15,648,867	16,412,544,679	N/A	17,385,675,522

N/A - Not Applicable

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

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

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

Taxpayer	2019		
	Taxable Assessed Value	Rank	% of Total County Net Assessed Value
Martin, Kenneth	\$ 46,624,500	1	0.28%
Tenneco, Inc.	45,575,100	2	0.28%
BNJD Property, LLC	35,128,300	3	0.21%
Wantage Avenue Holding Company, Inc.	30,999,500	4	0.19%
Wal-Mart Stores, Inc.	24,376,700	5	0.15%
Metairie Corp	22,862,800	6	0.14%
Mountain Creek	19,775,300	7	0.12%
Mulvihill	17,756,300	8	0.11%
Gordon Byram Associates, Inc.	17,712,100	9	0.11%
Edgewater Associates, LLC	17,000,000	10	0.10%
Total	<u>\$ 277,810,600</u>		<u>1.69%</u>
Taxpayer	2010		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Crystal Springs, Grand Cascades, Skylands Ballyowen Spa	\$ 134,627,200	1	0.76%
Mountain Creek Resorts	41,066,000	2	0.23%
Wantage Avenue Holding Co., Inc.	38,696,700	3	0.22%
Kenneth D. Martin Properties	31,252,100	4	0.18%
Schering Plough Corporation	29,273,000	5	0.17%
Metairie Corp.	24,730,000	6	0.14%
Wal-Mart Stores	23,010,200	7	0.13%
Gordon Byram Associates, LLC	22,696,700	8	0.13%
Weldon Quarry	18,309,400	9	0.10%
Weis Market, Inc.	17,775,200	10	0.10%
Total	<u>\$ 381,436,500</u>		<u>2.15%</u>

Source: Sussex County

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 7,826,010	\$ 7,826,010	100.00%	\$ -0-
2012	6,561,362	6,561,362	100.00%	-0-
2013	6,692,589	6,692,589	100.00%	-0-
2014	6,826,444	6,826,444	100.00%	-0-
2015	6,962,974	6,962,974	100.00%	-0-
2016	6,962,974	6,962,974	100.00%	-0-
2017	6,962,974	6,962,974	100.00%	-0-
2018	6,983,863	6,983,863	100.00%	-0-
2019	6,983,863	6,983,863	100.00%	-0-
2020	7,120,050	7,120,050	100.00%	-0-

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

Source: Sussex County Technical School records.

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

Fiscal Year Ended June 30,	Governmental Activities							Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Anticipation Notes (BANs)	Business-Type Activities					
					Capital Leases	Capital Leases				
2011	\$ -0-	\$ -0-	\$ 86,891	\$ -0-	\$ -0-	\$ 331,840	\$ 418,731	0.0058%	\$ 2.83	
2012	-0-	-0-	50,114	-0-	-0-	259,700	309,814	0.0041%	2.11	
2013	-0-	-0-	11,661	-0-	-0-	192,599	204,260	0.0027%	1.40	
2014	-0-	-0-	46,589	-0-	-0-	90,297	136,886	0.0018%	0.95	
2015	-0-	-0-	70,804	-0-	-0-	172,725	243,529	0.0031%	1.70	
2016	-0-	-0-	52,658	-0-	-0-	104,635	157,293	0.0019%	1.11	
2017	-0-	-0-	55,825	-0-	-0-	70,563	126,388	0.0015%	0.90	
2018	-0-	-0-	32,594	-0-	-0-	35,691	68,285	0.0008%	0.48	
2019	-0-	-0-	19,030	-0-	-0-	-0-	19,030	0.0002%	0.14	
2020	-0-	-0-	8,818	-0-	-0-	-0-	8,818	0.0001%	0.06	

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

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

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

Year	Population ^a	Sussex County Per Capita Personal Income ^b	Total County Personal Income	Unemployment Rate ^c
2011	148,167	\$ 49,093	\$ 7,273,962,531	9.10%
2012	146,979	50,844	7,473,000,276	9.10%
2013	145,639	51,456	7,494,000,384	7.80%
2014	144,593	53,818	7,781,706,074	6.20%
2015	143,004	55,677	7,962,033,708	5.20%
2016	141,925	56,914	8,077,519,450	4.70%
2017	141,197	58,717	8,290,664,249	4.40%
2018	140,801	61,757	8,695,447,357	4.00%
2019	140,488	61,757 *	8,676,117,416	3.40%
2020	140,488 **	61,757 *	8,676,117,416 ***	N/A

* - Latest Sussex County per capita personal income available (2018) was used for calculation purposes.

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest available population data (2019) and latest available Sussex County per capita personal income (2018) was used for calculation purposes

N/A - Information unavailable.

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

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

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

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

Employer	2019		
	Employees	Rank (Optional)	Percentage of Total Employment
Selective Insurance Group Inc.	1,000	1	1.40%
Crystal Springs Resort	1,000	2	1.40%
Newton Medical Center	500	3	0.70%
Sussex County Offices	500	4	0.70%
Thorlabs	500	5	0.70%
Mountain Creek Resort	500	6	0.70%
Shop Rite	250	7	0.35%
Sussex County Community College	250	8	0.35%
United Methodist Community Bristol Glen	250	9	0.35%
Andover Subacute & Rehab Center	100	10	0.14%
	4,850		6.79%

Total Employment

71,425

Employer	2010		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf and Spa Resort	2,000	1	2.61%
Newton Memorial Hospital	1,490	2	1.94%
Selective Insurance	900	3	1.17%
County of Sussex	830	4	1.08%
Mountain Creek Resort	800	5	1.04%
Shop Rite (Ronetco)	697	6	0.91%
Ames Rubber Corp	445	7	0.58%
Walmart	412	8	0.54%
Andover Subacute and Rehab Center	300	9	0.39%
Sussex County Community College	300	10	0.39%
	8,174		10.66%

Total Employment

76,713

Source: Sussex County

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instruction:										
Regular	30.0	32.0	33.0	34.0	32.0	32.0	32.0	32.0	32.0	32.0
Special Education	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Other Special Education	1.0	1.0	1.0	1.0	-0-	-0-	-0-	-0-	-0-	-0-
Vocational	24.0	24.0	24.0	24.0	23.0	23.0	23.0	23.0	23.0	23.0
Other Instruction	5.0	3.0	4.5	4.5	9.0	9.0	9.0	9.0	9.0	9.0
Adult/Continuing Education Programs	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Support Services:										
Student & Instruction Related Services	12.0	12.0	12.0	12.0	15.0	15.0	15.0	15.0	15.0	15.0
School Administrative Services	5.5	5.5	5.5	5.5	6.5	6.5	6.5	6.5	6.5	6.5
General Administrative Services	1.5	1.5	1.5	1.5	1.0	1.0	1.5	1.5	1.5	2.0
Central Services	5.0	5.0	5.0	5.0	4.0	4.0	3.0	3.0	3.0	3.0
Administrative Information Technology	1.5	1.5	1.5	1.5	1.5	1.5	1.0	1.0	1.0	1.0
Plant Operations and Maintenance	15.0	14.5	14.5	15.5	13.5	13.5	11.5	11.5	11.5	11.5
Pupil Transportation	2.0	2.0	2.0	2.0	11.2	11.2	11.2	1.0	1.0	1.0
Total	107.5	107.0	109.5	111.5	121.7	121.7	118.7	108.5	108.5	109.0

Source: District Personnel Records

SUSSEX COUNTY TECHNICAL SCHOOL
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	* Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		* Average Daily Enrollment (ADE) ^c	* Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						High School	School				
2011	616	\$ 13,192,076	\$ 21,433	-9.85%	68	1:9.2	1:9.2	592	554	4.78%	93.58%
2012	659	13,695,638	20,782	-3.04%	65	1:10.1	1:10.1	651	607	9.97%	93.24%
2013	714	14,173,166	19,850	-4.48%	67	1:10.6	1:10.6	709	664	8.91%	93.65%
2014	794	14,527,714	18,297	-7.83%	68	1:11.7	1:11.7	769	741	8.46%	96.36%
2015	763	14,559,254	19,082	4.29%	68	1:12.2	1:12.2	766	712	-0.39%	92.95%
2016	777	14,719,540	18,944	-0.72%	68	1:12.6	1:12.6	777	759	1.44%	97.68%
2017	785	14,888,325	18,966	0.12%	69	1:13.1	1:13.1	785	769	1.03%	97.96%
2018	787	15,437,430	19,616	3.42%	69	1:13.1	1:13.1	787	772	0.25%	98.09%
2019	787	15,667,552	19,908	1.49%	69	1:13.1	1:13.1	789	774	0.25%	98.10%
2020	759	15,765,935	20,772	4.34%	69	1:10.9	1:10.9	761	731	-3.55%	96.06%

Note: Enrollment based on annual October district count.

- ^a Operating expenditures equal total expenditures less capital outlay.
- ^b Teaching staff includes only full-time equivalents of certificated staff.
- ^c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

* Figures represent high school, grades 9-12 enrollment

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

Sources: School District records

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Buildings</u>										
Vocational High School (1967)										
Square Feet	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249
Capacity (students) *	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4
Enrollment *	615.5	659.0	714.0	794.0	763.0	777.0	785.0	787.0	787.0	759.0

Number of Schools at June 30, 2020
 Vocational High School = 1

* Represents high school, grades 9-12 enrollment

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

Source: School District Facilities Office

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

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

Facility	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
School Facilities:										
Sussex County Technical School	\$ 787,455	\$ 719,369	\$ 678,065	\$ 662,701	\$ 544,464	\$ 807,547	\$ 771,490	\$ 910,926	\$ 955,854	\$ 779,683

Source: School District records.

SUSSEX COUNTY TECHNICAL SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

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

Source: Sussex County Technical School Insurance Agent

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sussex County Technical School, in the County of Sussex (the "District"), a component unit of the County of Sussex, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

December 3, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant



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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the Board of Education of the Sussex County Technical School's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2020. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

December 3, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Adjust- ments	Cancellation of Prior Year Act Payable	Balance at June 30, 2020		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
U.S. Department of Agriculture:														
Passed-through State Department of Agriculture:														
Child Nutrition Cluster:														
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 17,867			\$ 17,867	\$ (15,013)				\$ 2,854		
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	9,069	\$ 668		17,867	(668)				2,854		
Total Food Distribution Program					668		8,202	(8,202)						
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	8,202			701	(46,630)						
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	9,260	\$ (701)		46,630	(126)						
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	46,630			126	(54,958)						
COVID - Seamless Summer Option	10.555	N/A	3/1/20-6/30/20	126	(3,110)		3,110	(70,636)						
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	51,040	(3,811)		58,769	(70,639)						
Total Child Nutrition Cluster					(3,811)		76,636					2,854		
Total U.S. Department of Agriculture					668									
U.S. Department of Education:														
Special Revenue Fund:														
Passed-through State Department of Education:														
Elementary and Secondary Education Act:														
Title I	84-010	ESEA511020	7/1/19-9/30/20	58,672	(19,155)		19,941	(49,081)		\$ 1,037	\$ (29,140)			
Title I	84-010	ESEA511019	7/1/18-9/30/19	58,965	(19,155)		18,118	(49,081)		1,037	(29,140)			
Total Title I							38,059	(12,680)			(3,056)			
Title II A	84-367	ESEA511020	7/1/19-9/30/20	17,237	(6,862)		9,624	(12,680)						
Title II A	84-367	ESEA511019	7/1/18-9/30/19	14,736	(6,862)		3,375	(12,680)	\$ 861	2,626	(3,056)			
Total Title II A							12,999	(7,500)	861	2,626	(3,056)			
Title IV	84-424	ESEA511020	7/1/19-9/30/20	20,000			7,500	(7,500)						
Total Title IV							7,500	(7,500)						
CARES Emergency Relief	84-425	CARES511020	3/13/20-9/30/22	44,327				(37,860)			(37,860)			
Total CARES Emergency Relief								(37,860)			(37,860)			
Carl D. Perkins Secondary	84-048	PERK511020	7/1/19-6/30/20	75,026	(6,024)		63,110	(63,110)						
Carl D. Perkins Secondary	84-048	PERK511019	7/1/18-6/30/19	72,266	(6,024)		6,024	(65,054)						
Carl D. Perkins Post Secondary	84-048	PERK511020	7/1/19-6/30/20	81,120	(6,024)		65,054	(128,164)						
Total Carl D. Perkins							134,188	(242,751)						
Special Education Cluster:														
I.D.E.A. Part B, Basic	84-027	IDEA511020	7/1/19-9/30/20	242,820	(94,990)		242,751	(242,751)						
I.D.E.A. Part B, Basic	84-027	IDEA511019	7/1/18-9/30/19	203,994	(94,990)		94,990	(242,751)						
Total Special Education Cluster							337,741	(478,036)	861	3,663	(70,056)			
Total U.S. Department of Education					(127,031)		530,487							

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Cash Received	Budgetary Expenditures	Adjust- ments	Cancellation of Prior Year Acct Payable	Balance at June 30, 2020				
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor		
U.S. Department of Labor:															
Special Revenue Fund:															
(Passed Through Morris County Private															
Industry Council):															
Workforce Investment Act Program Cluster:															
17.259	N/A	7/1/19-6/30/20	\$ 62,238			\$ 2,423	\$ (52,077)				\$ (49,654)		\$ 302		
17.259	N/A	7/1/18-6/30/19	61,018										6,548		
17.259	N/A	7/1/17-6/30/18	49,912										9,162		
17.259	N/A	7/1/16-6/30/17	63,458										16,012		
Total Workforce Investment Act Program Cluster															
Total Federal Awards						\$ 668	\$ (130,842)	\$ 16,012	\$ 609,546	\$ (600,752)	\$ 861	\$ 3,663	\$ 2,854	\$ 16,012	\$ -0-

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

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Balance at June 30, 2020			MEMO Cumulative Total Expenditures		
				Budgetary Accounts Receivable	Budgetary Due to Grantor	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	GAAP Unearned Revenue		Budgetary Due to Grantor	Budgetary Receivable
NJ Department of Education:												
General Fund State Aid:												
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 2,460,033			\$ 2,214,268	\$ (2,460,033)			\$ (245,765)	\$ 2,460,033	
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	413,134			371,861	(413,134)			(41,273)	413,134	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	74,363			66,934	(74,363)			(7,429)	74,363	
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	1,025,246			922,821	(1,025,246)			(102,425)	1,025,246	
Vocational Expansion Stabilization Aid	20-495-034-5120-085	7/1/19-6/30/20	224,391			201,974	(224,391)			(22,417)	224,391	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	418,560			398,082	(418,560)			(20,478)	418,560	
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	441,004			441,004	(441,004)				441,004	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	1,167,818			1,167,818	(1,167,818)				1,167,818	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	20,932			20,932	(20,932)				20,932	
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/19-6/30/20	1,247			1,247	(1,247)				1,247	
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	2,460,033	\$ (244,446)		244,446					2,460,033	
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	413,134	(41,052)		41,052					413,134	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	74,363	(7,389)		7,389					74,363	
Adjustment Aid	19-495-034-5120-085	7/1/18-6/30/19	1,249,637	(124,172)		124,172					1,249,637	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	415,193	(20,352)		20,352					415,193	
Total General Fund State Aid				(437,411)		6,244,352	(6,246,728)			(439,787)	10,859,088	
Enterprise Fund:												
State School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	2,023			2,023	(2,023)				2,023	
COVID - Seamless Summer Option	20-100-010-3350-023	3/1/20-6/30/20	2			2	(2)				2	
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	2,677	(159)		159					2,677	
Total Enterprise Fund				(159)		2,184	(2,025)				4,702	
Total NJ Department of Education				(437,570)		6,246,536	(6,248,753)			(439,787)	10,863,790	
NJ Department of Human Services:												
Adolescent Pregnancy Prevention Initiative:												
FY20	#SB05037	7/1/19-6/30/20	66,600			66,600	(63,181)				63,181	
FY18	#SB05037	7/1/17-6/30/18	67,600					\$ 478		\$ 3,419	67,122	
FY17	#SB05037	7/1/16-6/30/17	66,600					6,561		478	60,039	
FY16	#SB05037	7/1/15-6/30/16	62,777					1,363		1,363	61,414	
FY15	#SB05037	7/1/14-6/30/15	62,777					693		693	62,084	
FY14	#SB05037	7/1/13-6/30/14	62,777					417		417	62,360	
School Based Youth Services:								9,512		12,931	443,800	
FY20	#SB05037	7/1/19-6/30/20	256,601			256,601	(230,830)			\$ 2,064	230,830	
FY19	#SB05037	7/1/18-6/30/19	256,601					10,748		25,771	245,853	
FY18	#SB05037	7/1/17-6/30/18	264,744					219		10,748	264,525	
FY17	#SB05037	7/1/17-6/30/18	264,744					5,161		5,161	259,583	
FY16	#SB05037	7/1/15-6/30/16	256,601					7,868		7,868	248,733	
FY15	#SB05037	7/1/14-6/30/15	256,101					2,018		2,018	254,083	
FY14	#SB05037	7/1/13-6/30/14	261,401					6,509		6,509	254,892	
Total NJ Department of Human Services								32,523		2,064	1,758,499	
								42,035		71,225	2,202,299	

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019			Balance at June 30, 2020			MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Budgetary Due to Grantor	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	GAAP Unearned Revenue		Budgetary Due to Grantor
NJ Department of Labor and Workforce Development:											
Workforce Development:											
Apprenticeship Coordinator	100-062-4545-341-6140	7/1/19-6/30/20	\$ 10,600			\$ 7,341	\$ (9,764)	\$ (2,423)		\$ 9,764	
Apprenticeship Coordinator		7/1/18-6/30/19	10,600	\$ (2,423)		2,423				9,839	
Apprenticeship Coordinator		7/1/17-6/30/18	10,000	(2,641)		2,641				9,323	
Apprenticeship Coordinator		7/1/16-6/30/17	10,000		\$ 441				\$ 441	9,559	
Apprenticeship Coordinator		7/1/09-6/30/10	15,339		86				86	15,253	
Total Department of Labor and Workforce Development				(5,064)	527	12,405	(9,764)	(2,423)	527	(2,423)	53,738
NJ Department of Agriculture:											
Curriculum for Agricultural Science Education	N/A	4/1/17-6/30/17	10,000		10,000				10,000		
Curriculum for Agricultural Science Education	N/A	4/1/15-6/30/15	7,500		4,487				4,487		3,013
					14,487				14,487		3,013
Total Special Revenue Fund				(5,064)	57,049	335,606	(303,775)	(2,423)	86,239	(2,423)	2,259,050
NJ School Development Authority:											
Capital Projects Fund:											
Educational Facilities Construction and Financing Act:											
Welding Shop Renovations	5110-010-14-G3BD	10/20/16-6/30/20	224,728			224,728	(224,728)				224,728
Total NJ School Development Authority						224,728	(224,728)				224,728
Total State Awards				\$ (442,634)	\$ 57,049	\$ 6,806,870	\$ (6,777,256)	\$ (22,901)	\$ 2,064	\$ (442,210)	\$ 13,347,568
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(441,004)			(441,004)	441,004				
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(1,167,818)			(1,167,818)	1,167,818				
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(20,932)			(20,932)	20,932				
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(1,247)			(1,247)	1,247				
Subtotal - On-Behalf TPAF Pension System Contributions						(1,631,001)	1,631,001				
Total State Awards Subject to Single Audit Major Program Determination						\$ 5,175,869	\$ (5,146,255)				

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Sussex County Technical School under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,250) for the general fund, (\$34,594) for the special revenue fund and \$224,728 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board’s basic financial statements on a GAAP basis as presented on the following page:

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,244,478	\$ 6,244,478
Special Revenue Fund	\$ 492,253	307,041	799,294
Capital Projects Fund		224,728	224,728
Enterprise Fund	70,639	2,025	72,664
Total Federal and State Awards	<u>\$ 562,892</u>	<u>\$ 6,778,272</u>	<u>\$ 7,341,164</u>

NOTE 4. INDIRECT COST RATE

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

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

During fiscal year 2020, the District had three active grants in the amount of \$1,330,000 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2020, two of the projects are still in progress. As of June 30, 2020, \$800,776 of the grant funds have been expended and drawn down on a GAAP basis for two of these grants. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA grant on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year end June 30, 2020 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A./State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 2,460,033	\$2,460,033
Special Education Categorial Aid	20-495-034-5120-089	7/1/19-6/30/20	413,134	413,134
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	74,363	74,363
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	1,025,246	1,025,246
Vocational Expansion Stabilization Aid	20-495-034-5120-085	7/1/19-6/30/20	224,391	224,391

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJOMB 15-08.

SUSSEX COUNTY TECHNICAL SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

There were no prior year findings.