

**SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY**

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

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

**Comprehensive Annual
Financial Report**

of the

**SUSSEX COUNTY CHARTER SCHOOL
FOR TECHNOLOGY**

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2020

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

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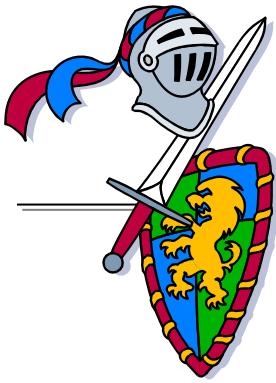
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INTRODUCTORY SECTION
(UNAUDITED)



SUSSEX COUNTY

CHARTER SCHOOL FOR TECHNOLOGY

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

December 16, 2020

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

Dear Board Members:

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

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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1) REPORTING ENTITY AND ITS SERVICES: (Cont'd)

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

The Charter School completed the 2019-2020 fiscal year; its nineteenth year of operation, with an enrollment of 225 students.

2) ECONOMIC CONDITION AND OUTLOOK:

Enrollment at the Charter school is nearly at a full enrollment of 225 students. The General Fund fund balance is \$836,892 at June 30, 2020.

3) MAJOR INITIATIVES:

During the 2019-2020 year, a great deal of effort in the form of professional development was placed on improving the math and language arts scores, as well as the entire school's mindset regarding collaboration. Teachers participated in multiple sessions to learn creative ways in which to deliver instruction, with a heavy focus on student collaboration. The Board of Trustees reorganized the Charter School's administrative structure during the 2018-2019 school year, from two administrators to one administrator. The administrative team now consists of a superintendent. In response to the Department of Education Charter School Office's feedback the school has been conducting professional development for teachers in the areas of students centered lessons and data informed instruction. The school continues to revise policies, procedures and practices to promote an academically focused climate and culture. The schools' mission and vision are being considered in the planning for the many challenges that await in the 2020-2021 school year. All changes and improvements to the Charter School will be in an effort to make the Charter School unique and more competitive in a School Choice environment, as well as adaptive to the challenges awaiting the upcoming school year. Technologies to enhance differentiation are also being reviewed as well as maintaining existing technologies that are effective inside and outside the classroom. The Charter School's website was updated and social media is also being utilized, to inform the community of all that is happening at the Charter School

4) INTERNAL ACCOUNTING CONTROLS:

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

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

4) INTERNAL ACCOUNTING CONTROLS: (Cont'd)

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

5) BUDGETARY CONTROLS:

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

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

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) CASH MANAGEMENT:

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

8) RISK MANAGEMENT:

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

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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December 16, 2020

9) OTHER INFORMATION:

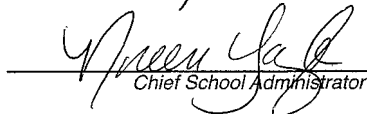
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP was selected by the Board of Trustees at its organization meeting.

In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

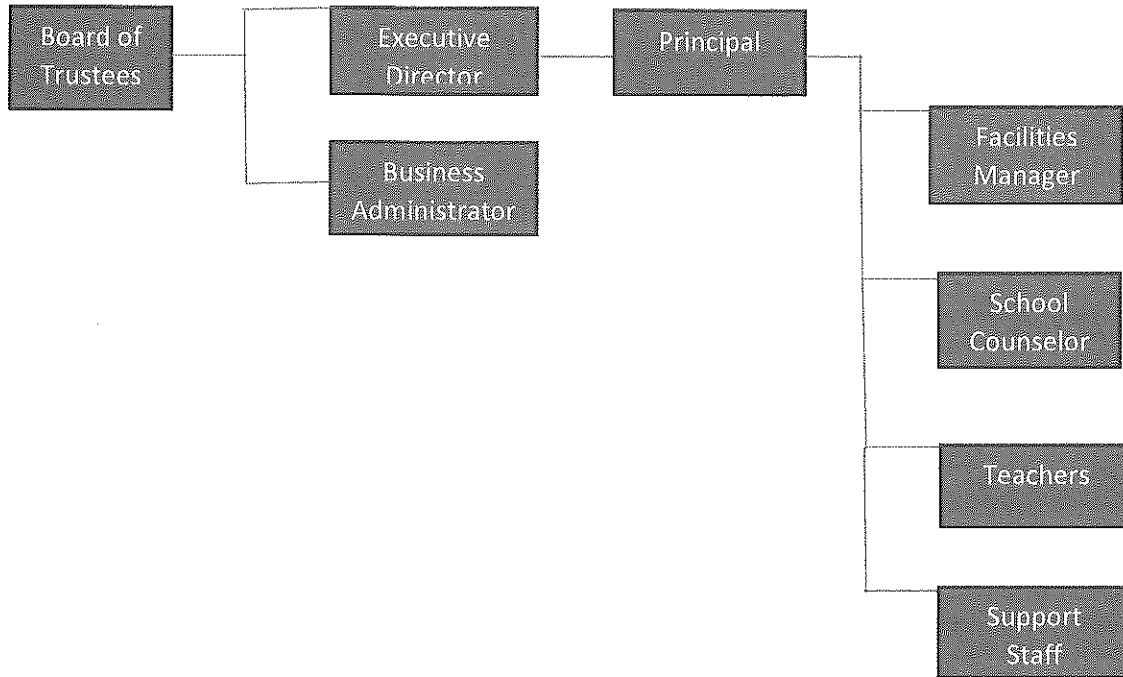
10) ACKNOWLEDGMENTS:

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


Board Secretary/School Board Business Administrator


Chief School Administrator

Sussex County Charter School for Technology Organizational Chart



**SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
 ROSTER OF OFFICIALS
 JUNE 30, 2020**

<u>Members of the Board of Trustees:</u>	<u>Expiration of Term</u>
Tom Mitchell , President	2021
Stephanie DePinto, Vice President	2020
Jason Apter	2020
Anna Burke	2022
Lesa McGuinness	2021
Lou Ruggerio	2021

<u>Other Officials</u>	<u>Title</u>
Noreen Lazariuk	Executive Director
Kimberly Wettstein	Business Administrator/Board Secretary
Candace Leatham	Treasurer

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY

Consultants and Advisors

Audit Firm

Nisivoccia LLP

Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ, 07856

and

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860

Attorney

Weiner Lesniak LLP

629 Parsippany Road
PO Box 0483
Parsippany, NJ 07054

Official Depository

PNC Bank

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology (the “Charter School”) in the County of Sussex, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise of the Charter School’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and postemployment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter School's basic financial statements. The accompanying other supplementary 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 section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Trustees
Sussex County Charter School for Technology
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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 16, 2020 on our consideration of the Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control over financial reporting and compliance.

December 16, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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

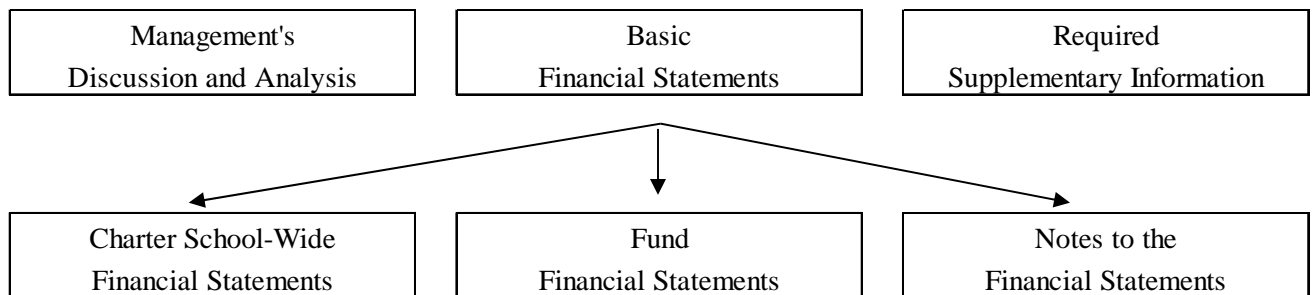
Overview of the Financial Statements

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

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

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

**Figure A-1
Organization of the Sussex County Charter School for Technology's Financial Report**



**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual Accounting and Economic Resources focus	Modified Accrual Accounting and Current Financial Focus	Accrual Accounting and Economic Resources focus
Type of Asset/Liability Information	All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All Revenue and Expenses during the year, regardless of when Cash is Received or Paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All Additions and Deductions during the year, regardless of when cash is received or paid

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Charter School-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The School has two kinds of funds:

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

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Fund Financial Statements

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

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

Financial Analysis of the School as a Whole

Net Position. The Charter School's net position was \$973,519 on June 30, 2020, \$368,555 or 60.92% more than it was the year before. (See Figure A-3).

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Percentage Change 2019-2020
	2020	2019	
Current/Other Assets	\$ 934,438	\$ 518,737	
Capital Assets, Net	4,812,103	4,938,225	
Total Assets	<u>5,746,541</u>	<u>5,456,962</u>	5.31%
Deferred Outflows of Resources	505,999	258,220	95.96%
Other Liabilities	138,546	267,018	
Long-term Liabilities	4,608,636	4,341,159	
Total Liabilities	<u>4,747,182</u>	<u>4,608,177</u>	3.02%
Deferred Inflows of Resources	531,839	502,041	5.94%
Net Position:			
Net Investment in Capital Assets	1,008,686	983,723	
Restricted	75,699	75,544	
Unrestricted/(Deficit)	<u>(110,866)</u>	<u>(454,303)</u>	
Total Net Position	<u>\$ 973,519</u>	<u>\$ 604,964</u>	60.92%

Changes in Net Position. The Charter School's net position for governmental activities increased \$368,555 over the course of the year. Net investment in capital assets increased \$24,963 due to additions, retirement of long-term liabilities related to capital assets, offset by current year depreciation. Restricted net position increased \$155 due to interest earnings on the Charter School Escrow and Maintenance Reserve. Unrestricted net position increased by \$343,437 largely due to the shut down of the District as a result of the COVID-19 pandemic.

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

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

	Governmental Activities		Percentage Change 2019-2020
	2020	2019	
Revenue:			
Program Revenue:			
Operating Grants and Contributions	\$ 330,645	\$ 399,431	
General Revenue:			
Local Property Taxes - Charter School Aid	2,935,953	2,839,808	
Unrestricted Federal and State Aid	1,829,454	1,723,261	
Other	14,492	45,736	
Total Revenue	<u>5,110,544</u>	<u>5,008,236</u>	2.04%
Expenses:			
Instruction	3,253,463	3,420,725	
Student and Instructional Services	313,822	337,639	
Administration and Business	635,749	711,443	
Maintenance and Operations	267,479	277,156	
Transportation	1,927	10,092	
Other	269,549	160,284	
Total Expenses	<u>4,741,989</u>	<u>4,917,339</u>	-3.57%
Increase/(Decrease) in Net Position	<u>\$ 368,555</u>	<u>\$ 90,897</u>	305.46%

Governmental Activities

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

Figure A-5 presents the cost of six major Charter School activities: instruction, pupil and instruction services, administration and business, maintenance and operations, transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs):

**Sussex County Charter School for Technology
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

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

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 3,253,463	3,420,725	\$ 2,922,818	\$ 3,044,393
Pupil and Instruction Services	313,822	337,639	313,822	331,565
Administration and Business	635,749	711,443	635,749	697,407
Maintenance and Operations	267,479	277,156	267,479	274,167
Transportation	1,927	10,092	1,927	10,092
Other	269,549	160,284	269,549	160,284
Total	\$ 4,741,989	\$ 4,917,339	\$ 4,411,344	\$ 4,517,908

Financial Analysis of the Charter School's Funds

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

General Fund Budgetary Highlights

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

Capital Asset and Long-Term Liabilities Administration

Capital Assets

More detailed information about the Charter School's capital assets is presented in the Notes to the Basic Financial Statements, Note 4.

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

	Governmental Activities		Total Percent Change 2019-2020
	2020	2019	
Sites (Land)	\$ 500,000	\$ 500,000	
Buildings and Building Improvements	4,221,748	4,328,158	
Machinery and Equipment	90,355	110,067	
Total Capital Assets, Net of Depreciation	\$ 4,812,103	\$ 4,938,225	-2.55%

**Sussex County Charter School for Technology
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

Long-term Liabilities

At year-end, the Charter School had \$3,803,417 in mortgage loans payable, \$724,199 in net pension liability, and \$81,020 in compensated absences – as shown in Figure A-9. (More detailed information about the Charter School’s long-term liabilities is presented in the Notes to the Basic Financial Statements, Note 5.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage
	2020	2019	Change 2019-2020
Mortgage Loans Payable	\$ 3,803,417	\$ 3,954,502	
Compensated Absences Payable	81,020	82,420	
Net Pension Liability	724,199	455,322	
	\$ 4,608,636	\$ 4,492,244	2.59%

Factors Bearing on the Charter School’s Future

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

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

It is unknown how the cost of PPE’s, cleaning costs, etc. associated with the pandemic will affect the Charter School during the 2020-2021 school year.

Contacting the Charter School’s Financial Management

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

BASIC FINANCIAL STATEMENTS

CHARTER SCHOOL-WIDE FINANCIAL STATEMENTS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 741,899
Interfund Receivable	1,443
Receivable from State Government	45,286
Receivable from Federal Government	27,897
Other Accounts Receivable	117,407
Restricted Cash and Cash Equivalents - Maintenance Reserve	506
Capital Assets:	
Site (Land)	500,000
Depreciable Buildings and Building Improvements and Machinery and Equipment, Net	<u>4,312,103</u>
Total Assets	<u>5,746,541</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	<u>505,999</u>
Total Deferred Outflows of Resources	<u>505,999</u>
LIABILITIES	
Accounts Payable	67,521
Payable to Local Governments	70,936
Payable to Federal Government	89
Noncurrent Liabilities:	
Due Within One Year	156,902
Due Beyond One Year	<u>4,451,734</u>
Total Liabilities	<u>4,747,182</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	<u>531,839</u>
Total Deferred Inflows of Resources	<u>531,839</u>
NET POSITION	
Net Investment in Capital Assets	1,008,686
Restricted for:	
Charter School Escrow	75,193
Maintenance Reserve	506
Unrestricted/(Deficit)	<u>(110,866)</u>
Total Net Position	<u>\$ 973,519</u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
Governmental Activities:			
Instruction:			
Regular	\$ 2,950,878	\$ 260,820	\$ (2,690,058)
Special Education	185,942	61,879	(124,063)
Other Instruction	116,643	7,946	(108,697)
Support Services:			
Student & Instruction Related Services	313,822		(313,822)
General Administration Services	304,514		(304,514)
School Administration Services	132,375		(132,375)
Central Services	156,385		(156,385)
Administrative Information Technology	42,475		(42,475)
Plant Operations and Maintenance	267,479		(267,479)
Pupil Transportation	1,927		(1,927)
Unallocated Depreciation	111,361		(111,361)
Interest and Other Charges	158,188		(158,188)
Total Governmental Activities	<u>4,741,989</u>	<u>330,645</u>	<u>(4,411,344)</u>
Total Primary Government	<u>\$ 4,741,989</u>	<u>\$ 330,645</u>	<u>(4,411,344)</u>
General Revenue:			
Taxes:			
Local Tax Levy			2,935,953
Unrestricted Federal and State Aid			1,829,454
Investment Earnings			1,196
Miscellaneous Income			13,296
Total General Revenue			<u>4,779,899</u>
Change in Net Position			368,555
Net Position - Beginning			<u>604,964</u>
Net Position - Ending			<u>\$ 973,519</u>

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

FUND FINANCIAL STATEMENTS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Cash Equivalents	\$ 741,899			\$ 741,899
Interfund Receivable	20,007			20,007
Intergovernmental Receivable:				
Federal		\$ 27,897		27,897
State	45,286			45,286
Other Accounts Receivable	117,407			117,407
Restricted Cash and Cash Equivalents - Maintenance Reserve	506			506
Total Assets	<u>\$ 925,105</u>	<u>\$ 27,897</u>	<u>\$ - 0 -</u>	<u>\$ 953,002</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable - Vendors	\$ 17,277	\$ 9,244		\$ 26,521
Payable to Local Governments	70,936			70,936
Payable to Federal Government		89		89
Interfund Payable		18,564		18,564
Total Liabilities	<u>88,213</u>	<u>27,897</u>		<u>116,110</u>
Fund Balances:				
Restricted:				
Maintenance Reserve	506			506
Charter School Escrow	75,193			75,193
Assigned to:				
Encumbrances	25,479			25,479
Unassigned	735,714			735,714
Total Fund Balances	<u>836,892</u>			<u>836,892</u>
Total Liabilities and Fund Balances	<u>\$ 925,105</u>	<u>\$ 27,897</u>	<u>\$ - 0 -</u>	<u>\$ 953,002</u>

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

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

Total Fund Balances - Governmental Funds	\$ 836,892
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	4,812,103
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(3,884,437)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(724,199)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Deferred Outflows	464,999
Deferred Inflows	<u>(531,839)</u>
Net Position of Governmental Activities	<u><u>\$ 973,519</u></u>

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

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

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 2,935,953			\$ 2,935,953
Interest Income	1,196			1,196
Miscellaneous	13,296			13,296
Total - Local Sources	2,950,445			2,950,445
State Sources	1,829,454			1,829,454
Federal Sources		\$ 106,093		106,093
Total Revenue	4,779,899	106,093		4,885,992
EXPENDITURES:				
Instruction:				
Regular Instruction	1,525,637	54,070		1,579,707
Special Education Instruction	69,426	52,023		121,449
Other Instruction	64,647			64,647
Support Services and Undistributed Costs:				
Student & Instruction Related Services	211,466			211,466
General Administration Services	228,699			228,699
School Administration Services	86,968			86,968
Central Services	107,101			107,101
Administrative Information Technology	30,578			30,578
Plant Operations and Maintenance	216,857			216,857
Pupil Transportation	1,927			1,927
Unallocated Benefits	1,532,860			1,532,860
Debt Service:				
Principal			\$ 151,085	151,085
Interest and Other Charges			158,188	158,188
Total Expenditures	4,076,166	106,093	309,273	4,491,532
Excess/(Deficiency) of Revenue over/(under) Expenditures	703,733		(309,273)	394,460
OTHER FINANCING SOURCES/(USES):				
Transfers	(309,273)		309,273	
Net Change in Fund Balances	394,460			394,460
Fund Balance—July 1	442,432			442,432
Fund Balance—June 30	\$ 836,892	\$ - 0 -	\$ - 0 -	\$ 836,892

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

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	394,460
<p>Amounts Reported for <i>Governmental Activities</i> in the <i>Statement of Activities</i> (Exhibit A-2) are Different Because:</p>		
<p>Capital outlays are reported in Governmental Funds as expenditures. However, in the <i>Statement of Activities</i>, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation and disposal of assets in the current period.</p>		
Capital Outlay	\$	11,058
Disposal of Assets with Carrying Value		(14,709)
Depreciation Expense		(122,471)
		(126,122)
<p>Repayment of Mortgage Loans is an expenditure in the Governmental Funds, but the repayment reduces Long-term Liabilities in the <i>Statement of Net Position</i> and is not reported in the <i>Statement of Activities</i>.</p>		
		151,085
<p>In the <i>Statement of Activities</i>, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
		1,400
<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		(268,877)
Change in Deferred Outflows		246,407
Change in Deferred Inflows		(29,798)
		(29,798)
Change in Net Position (from Exhibit A-2)	\$	368,555

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Agency	Unemployment Compensation Trust
<u>ASSETS:</u>		
Cash and Cash Equivalents	\$ 46,359	\$ 4,571
Total Assets	46,359	4,571
<u>LIABILITIES:</u>		
Interfund Payable - General Fund	1,443	
Payroll Deductions and Withholdings	25,367	
Due to Student Groups	19,549	
Total Liabilities	46,359	- 0 -
<u>NET POSITION:</u>		
Restricted for Unemployment Claims		4,571
Total Net Position	\$ - 0 -	\$ 4,571

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

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

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee	\$ 13,882
Total Contributions	<u>13,882</u>
Investment Earnings:	
Interest	<u>7</u>
Net Investment Earnings	<u>7</u>
Total Additions	<u>13,889</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>18,638</u>
Total Deductions	<u>18,638</u>
Change in Net Position	(4,749)
Net Position—Beginning of the Year	<u>9,320</u>
Net Position—End of the Year	<u><u>\$ 4,571</u></u>

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Charter School is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

Charter School-Wide Financial Statements:

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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

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

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

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

Fund Financial Statements:

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

The Charter School reports the following Governmental Funds:

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

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

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

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

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

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

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

Additionally, the Charter School reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end. The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	<u>\$ 4,779,899</u>	<u>\$ 106,093</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,779,899</u>	<u>\$ 106,093</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 4,076,166</u>	<u>\$ 106,093</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,076,166</u>	<u>\$ 106,093</u>

E. Cash and Cash Equivalents and Investments:

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

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

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

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

E. Cash and Cash Equivalents and Investments: (Cont'd)

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

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

M. Accrued Salaries and Wages:

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

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

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

N. Compensated Absences:

The Charter School accounts for compensated absences as directed by GASB. A liability attributable to services already rendered and not contingent on a specific event outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$836,892 General Fund balance at June 30, 2020, \$506 is restricted for a maintenance reserve, \$25,479 is assigned for encumbrances, \$75,193 is restricted for Charter School Escrow, and \$735,714 is unassigned.

Q. Deficit in Net Position:

The Charter School had a deficit in the governmental activities unrestricted net position at June 30, 2020 of (\$110,866) which is primarily due to unassigned General Fund fund balance, compensated absences, net pension liability and the related deferred inflows and outflows. This deficit does not indicate the Charter School is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

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

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

The Charter School had deferred inflows of resources at June 30, 2020 related to pensions.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

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

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

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the Charter School's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The Charter School has funds restricted at June 30, 2020 for Maintenance Reserve and Charter School Escrow.

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

The Board of Trustees has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body. The Board of Trustees must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Trustees at a public meeting of that governing body in order to remove or change the commitment of resources. The Charter School has no committed resources at June 30, 2020.

The assignment of resources is generally made by the Board of Trustees through a motion or a resolution passed by a majority of the members of the Board of Trustees. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Trustees may allow an official of the Charter School to assign resources through policies adopted by the Board of Trustees. The Charter School has assigned resources for encumbrances at June 30, 2020.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 Non-exchange Transactions:

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

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

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

U. Management Estimates:

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

V. Pensions

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

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (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

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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)

- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2020, cash and cash equivalents of the Charter School consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Maintenance Reserve</u>	<u>Total Cash and Cash Equivalents</u>
Checking & Savings Accounts	<u>\$ 792,829</u>	<u>\$ 506</u>	<u>\$ 793,335</u>

During the period ended June 30, 2020, the Charter School did not hold any investments. The carrying amount of the Charter School's cash and cash equivalents at June 30, 2020, was \$793,335 and the bank balance was \$814,384.

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

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Sites (Land)	\$ 500,000			\$ 500,000
Total Capital Assets not Being Depreciated	500,000			500,000
Capital Assets Being Depreciated:				
Buildings and Building Improvements	5,276,156			5,276,156
Machinery and Equipment	264,122	\$ 11,058	\$ (68,869)	206,311
Total Capital Assets Being Depreciated	5,540,278	11,058	(68,869)	5,482,467
Governmental Activities Capital Assets	6,040,278	11,058	(68,869)	5,982,467
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(947,998)	(106,410)		(1,054,408)
Machinery and Equipment	(154,055)	(16,061)	54,160	(115,956)
Total Accumulated Depreciation	(1,102,053)	(122,471)	54,160	(1,170,364)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 4,938,225	\$ (111,413)	\$ (14,709)	\$ 4,812,103

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 2,701
General Administration Services	2,677
School Administration Services	506
Student & Instruction Services	2,051
Operations and Maintenance of Plant	3,175
General/Unallocated	111,361
	<u>\$ 122,471</u>

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

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the Charter School-Wide financial statements:

	Balance June 30, 2018	Accrued	Retired	Balance June 30, 2019
Mortgage Loans Payable	\$ 3,954,502		\$ 151,085	\$ 3,803,417
Compensated Absences Payable	82,420		1,400	81,020
Net Pension Liability	455,322	\$ 268,877		724,199
	\$ 4,492,244	\$ 268,877	\$ 152,485	\$ 4,608,636

A. Mortgage Loans Payable:

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

The details of the mortgage loans payable outstanding as of June 30, 2020 are as follows:

\$3,000,000 Sussex Bank Loan

Due Date	Interest Rate	Principal Amount
6/30/2021	3.86%	\$ 107,560
6/30/2022	3.86%	111,846
6/30/2023	3.86%	116,302
6/30/2024	3.86%	120,738
6/30/2025	3.86%	125,748
6/30/2026	3.86%	130,758
6/30/2027	3.86%	135,968
6/30/2028	3.86%	141,245
6/30/2029	3.86%	147,014
6/30/2030	3.86%	152,872
6/30/2031	3.86%	158,963
6/30/2032	3.86%	165,223
6/30/2033	3.86%	171,881
6/30/2034	3.86%	178,729
6/30/2035	3.86%	185,851
6/30/2036	3.86%	148,607
		\$ 2,299,305

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

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

A. Mortgage Loans Payable: (Cont'd)

\$1,870,000 USDA Loan

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
6/30/2021	3.75%	\$ 49,342
6/30/2022	3.75%	51,225
6/30/2023	3.75%	53,180
6/30/2024	3.75%	55,074
6/30/2025	3.75%	57,309
6/30/2026	3.75%	59,496
6/30/2027	3.75%	61,765
6/30/2028	3.75%	64,013
6/30/2029	3.75%	66,564
6/30/2030	3.75%	69,104
6/30/2031	3.75%	71,740
6/30/2032	3.75%	74,397
6/30/2033	3.75%	77,315
6/30/2034	3.75%	80,265
6/30/2035	3.75%	83,327
6/30/2036	3.75%	86,460
6/30/2037	3.75%	89,804
6/30/2038	3.75%	93,231
6/30/2039	3.75%	96,788
6/30/2040	3.75%	100,473
6/30/2041	3.75%	63,240
		<u>\$ 1,504,112</u>

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

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

A. Mortgage Loans Payable: (Cont'd)

Principal and interest on the mortgage loans is as follows:

<u>Due Date</u>	<u>Loan Principal</u>	<u>Loan Interest</u>	<u>Total</u>
6/30/2021	\$ 156,902	\$ 140,787	\$ 297,689
6/30/2022	163,071	134,618	297,689
6/30/2023	169,482	128,207	297,689
6/20/2024	175,812	121,877	297,689
6/20/2025	183,057	114,632	297,689
6/30/2026-6/30/2030	1,028,799	459,645	1,488,444
6/30/2031-6/30/2035	1,247,691	240,753	1,488,444
6/30/2036-6/30/2040	615,363	54,964	670,327
6/30/2041	63,240	9,714	72,954
	<u>\$ 3,803,417</u>	<u>\$ 1,405,196</u>	<u>\$ 5,208,613</u>

B. Compensated Absences:

The Charter School's compensated absences payable of its Governmental activities will be liquidated through the General Fund. There is no current portion payable; therefore, the entire balance of \$81,020 as of June 30, 2020 is included in the long-term portion of long-term liabilities.

C. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2020 is \$-0- and the long-term portion is \$724,199. See Note 6 for further information on the PERS.

NOTE 6. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the 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)

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.

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

NOTE 6. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability 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 \$39,628 for 2020.

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

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

NOTE 6. PENSION PLANS (Cont'd)

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

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

At June 30, 2020, the District's liability was \$724,199 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 0.004%, which was an increase of 0.0017% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized actual pension expense in the amount of \$91,368. 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	\$ 1,914	
	2015	5.72	11,834	
	2016	5.57	58,566	
	2017	5.48		\$ (103,962)
	2018	5.63		(84,010)
	2019	5.21		(63,395)
				<u>72,314</u>
Changes in Proportion	2014	6.44		(5,390)
	2015	5.72	34,898	
	2016	5.57	25,875	
	2017	5.48	6,532	
	2018	5.63		(260,451)
	2019	5.21	312,382	
				<u>379,687</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		13,367
	2017	5.00		(16,041)
	2018	5.00		(11,158)
	2019	5.00		2,400
				<u>(11,432)</u>
Difference Between Expected and Actual Experience	2015	5.72	3,283	
	2016	5.57	1,777	
	2017	5.48	3,092	
	2018	5.63		(3,199)
	2019	5.21	4,846	
			<u>12,998</u>	<u>(3,199)</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	41,000	
			<u>\$ 505,999</u>	<u>\$ (531,839)</u>

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

NOTE 6. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2019	\$ (20,911)
2020	(67,837)
2021	(60,574)
2022	(28,443)
2023	(2,921)
	\$ (180,686)

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:

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

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

NOTE 6. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 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%
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 on 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.

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

NOTE 6. PENSION PLANS (Cont'd)

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

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

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

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
Charter School's proportionate share of the Net Pension Liability	\$ 921,145	\$ 724,199	\$ 567,527

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.

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

NOTE 6. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. 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 \$353,432 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$586,839.

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

NOTE 6. PENSION PLANS (Cont'd)

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

Special Funding Situation (Cont'd)

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$9,949,345. The net pension liability was measured as of June 30, 2020, 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 0.0162%, which was an increase of 0.0015% 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 Charter School		9,949,345
Total	\$	9,949,345

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$586,839 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

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

NOTE 6. PENSION PLANS (Cont'd)

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

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

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 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	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	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		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(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 of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
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 CHARTER SCHOOL FOR TECHNOLOGY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 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:

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

NOTE 6. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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.

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

(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

The following presents the State's proportionate share of the net pension liability associated with the Charter School as of June 30, 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%)
State's Proportionate Share of the Net Pension Liability Associated with the Charter School	\$ 11,732,492	\$ 9,949,345	\$ 8,469,915

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 \$2,368 for the year ended June 30, 2020. Employee contributions to DCRP amounted to \$3,266 for the year ended June 30, 2020.

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

NOTE 7. DEFERRED COMPENSATION

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

NOTE 8. ECONOMIC DEPENDENCY

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

NOTE 9. RISK MANAGEMENT

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

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

Property and Liability Insurance

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

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

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

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Summarized financial information for the Group as of June 30, 2020 was not available at the time of audit. Selected, summarized financial information for the Group as of June 30, 2019 is as follows:

	<u>New Jersey Schools Insurance Group (NJSIG)</u>
Total Assets	\$ 365,876,499
Net Position	\$ 107,824,596
Total Revenue	\$ 140,293,549
Total Expenses	\$ 115,049,808
Change in Net Position	\$ 25,243,741
Member Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

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

Fiscal Year	Employer/ Employee Contributions	Interest	Amount Reimbursed	Ending Balance
2019-2020	\$ 13,882	\$ 7	\$ 18,638	\$ 4,571
2018-2019	4,221	18	3,031	9,320
2017-2018	31,484	30	47,142	8,112

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

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2020.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 20,007	
Special Revenue Fund		\$ 18,564
Fiduciary Funds		1,443
	\$ 20,007	\$ 20,007

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

NOTE 11. MAINTENANCE RESERVE ACCOUNT

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

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

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

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

NOTE 11. MAINTENANCE RESERVE ACCOUNT (Cont'd)

The Maintenance Reserve Account is maintained in the General Fund, and its activity is included in the General Fund annual budget. The activity of the Maintenance Reserve Account for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance at July 1, 2019	\$	505
Increased by:		
Interest Earned		1
		1
Ending Balance at June 30, 2020	\$	506

NOTE 12. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2020, there were encumbrances as detailed below in the governmental funds:

General Fund	Total
\$ 25,479	\$ 25,479
\$ 25,479	\$ 25,479

NOTE 13. CHARTER SCHOOL ESCROW

Charter Schools in the State of New Jersey are required to restrict \$75,000 of fund balance for Charter School Escrow, to be utilized in the event of dissolution of the Charter School, within 5 years of the signing of the Charter Agreement. The Charter School has \$75,193 of restricted fund balance for Charter School Escrow as of June 30, 2020.

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

NOTE 14. ACCOUNTS PAYABLE

Accounts payable recorded in the Charter School’s Governmental Activities as of June 30, 2020 consisted of the following:

	Governmental Funds		Total Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund	Special Revenue Fund			
Vendors	\$ 17,277	9,244	\$ 26,521		\$ 26,521
State of New Jersey				\$ 41,000	41,000
	\$ 17,277	\$ 9,244	\$ 26,521	\$ 41,000	\$ 67,521

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

General Information about the OPEB Plan

Plan Description and Benefits Provided

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

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

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

NOTE 15. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	216,892
Total	364,943

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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.

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 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years

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

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

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

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

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

	Total OPEB Liability
Balance at June 30, 2018	\$ 2,753,987
Changes for Year:	
Service Cost	233,290
Interest on the Total OPEB Liability	113,918
Changes of Assumptions	44,133
Difference in Expected and Actual Experiences	(97,184)
Gross Benefit Payments by the State	(90,862)
Contributions from Members	2,693
Net Changes	205,988
Balance at June 30, 2019	\$ 2,959,975

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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 3,496,900	\$ 2,959,975	\$ 2,533,471

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

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

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

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 2,438,887	\$ 2,959,975	\$ 3,649,788

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 \$124,612 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, 2019 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		\$ 344,601
	2018	9.51		296,403
	2019	9.29	\$ 39,382	
			39,382	641,004
Differences between Expected and Actual Experience	2018	9.51		280,194
	2019	9.29		463,538
				743,732
Changes in Proportion	N/A	N/A	694,862	1,083,520
			\$ 734,244	\$ 2,468,256

N/A- Not Available

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

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (180,634)
2021	(180,634)
2022	(180,633)
2023	(180,633)
2024	(180,633)
Thereafter	(442,187)
	\$ (1,345,354)

NOTE 16. 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.

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Charter School's proportion of the net pension liability	0.0021351659%	0.0035751847%	0.0040373229%	0.0041035491%	0.0023125097%	0.0040192024%
Charter School's proportionate share of the net pension liability	\$ 399,761	\$ 802,557	\$ 1,195,739	\$ 955,241	\$ 455,322	\$ 724,199
Charter School's covered employee payroll	\$ 218,376	\$ 274,663	\$ 279,858	\$ 218,164	\$ 250,566	\$ 257,967
Charter School's proportionate share of the net pension liability as a percentage of its covered employee payroll	183.06%	292.20%	427.27%	437.85%	181.72%	280.73%
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 CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHARTER SCHOOL CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 17,602	\$ 30,737	\$ 36,680	\$ 39,744	\$ 23,390	\$ 39,628
Contributions in relation to the contractually required contribution	<u>(17,602)</u>	<u>(30,737)</u>	<u>(36,680)</u>	<u>(39,744)</u>	<u>(23,390)</u>	<u>(39,628)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Charter School's covered employee payroll	\$ 274,663	\$ 279,858	\$ 218,164	\$ 250,566	\$ 257,967	\$ 267,070
Contributions as a percentage of covered employee payroll	6.41%	11.19%	16.81%	15.86%	9.07%	14.84%

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

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

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2020
State's proportion of the net pension liability attributable to the Charter School	0.0124497203%	0.0143347676%	0.0140700521%	0.0149598346%	0.0147304432%
State's proportionate share of the net pension liability attributable to the Charter School	\$ 6,653,970	\$ 9,060,185	\$ 11,068,399	\$ 10,086,406	\$ 9,371,192
Charter School's covered employee payroll	\$ 1,414,129	\$ 1,553,147	\$ 1,527,396	\$ 1,553,349	\$ 1,700,648
State's proportionate share of the net pension liability attributable to the Charter School as a percentage of its covered employee payroll	470.53%	583.34%	724.66%	649.33%	551.04%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	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 CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
ASSOCIATED WITH THE CHARTER SCHOOL
TEACHERS' PENSION AND ANNUITY FUND
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 358,046	\$ 553,205	\$ 831,637	\$ 698,739	\$ 546,308	\$ 586,839
Contributions in relation to the contractually required contribution	(77,499)	(112,651)	(162,385)	(216,928)	(318,848)	(353,432)
Contribution deficiency/(excess)	<u>\$ 280,547</u>	<u>\$ 440,554</u>	<u>\$ 669,252</u>	<u>\$ 481,811</u>	<u>\$ 227,460</u>	<u>\$ 233,407</u>
Charter School's covered employee payroll	\$ 1,553,147	\$ 1,527,396	\$ 1,553,349	\$ 1,700,648	\$ 1,669,187	\$ 1,687,887
Contributions as a percentage of covered employee payroll	4.99%	7.38%	10.45%	12.76%	19.10%	20.94%

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 CHARTER SCHOOL FOR TECHNOLOGY
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 427,737	\$ 355,619	\$ 233,290
Interest Cost	142,904	170,086	113,918
Changes in Assumptions	(676,670)	(316,034)	44,133
Member Contributions	3,779	2,545	2,693
Difference in Expected and Actual Experiences		(1,815,214)	(97,184)
Gross Benefit Payments	<u>(102,623)</u>	<u>(73,641)</u>	<u>(90,862)</u>
Net Change in Total OPEB Liability	(204,873)	(1,676,639)	205,988
Total OPEB Liability - Beginning	<u>4,635,499</u>	<u>4,430,626</u>	<u>2,753,987</u>
Total OPEB Liability - Ending	<u>\$ 4,430,626</u>	<u>\$ 2,753,987</u>	<u>\$ 2,959,975</u>
District's Covered Employee Payroll *	\$ 1,807,254	\$ 1,771,513	\$ 1,951,214
Total OPEB Liability as a Percentage of Covered Employee Payroll	245%	155%	152%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

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

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

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

B.TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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 Healthy 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 mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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:					
Local Tax Levy	\$ 3,775,985	\$ (979,674)	\$ 2,796,311	\$ 2,935,953	\$ 139,642
Unrestricted Miscellaneous				14,492	14,492
Total - Local Sources	3,775,985	(979,674)	2,796,311	2,950,445	154,134
State Sources:					
Equalization Aid - Charter School State Aid		929,141	929,141	890,910	(38,231)
Special Education Aid - Charter School Aid	166,249	12,535	178,784	162,357	(16,427)
Security Aid	28,945	(4,540)	24,405	32,526	8,121
Adjustment Aid	88,425		88,425	88,425	
Non-Public Aid		42,538	42,538	42,538	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				133,467	133,467
On-Behalf TPAF Pension Contributions (Non-Budgeted)				353,432	353,432
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				6,335	6,335
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				583	583
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				118,881	118,881
Total State Sources	283,619	979,674	1,263,293	1,829,454	566,161
TOTAL REVENUES	4,059,604		4,059,604	4,779,899	720,295

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 1,381,260		\$ 1,381,260	\$ 1,352,962	\$ 28,298
Other Salaries for Instruction	106,686	\$ 10,510	117,196	117,196	
General Supplies	27,250	(4,120)	23,130	18,504	4,626
Textbooks	5,120	(5,065)	55	55	
Regular Programs - Home Instruction:					
Salaries of Teachers	3,000		3,000	3,000	
Purchased Professional/Educational Services	1,000		1,000	720	280
Regular Programs - Undistributed Instruction:					
Purchased Professional/Educational Services	22,800		22,800	11,257	11,543
General Supplies	27,500		27,500	21,943	5,557
Total Regular Programs - Instruction	1,574,616	1,325	1,575,941	1,525,637	50,304
Resource Room/Resource Center:					
Salaries of Teachers	62,926	6,500	69,426	69,426	
Total Resource Room/Resource Center	62,926	6,500	69,426	69,426	
Total Special Education Instruction	62,926	6,500	69,426	69,426	
Vocational Programs - Local:					
General Supplies	9,125		9,125	7,450	1,675
Total Vocational Programs - Local	9,125		9,125	7,450	1,675

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 Co-curricular Activities - Instruction:					
Salaries	\$ 29,600	\$ 1,453	\$ 31,053	\$ 30,824	\$ 229
Other Objects	2,000	(2,000)			
Total School-Sponsored Co-curricular Activities - Instruction	31,600	(547)	31,053	30,824	229
School-Sponsored Co-curricular Athletics - Instruction:					
Salaries	11,800	368	12,168	12,168	
Supplies and Materials	50	(50)			
Other Objects	1,300	(47)	1,253	1,225	28
Total School-Sponsored Co-curricular Athletics - Instruction	13,150	271	13,421	13,393	28
Other Instructional Programs - Summer School:					
Salaries	22,600	(1,500)	21,100	12,980	8,120
Total Other Instructional Programs - Summer School	22,600	(1,500)	21,100	12,980	8,120
Total Instruction	1,714,017	6,049	1,720,066	1,659,710	60,356
Undistributed Expenditures:					
Health Services:					
Salaries	57,213		57,213	52,680	4,533
Purchased Professional/Technical Services	500	3,500	4,000	3,819	181
Supplies and Materials	4,050	(2,000)	2,050	1,929	121
Total Health Services	61,763	1,500	63,263	58,428	4,835

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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					
Guidance:					
Salaries of Other Professional Staff	\$ 65,866		\$ 65,866	\$ 65,866	
Supplies and Materials	780		780	444	336
Total Guidance	66,646		66,646	66,310	336
Child Study Teams:					
Salaries of Other Professional Staff	37,023	\$ 11,400	48,423	48,423	
Other Purchased Professional/Technical Services	8,700	(660)	8,040	679	7,361
Supplies and Materials	320	(255)	65	65	
Other Objects	300	(300)			
Total Child Study Teams	46,343	10,185	56,528	49,167	7,361
Improvement of Instructional Services:					
Salaries of Other Professional Staff	8,600	6,380	14,980	14,980	
Other Purchased Professional/Educational Services	27,880	(6,997)	20,883	11,355	9,528
Total Improvement of Instructional Services	36,480	(617)	35,863	26,335	9,528
Instructional Staff Training Services:					
Purchased Professional/Technical Services	32,550	(15,046)	17,504	11,181	6,323
Other Purchased Services	225		225	45	180
Total Instructional Staff Training Services	32,775	(15,046)	17,729	11,226	6,503

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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					
Support Services - General Administration:					
Salaries	\$ 117,674	\$ 15,000	\$ 132,674	\$ 132,674	
Salaries of Secretarial and Clerical Assistants	15,000	(15,000)			
Legal Services	11,700	10,425	22,125	22,125	
Audit Fees	18,000	1,000	19,000	19,000	
Other Purchased Professional Services	4,500	4,000	8,500	8,000	\$ 500
Other Purchased Services (400-500 series)	40,950	(510)	40,440	37,738	2,702
Miscellaneous Expenditures	2,200	(355)	1,845	1,845	
BOE Membership Dues and Fees	7,350		7,350	7,317	33
Total Support Services - General Administration	217,374	14,560	231,934	228,699	3,235
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	15,000	(14,799)	201		201
Salaries of Secretarial and Clerical Assistants	83,990		83,990	83,990	
Other Purchased Services (400-500 series)	2,800	(651)	2,149	2,149	
Miscellaneous Expenditures	1,700	(855)	845	829	16
Total Support Services - School Administration	103,490	(16,305)	87,185	86,968	217
Central Services:					
Salaries	85,660	3,743	89,403	89,403	
Purchased Technical Services	15,700		15,700	14,847	853
Supplies and Materials	2,900	(900)	2,000	1,951	49
Miscellaneous Expenditures		900	900	900	
Total Central Services	104,260	3,743	108,003	107,101	902

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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					
Administrative Information Technology:					
Salaries	\$ 21,579		\$ 21,579	\$ 21,579	
Purchased Professional/Technical Services	800		800	508	\$ 292
Supplies and Materials	8,550		8,550	8,491	59
Total Administrative Information Technology	30,929		30,929	30,578	351
Required Maintenance of School Facilities:					
Salaries	50,733		50,733	50,733	
Cleaning, Repair and Maintenance Services	16,100	\$ 1,399	17,499	3,335	14,164
General Supplies	7,200		7,200	2,570	4,630
Total Required Maintenance of School Facilities	74,033	1,399	75,432	56,638	18,794
Custodial Services:					
Salaries	24,685	4,028	28,713	28,713	
Cleaning, Repair and Maintenance Services	33,366	741.00	34,107	33,295	812
Rental of Land or Building	17,700		17,700	17,665	35
Insurance	20,000		20,000	18,788	1,212
Other Purchased Property Services (400-500 series)	400		400	371	29
General Supplies	9,860		9,860	9,163	697
Energy (Natural Gas)	15,000	(2,000)	13,000	9,994	3,006
Energy (Electricity)	40,000	(5,380)	34,620	24,929	9,691
Total Custodial Services	161,011	(2,611)	158,400	142,918	15,482

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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					
Care and Upkeep of Grounds:					
Purchased Professional/Technical Services	\$ 23,000	\$ (5,775)	\$ 17,225	\$ 16,026	\$ 1,199
Total Care and Upkeep of Grounds	23,000	(5,775)	17,225	16,026	1,199
Security:					
General Supplies	5,800	4,070	9,870	1,275	8,595
Total Security	5,800	4,070	9,870	1,275	8,595
Student Transportation Services:					
Contracted Services - Between Home and School - Joint Agreements	11,500		11,500	1,927	9,573
Total Student Transportation Services	11,500		11,500	1,927	9,573
Unallocated Benefits:					
Other Retirement Contributions - PERS	30,000	9,628	39,628	39,628	
Other Retirement Contributions - Regular	3,000		3,000	2,368	632
Social Security Contributions	47,000		47,000	40,206	6,794
Unemployment Compensation	15,000	2,830	17,830	17,827	3
Workmen's Compensation	20,500	1,000	21,500	21,324	176
Health Benefits	905,232	(14,610)	890,622	791,406	99,216
Tuition Reimbursement	7,000		7,000	7,000	
Other Employee Benefits	33,178		33,178	403	32,775
Total Unallocated Benefits	1,060,910	(1,152)	1,059,758	920,162	139,596

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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:					
CURRENT EXPENSE					
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				\$ 133,467	(133,467)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				353,432	(353,432)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				6,335	(6,335)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				583	(583)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				118,881	(118,881)
Total On-Behalf Contributions				612,698	(612,698)
Total Personal Services - Employee Benefits	\$ 1,060,910	\$ (1,152)	\$ 1,059,758	1,532,860	(473,102)
Total Undistributed Expenses	2,036,314	(6,049)	2,030,265	2,416,456	(386,191)
TOTAL EXPENDITURES	3,750,331		3,750,331	4,076,166	(325,835)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	309,273		309,273	703,733	394,460
Other Financing (Uses):					
Transfer to Debt Service Fund	(309,273)		(309,273)	(309,273)	
Total Other Financing (Uses)	(309,273)		(309,273)	(309,273)	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses				\$ 394,460	\$ 394,460
Fund Balance, July 1	\$ 442,432		\$ 442,432	442,432	
Fund Balance, June 30	<u>\$ 442,432</u>	<u>\$ -0-</u>	<u>\$ 442,432</u>	<u>\$ 836,892</u>	<u>\$ 394,460</u>
Recapitulation:					
Restricted for:					
Maintenance Reserve				\$ 506	
Charter School Escrow				75,193	
Assigned to:					
Year-end Encumbrances				25,479	
Unassigned				<u>735,714</u>	
Fund Balance per Governmental Funds Budgetary/(GAAP) Basis				<u>\$ 836,892</u>	

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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
Revenue:					
Federal Sources	\$ 90,200	\$ 15,893	\$ 106,093	\$ 106,093	\$
Total Revenue	90,200	15,893	106,093	106,093	
Expenditures:					
Instruction:					
Salaries of Teachers	22,400	(700)	21,700	21,700	
General Supplies	28,000	(6,915)	21,085	21,085	
Total Instruction	50,400	(7,615)	42,785	42,785	
Support Services:					
Employee Benefits		7,245	7,245	7,245	
Purchased Professional/Educational Services	39,800	16,263	56,063	56,063	
Total Support Services	39,800	23,508	63,308	63,308	
Total Expenditures	90,200	15,893	106,093	106,093	
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	<u>\$ 4,779,899</u>	<u>\$ 106,093</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 4,779,899</u>	<u>\$ 106,093</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	<u>\$ 4,076,166</u>	<u>\$ 106,093</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 4,076,166</u>	<u>\$ 106,093</u>

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

	Elementary and Secondary Education Act		IDEA	Rural Education	Totals
	Title II		Part B	Achievement	June 30, 2020
	Title I	Part A	Basic	Program	
REVENUE:					
Federal Sources	\$ 19,357	\$ 4,040	\$ 52,023	\$ 20,673	\$ 106,093
Total Revenue	19,357	4,040	52,023	20,673	106,093
EXPENDITURES:					
Instruction:					
Salaries of Teachers	14,300				21,700
General Supplies	52				52
Total Instruction	14,352				21,752
Support Services:					
Employee Benefits	5,005				7,245
Purchased Professional/Educational Services		4,040	52,023		56,063
Supplies and Materials				20,673	21,033
Total Support Services	5,005	4,040	52,023	20,673	84,341
Total Expenditures	\$ 19,357	\$ 4,040	\$ 52,023	\$ 20,673	\$ 106,093

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS
(NOT APPLICABLE)

FIDUCIARY FUNDS

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Student Activities</u>	<u>Agency Payroll Agency</u>	<u>Total</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 19,549	\$ 26,810	\$ 46,359	\$ 4,571
Total Assets	<u>19,549</u>	<u>26,810</u>	<u>46,359</u>	<u>4,571</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund		1,443	1,443	
Payroll Deductions and Withholdings		25,367	25,367	
Due to Student Groups	19,549		19,549	
Total Liabilities	<u>19,549</u>	<u>26,810</u>	<u>46,359</u>	
<u>NET POSITION:</u>				
Held in Trust for Unemployment Claims				<u>4,571</u>
Total Net Position	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 4,571</u>

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

	<u>Unemployment Compensation Trust</u>
Additions:	
Contributions:	
Employee	\$ 13,882
Total Contributions	<u>13,882</u>
Investment Earnings:	
Interest	<u>7</u>
Net Investment Earnings	<u>7</u>
Total Additions	<u>13,889</u>
Deductions:	
State of New Jersey Unemployment Agency Payments	<u>18,638</u>
Total Deductions	<u>18,638</u>
Change in Net Position	(4,749)
Net Position - Beginning of the Year	<u>9,320</u>
Net Position - End of the Year	<u><u>\$ 4,571</u></u>

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 22,160	\$ 43,305	\$ 45,916	\$ 19,549
Total Assets	<u>\$ 22,160</u>	<u>\$ 43,305</u>	<u>\$ 45,916</u>	<u>\$ 19,549</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 22,160	\$ 43,305	\$ 45,916	\$ 19,549
Total Liabilities	<u>\$ 22,160</u>	<u>\$ 43,305</u>	<u>\$ 45,916</u>	<u>\$ 19,549</u>

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

	<u>Balance June 30, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
Sussex County Charter School for Technology	\$ 22,160	\$ 43,305	\$ 45,916	\$ 19,549
	<u>\$ 22,160</u>	<u>\$ 43,305</u>	<u>\$ 45,916</u>	<u>\$ 19,549</u>

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

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 29,207	\$ 1,052,263	\$ 1,054,660	\$ 26,810
Total Assets	<u>\$ 29,207</u>	<u>\$ 1,052,263</u>	<u>\$ 1,054,660</u>	<u>\$ 26,810</u>
 <u>LIABILITIES:</u>				
Interfund Payable - General Fund	\$ 1,443			\$ 1,443
Payroll Deductions and Withholdings	<u>27,764</u>	<u>\$ 1,052,263</u>	<u>1,054,660</u>	<u>25,367</u>
Total Liabilities	<u>\$ 29,207</u>	<u>\$ 1,052,263</u>	<u>\$ 1,054,660</u>	<u>\$ 26,810</u>

LONG-TERM DEBT

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

Purpose	Date of Issue	Original Issue	Maturities of Loans				Interest Rate	Balance June 30, 2019	Matured	Balance June 30, 2020
			Outstanding		Amount	Balance				
			Date	June 30, 2020						
USDA Loan	12/27/10	\$ 1,870,000	06/30/21	\$ 49,342	3.75%					
			06/30/22	51,225	3.75%					
			06/30/23	53,180	3.75%					
			06/30/24	55,074	3.75%					
			06/30/25	57,309	3.75%					
			06/30/26	59,496	3.75%					
			06/30/27	61,765	3.75%					
			06/30/28	64,013	3.75%					
			06/30/29	66,564	3.75%					
			06/30/30	69,104	3.75%					
			06/30/31	71,740	3.75%					
			06/30/32	74,397	3.75%					
			06/30/33	77,315	3.75%					
			06/30/34	80,265	3.75%					
			06/30/35	83,327	3.75%					
			06/30/36	86,460	3.75%					
			06/30/37	89,804	3.75%					
			06/30/38	93,231	3.75%					
			06/30/39	96,788	3.75%					
			06/30/40	100,473	3.75%					
			06/30/41	63,240	3.75%					
						\$ 1,551,492	\$ 47,380	\$ 1,504,112		

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

Purpose	Date of Issue	Original Issue	Maturities of Loans				Interest Rate	Balance June 30, 2019	Matured	Balance June 30, 2020
			Outstanding		Amount	Balance June 30, 2020				
			Date	June 30, 2020						
Sussex Bank	12/27/2010	\$ 3,000,000	06/30/21	\$ 107,560		3.86%				
			06/30/22	111,846		3.86%				
			06/30/23	116,302		3.86%				
			06/30/24	120,738		3.86%				
			06/30/25	125,748		3.86%				
			06/30/26	130,758		3.86%				
			06/30/27	135,968		3.86%				
			06/30/28	141,245		3.86%				
			06/30/29	147,014		3.86%				
			06/30/30	152,872		3.86%				
			06/30/31	158,963		3.86%				
			06/30/32	165,223		3.86%				
			06/30/33	171,881		3.86%				
			06/30/34	178,729		3.86%				
			06/30/35	185,851		3.86%				
			06/30/36	148,607		3.86%				
							\$ 2,403,010	\$ 103,705	\$ 2,299,305	
							\$ 3,954,502	\$ 151,085	\$ 3,803,417	

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

NOT APPLICABLE

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Regular Debt Service:					
Interest	\$ 158,188		\$ 158,188	\$ 158,188	
Redemption of Principal	151,085		151,085	151,085	
Total Regular Debt Service	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Total Expenditures	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(309,273)</u>		<u>(309,273)</u>	<u>(309,273)</u>	
Other Financing Sources:					
Operating Transfer In	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Total Other Financing Sources	<u>309,273</u>		<u>309,273</u>	<u>309,273</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>\$ - 0 -</u>
Fund Balance, July 1	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Fund Balance, June 30	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

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

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

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net Investment in Capital Assets	\$ 529,932	\$ 636,565	\$ 942,416	\$ 1,143,469	\$ 1,277,157	\$ 1,312,594	\$ 1,164,808	\$ 930,812	\$ 983,723	\$ 1,008,686
Restricted	10,000	60,010	80,054	89,057	145,494	75,503	75,521	75,530	75,544	75,699
Unrestricted/(Deficit)	84,238	213,744	264,118	(202,558)	(110,896)	(89,116)	(482,807)	(492,275)	(454,303)	(110,866)
Total Governmental										
Activities Net Position	\$ 624,170	\$ 910,319	\$ 1,286,588	\$ 1,029,968	\$ 1,311,755	\$ 1,298,981	\$ 757,522	\$ 514,067	\$ 604,964	\$ 973,519

Source: Sussex County Charter School for Technology Financial Reports.

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 1,249,043	\$ 1,240,304	\$ 1,598,976	\$ 1,753,069	\$ 2,151,111	\$ 2,581,125	\$ 3,100,754	\$ 3,453,606	\$ 3,105,757	\$ 2,950,878
Special Education	293,722	242,487	191,129	156,145	205,211	224,235	52,335	189,554	182,514	185,942
Other Instruction					75,557	89,866	123,651	153,499	132,454	116,643
Support Services:										
Student & Instruction Related Services					408,086	374,436	358,024	271,454	337,639	313,822
General Administration Services	467,923	500,725	625,620	750,688	217,615	412,263	465,246	449,344	380,847	304,514
School Administration Services	446,797	444,923	520,984	580,474	138,034	131,650	138,599	155,674	150,839	132,375
Central Services					152,203	187,954	219,783	149,420	143,879	156,385
Administrative Information Technology					239,406	232,252	504,490	27,102	35,878	42,475
Plant Operations And Maintenance					6,665	7,403	6,447	337,460	277,156	267,479
Pupil Transportation				76,340	39,736	24,395	3,827	11,290	10,092	1,927
Capital Outlay										
Unallocated Depreciation										
Interest on Long-Term Debt	135,380	249,593	295,062	225,014	225,921	208,788	182,551	165,683	160,284	111,361
Total Governmental Activities Expenses	2,592,865	2,678,032	3,231,771	3,541,730	3,859,545	4,474,367	5,155,707	5,364,086	4,917,339	4,741,989
Total Charter School-Wide Expenses	2,592,865	2,678,032	3,231,771	3,541,730	3,859,545	4,474,367	5,155,707	5,364,086	4,917,339	4,741,989
Program Revenues:										
Governmental Activities:										
Operating Grants and Contributions	329,956	374,417	452,890	355,171	707,551	460,549	524,801	973,927	399,431	330,645
Total Governmental Activities Program Revenues	329,956	374,417	452,890	355,171	707,551	460,549	524,801	973,927	399,431	330,645
Total Charter School-Wide Program Revenues	329,956	374,417	452,890	355,171	707,551	460,549	524,801	973,927	399,431	330,645
Net (Expenses)/Revenues										
Governmental Activities	(2,262,909)	(2,303,615)	(2,778,881)	(3,186,559)	(3,151,994)	(4,013,818)	(4,630,906)	(4,390,159)	(4,517,908)	(4,411,344)
Total Charter School-Wide Net (Expenses)/Revenues	(2,262,909)	(2,303,615)	(2,778,881)	(3,186,559)	(3,151,994)	(4,013,818)	(4,630,906)	(4,390,159)	(4,517,908)	(4,411,344)

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Local Property Taxes - Charter School Aid	\$ 1,690,763	\$ 1,817,171	\$ 2,233,073	\$ 2,371,406	\$ 2,277,903	\$ 2,575,496	\$ 2,413,828	\$ 2,542,787	\$ 2,839,808	\$ 2,935,953
Unrestricted Federal and State Aid	778,247	769,788	916,531	1,006,678	1,132,068	1,412,788	1,669,497	1,734,168	1,763,313	1,829,454
Investment Earnings	485	1,340	240	206	156	187	246	645	1,416	1,196
Miscellaneous Income		1,465	5,306	18,460	23,654	12,573	5,876	104,931	4,268	13,296
Cancellation of Prior Year Payable				20,044						
Total Governmental Activities General Revenues & Other Changes	2,469,495	2,589,764	3,155,150	3,416,794	3,433,781	4,001,044	4,089,447	4,382,531	4,608,805	4,779,899
Total Charter School-Wide General Revenues and Other Changes in Net Position	2,469,495	2,589,764	3,155,150	3,416,794	3,433,781	4,001,044	4,089,447	4,382,531	4,608,805	4,779,899
Change in Net Position:										
Governmental Activities	165,880	(189,117)	(31,409)	264,800	(580,037)	(629,862)	(541,459)	(7,628)	90,897	368,555
Total Charter School-Wide Change in Net Position	\$ 165,880	\$ (189,117)	\$ (31,409)	\$ 264,800	\$ (580,037)	\$ (629,862)	\$ (541,459)	\$ (7,628)	\$ 90,897	\$ 368,555

Source: Sussex County Charter School for Technology Financial Reports.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(UNAUDITED)

(Modified Accrual Basis of Accounting)

	June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	\$ 10,000	\$ 60,010	\$ 80,054	\$ 89,257	\$ 145,494	\$ 75,503	\$ 75,521	\$ 75,530	\$ 75,544	\$ 75,699
Assigned	75,000	169,305	117,733	33,073	15,011	119,659	1,360	1,360	1,154	25,479
Unassigned	153,827	154,164	234,116	293,469	386,531	368,729	226,899	313,820	365,734	735,714
Total General Fund	238,827	383,479	431,903	415,799	547,036	563,891	302,420	390,710	442,432	836,892
Total Governmental Funds	\$ 238,827	\$ 383,479	\$ 431,903	\$ 415,799	\$ 547,036	\$ 563,891	\$ 302,420	\$ 390,710	\$ 442,432	\$ 836,892

Source: Sussex County Charter School for Technology Financial Reports.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(UNAUDITED)

(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax Levy	\$ 1,690,763	\$ 1,817,171	\$ 2,233,073	\$ 2,371,406	\$ 2,277,903	\$ 2,575,496	\$ 2,413,828	\$ 2,542,787	\$ 2,839,808	\$ 2,935,953
Miscellaneous	485	2,805	5,546	18,666	23,810	12,760	6,122	105,576	5,684	14,492
State Sources	1,024,359	1,054,982	1,276,670	1,257,889	1,443,873	1,326,210	1,419,218	1,737,899	1,723,261	1,829,454
Federal Sources	83,844	89,223	92,751	103,960	115,199	106,573	105,828	112,060	86,542	106,093
Total Revenue	2,799,451	2,964,181	3,608,040	3,751,921	3,860,785	4,021,039	3,944,996	4,498,322	4,655,295	4,885,992
Expenditures:										
Instruction:										
Regular Instruction	845,525	865,161	1,081,267	1,202,724	1,241,053	1,423,182	1,577,785	1,605,766	1,610,962	1,579,707
Special Education Instruction	293,722	242,487	191,129	156,145	138,950	146,323	52,335	117,868	124,941	121,449
Other Instruction					44,385	51,581	68,044	75,394	72,679	64,647
Support Services:										
Student & Instruction Related Services					320,917	279,503	259,844	197,390	266,309	211,466
General Administration Services	313,396	298,748	367,288	442,051	169,434	298,939	289,695	288,948	268,879	228,699
School Administration Services	436,640	460,552	523,312	583,523	113,933	88,210	91,008	95,241	86,268	86,968
Central Services					125,934	155,551	176,045	102,412	104,772	107,101
Administrative Information Technology								27,102	35,878	30,578
Plant Operations And Maintenance					216,471	198,137	289,045	255,220	247,592	216,857
Pupil Transportation	444,925	539,993	706,833	789,774	876,899	1,011,373	1,083,120	1,324,129	1,505,980	1,532,860
Unallocated Benefits	536,347	42,474	119,673	143,938	75,428	24,395	6,447	11,290	10,092	1,927
Capital Outlay										
Debt Service:										
Principal	49,677	120,521	261,480	245,100	173,358	110,799	126,721	143,589	148,989	151,085
Interest and Other Charges	135,380	249,593	308,634	225,014	225,921	208,788	182,551	165,683	160,284	158,188
Total Expenditures	2,870,555	2,819,529	3,559,616	3,788,269	3,729,348	4,004,184	4,206,467	4,410,032	4,643,625	4,491,532
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(71,104)	144,652	48,424	(36,348)	131,437	16,855	(261,471)	88,290	11,670	394,460
Other Financing Sources:										
Cancellation of Prior Year Payable				20,044						
Net Change In Fund Balances	\$ (71,104)	\$ 144,652	\$ 48,424	\$ (36,348)	\$ 131,437	\$ 16,855	\$ (261,471)	\$ 88,290	\$ 11,670	\$ 394,460
Debt Service as a Percentage of Noncapital Expenditures	7.93%	13.33%	16.57%	12.90%	10.93%	8.03%	7.36%	7.01%	6.66%	6.89%

Source: Sussex County Charter School for Technology Financial Reports.

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

Fiscal Year Ended June 30,	Interest on Investments	Local Levy - Charter School Aid	Other	Total
2011	\$ 485	\$ 1,690,763		\$ 1,691,248
2012	1,340	1,817,171	\$ 1,465	1,819,976
2013	240	2,233,073	5,306	2,238,619
2014	206	2,371,406	18,460	2,390,072
2015	156	2,277,903	23,654	2,301,713
2016	187	2,575,496	12,573	2,588,256
2017	246	2,413,828	5,876	2,419,950
2018	645	2,542,787	104,931	2,648,363
2019	1,415	2,839,808	4,269	2,845,492
2020	1,196	2,935,953	13,296	2,950,445

Source: Sussex County Charter School for Technology Financial Reports.

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

Year	Sussex County Population ^a	Sussex County Per Capita Personal Income ^b	Sussex County Personal Income ^c	Sussex County Unemployment Rate ^d
2011	148,167	\$ 49,093	\$ 7,273,962,531	9.30%
2012	146,979	50,844	7,473,000,276	7.80%
2013	145,639	51,456	7,494,000,384	6.00%
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

N/A - Information is not available.

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

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

Sources:

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

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

Employer	2019		2010		Percentage of Total Employment
	Employees	Percentage of Total Employment	Employer	Employees	
Selective Insurance Group Inc.	1,000-4,999	1.40%-7.00%	Crystal Springs Golf and Spa Resort	2,000	2.61%
Crystal Springs Resort	1,000-4,999	1.40%-7.00%	Newton Memorial Hospital	1,490	1.94%
Newton Medical Center	500-999	0.70%-1.40%	Selective Insurance	900	1.17%
Sussex County Offices	500-999	0.70%-1.40%	County of Sussex	830	1.08%
Thorlabs	500-999	0.70%-1.40%	Mountain Creek Resort	800	1.04%
Mountain Creek Resort	500-999	0.70%-1.40%	Shop Rite (Ronetco)	697	0.91%
Shop Rite	250-499	0.35%-0.70%	Ames Rubber Corp	445	0.58%
Sussex County Community College	250-499	0.35%-0.70%	Walmart	412	0.54%
United Methodist Community Bristol Glen	250-499	0.35%-0.70%	Andover Subacute & Rehab Center	300	0.39%
Andover Subacute & Rehab Center	100-249	0.14%-0.35%	Sussex County Community College	300	0.39%
	<u>4,850-15,740</u>	<u>4.07%-12.91%</u>		<u>8,174</u>	<u>10.66%</u>
Total Employment - Sussex County	<u>71,425</u>		Total Employment - Sussex County	<u>76,713</u>	

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

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:										
Regular	18.0	18.0	20.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Other Instruction	2.0	2.5	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0
Support Services:										
General Administration Services	3.5	3.5	5.5	5.5	5.5	3.0	3.0	3.0	3.0	3.0
School Administration Services	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Central Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Administrative Information Technology	1.0	2.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Plant Operations and Maintenance	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	28.0	31.5	36.5	38.5	38.5	36.5	36.5	36.5	36.5	36.5

Source: Sussex County Charter School for Technology Business Office.

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^b	Percent Change	Teaching Staff ^c	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change Average Daily Enrollment	Student Attendance Percentage
						Ratio	Middle				
2011	200.0	\$ 2,334,208	\$ 11,671	-15.99%	20.0	10.0	200.3	190.1	33.09%	94.91%	
2012	200.0	2,406,941	12,035	3.12%	18.0	9.0	199.4	182.7	-0.45%	91.62%	
2013	225.0	2,869,829	12,755	5.98%	20.0	11.1	224.7	212.9	12.69%	94.75%	
2014	225.0	3,174,217	14,108	17.22%	22.0	10.2	224.8	212.6	12.74%	94.57%	
2015	225.0	3,254,641	14,465	13.41%	22.0	10.2	221.5	209.0	-1.42%	94.36%	
2016	225.0	3,660,202	16,268	15.31%	24.0	9.4	225.0	212.6	0.09%	94.49%	
2017	225.0	3,893,368	17,304	19.63%	24.0	9.0	215.5	203.6	-4.22%	94.48%	
2018	225.0	4,100,760	18,226	12.04%	24.0	9.0	223.0	209.8	3.48%	94.08%	
2019	225.0	4,334,352	19,264	11.33%	24.0	9.0	224.0	211.2	0.43%	94.28%	
2020	225.0	4,182,259	18,588	1.99%	24.0	9.0	223.8	213.2	-0.07%	95.26%	

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

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

Source: Sussex County Charter School for Technology Business Office.

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

<u>District Building</u>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sussex County Charter School										
Square Feet	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capacity (Students)	200	200	200	225	225	225	225	225	225	225
Enrollment	200	200	200	225	225	225	225	225	225	225

Number of Schools at June 30, 2020:
 Other = 1

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

Source: Sussex County Charter School for Technology Business Office.

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

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

Fiscal Year Ended June 30	Sussex County Charter School for Technology	Total School Facilities
2011	\$ 1,600	\$ 1,600
2012	4,377	4,377
2013	14,225	14,225
2014	85,621	85,621
2015	59,750	59,750
2016	72,460	72,460
2017	81,015	81,015
2018	73,578	73,578
2019	70,882	70,882
2020	56,638	56,638

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

Source: Sussex County Charter School for Technology records.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
INSURANCE SCHEDULE
JUNE 30, 2020
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSIG:		
Blanket Building and Contents:		
Each Occurrence	\$ 5,910,200	\$ 1,000
Blanket Hardware and Software:		
Each Occurrence	305,130	1,000
Blanket Business Income:		
Each Occurrence	3,600,000	1,000
Boiler and Machinery:		
Each Occurrence	5,910,200	1,000
Crime/Faithful Performance:		
Each Occurrence	100,000	500
Comprehensive General Liability:		
Each Occurrence	6,000,000	
Sexual Abuse Liability:		
Each Occurrence	6,000,000	
Comprehensive Automobile Liability:		
Combined single limit (each accident)	6,000,000	1,000
Employee Benefits Liability:		
Each Occurrence	6,000,000	1,000
Environmental Liability:		
Each Occurrence	1,000,000	50,000
School Board Legal Liability:		
Each Occurrence	6,000,000	5,000
Workers Compensation:		
Each Occurrence	3,000,000	
Student Accident:		
Each Occurrence	1,000,000	
Public Official Bon The Hanover Insurance Group		
School Business Administrator	125,000	
Treasurer	125,000	

Source: Sussex County Charter School for Technology Business Office.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
FINAL PERFORMANCE
JUNE 30, 2020
(UNAUDITED)

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Cash	\$ 386,872	\$ 413,050	\$ 742,405
Current Assets	160,428	105,687	192,033
Capital Assets, Net	5,034,303	4,938,225	4,812,103
Total Assets	<u>5,581,603</u>	<u>5,456,962</u>	<u>5,746,541</u>
Deferred Outflows	459,598	258,220	505,999
Current Liabilities	341,279	267,018	138,546
Long Term Liabilities	4,964,263	4,341,159	4,608,636
Total Liabilities	<u>5,305,542</u>	<u>4,608,177</u>	<u>4,747,182</u>
Deferred Inflows	221,592	502,041	531,839
Net Position	<u>\$ 514,067</u>	<u>\$ 604,964</u>	<u>\$ 973,519</u>
Total Revenue	\$ 4,980,133	\$ 5,008,236	\$ 5,110,544
Total Expenses	<u>4,987,761</u>	<u>4,917,339</u>	<u>4,741,989</u>
Change in Net Position	<u>\$ (7,628)</u>	<u>\$ 90,897</u>	<u>\$ 368,555</u>
Depreciation Expense	\$ 101,853	\$ 101,618	\$ 122,471
Principal Payments	143,589	148,989	151,085
Interest Payments	165,683	160,284	158,188
Final Average Daily Enrollment	223.00	224.00	224.00
March 30th Budgeted Enrollment	225.00	225.00	225.00

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>3 Year Cumulative</u>
Near Term Indicators:				
Current Ratio	0.47	0.40	1.39	0.61
Unrestricted Days Cash	25.30	27.63	47.15	97.96
Enrollment Variance	-0.89%	-0.44%	-0.44%	-0.59%
Default	No	No	No	No
Sustainability Indicators:				
Total Margin	-0.15%	1.81%	7.21%	2.99%
Debt to Asset	0.95	0.84	0.83	0.87
Cash Flow	\$ (43,297)	\$ 26,178	\$ 329,355	\$ 355,533
Debt Service Coverage Ratio	0.30	0.62	1.59	0.84

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 Trustees
Sussex County Charter School for Technology
County of Sussex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sussex County Charter School for Technology, in the County of Sussex (the "Charter School") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Charter School's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 16, 2020
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

December 16, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

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

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2019		Balance, June 30, 2020		Amount Provided to Subrecipients
					Due to Grantor	Budgetary Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	
<u>Special Revenue Fund:</u>									
US Department of Education Passed-through State of New Jersey Department of Education									
Special Education Cluster:									
IDEA- B, Basic	84.027	IDEA7850-19	7/1/18-9/30/19	\$ 50,093		\$ (7,120)	\$ 7,120		
IDEA- B, Basic	84.027	IDEA7850-20	7/1/19-9/30/20	52,023			32,522	\$ (19,501)	
Total Special Education Cluster						(7,120)	39,642	(19,501)	
<u>Elementary and Secondary Education Act</u>									
Title I - Part A									
Title I - Part A	84.010A	ESEA7850-19	7/1/18-9/30/19	20,682		(4,465)	4,465		
Subtotal Title I	84.010A	ESEA7850-20	7/1/19-9/30/20	19,357			14,352	(5,005)	
Title II - Part A	84.367A	ESEA7850-19	7/1/18-9/30/19	3,799		(1,025)	1,025		
Title II - Part A	84.367A	ESEA7850-20	7/1/19-9/30/20	4,040			2,889	(4,040)	
Subtotal Title II - Part A						(1,025)	3,914	(4,040)	
Title IV	84.168A	ESEA7850-19	7/1/18-9/30/19	10,000		(3,130)	3,130		
Title IV	84.168A	ESEA7850-20	7/1/19-9/30/20	10,000			7,760	(2,240)	
Subtotal Title IV						(3,130)	10,890	(2,240)	
Rural Education Achievement Program	84.358	S358A083261	7/1/16-6/30/17	26,787	\$ 89		\$ 89		
Rural Education Achievement Program	84.358	S358A083261	7/1/17-6/30/18	29,329		(912)	912		
Rural Education Achievement Program	84.358	S358A083261	7/1/18-6/30/19	20,673			20,673	(20,673)	
Subtotal Rural Education Achievement Program					89	(912)	21,585	(20,673)	
Total U.S. Department of Education					89	(16,652)	94,848	(106,093)	
Total Federal Awards					\$ 89	\$ (16,652)	\$ 94,848	\$ (106,093)	\$ -0-

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

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

State Grantor/Program Title	Project Number	Grant Period	Award Amount	June 30, 2019 (Accounts Receivable)	Cash Received	Budgetary Expenditures	June 30, 2020 GAAP Receivable	Budgetary Receivable	MEMO	
									Cumulative Total Expenditures	
State Department of Education:										
General Fund:										
Equalization Aid (Charter School Aid)	19-495-034-7850-003	7/01/18-6/30/19	\$ 929,141	\$ (18,883)			\$ (18,883)	\$ (18,883)	\$ 929,141	
Special Education Aid	19-495-034-5120-089	7/01/18-6/30/19	178,784	(3,087)			(3,087)	(3,087)	178,784	
Security Aid	19-495-034-5120-084	7/01/18-6/30/19	24,405	(997)			(997)	(997)	24,405	
Equalization Aid (Charter School Aid)	20-495-034-7850-003	7/01/19-6/30/20	890,910		\$ 857,036	\$	(33,874)	(33,874)	890,910	
Special Education Aid	20-495-034-5120-089	7/01/19-6/30/20	162,357		158,894		(3,463)	(3,463)	162,357	
Security Aid	20-495-034-5120-084	7/01/19-6/30/20	32,526		31,179		(1,347)	(1,347)	32,526	
Adjustment Aid	20-495-034-5120-085	7/01/19-6/30/20	42,538		42,538				42,538	
Nonpublic Aid	20-999-999-9999-960	7/01/19-6/30/20	88,425		88,425				88,425	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/01/18-6/30/19	117,051	(6,434)	6,434		(6,602)	(6,602)	117,051	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/01/19-6/30/20	118,881		112,279				118,881	
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/01/19-6/30/20	133,467		133,467				133,467	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/01/19-6/30/20	353,432		353,432				353,432	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/01/19-6/30/20	6,335		6,335				6,335	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/01/19-6/30/20	583		583				583	
Total General Fund				(6,434)	1,790,602	(1,829,454)	(45,286)	(45,286)	1,946,505	
Total State Awards Subject to Single Audit Determination				\$ (6,434)	\$ 1,790,602	\$ (1,829,454)	\$ (45,286)	\$ (45,286)	\$ 1,946,505	
Less: State Awards Not Subject to Single Audit Major Program Determination										
On-Behalf TPAF Pension System Contributions:										
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/01/19-6/30/20	(133,467)		(133,467)				133,467	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/01/19-6/30/20	(353,432)		(353,432)				353,432	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/01/19-6/30/20	(6,335)		(6,335)				6,335	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/01/19-6/30/20	(583)		(583)				583	
Subtotal - On-Behalf TPAF Pension System Contributions					(493,817)				493,817	
Total State Awards Subject to Single Audit Major Program Determination					\$ 1,296,785	\$ (1,335,637)				

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

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

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal and State Awards include federal and state grant activity of the Board of Trustees, Sussex County Charter School for Technology under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Charter School, they are not intended to and do not present the financial position, changes in net position or cash flows of the Charter School.

NOTE 2. BASIS OF ACCOUNTING

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. The basis of accounting is described in Note 1 to the Charter School’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

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

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

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

	Federal	State	Total
General Fund		\$ 1,829,454	\$ 1,829,454
Special Revenue Fund	\$ 106,093		106,093
	\$ 106,093	\$ 1,829,454	\$ 1,935,547

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers’ share of social security contributions for TPAF members for the year ended June 30, 2020.

SUSSEX COUNTY CHARTER SCHOOL FOR TECHNOLOGY
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 Charter School.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Charter School which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the Charter School expresses an unmodified opinion on all major state programs.
- The Charter School was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 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 Charter School's programs tested as major state programs for the current fiscal year consisted of the following:

<u>Program Title</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
Equalization Aid (Charter School Aid)	20-495-034-7850-003	7/1/19 - 6/30/20	\$ 890,910	\$ 890,910
Special Education Aid	20-495-034-5120-089	7/1/19 - 6/30/20	162,357	162,357
Security Aid	20-495-034-5120-084	7/1/19 - 6/30/20	32,526	32,526
Adjustment Aid	20-495-034-5120-085	7/1/19 - 6/30/20	42,538	42,538

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

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

Status of Prior Year Findings:

There were no prior year audit findings.