

**SCHOOL DISTRICT OF
SUSSEX COUNTY TECHNICAL**

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

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

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

(a component unit of the County of Sussex)

Sparta, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Sussex County Technical School District
Business Office**

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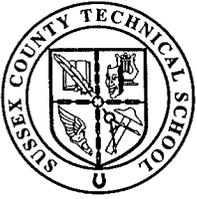
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INTRODUCTORY SECTION



SUSSEX COUNTY TECHNICAL SCHOOL

105 North Church Road, Sparta, New Jersey 07871

Andrew Italiano
School Business Manager \ Board Secretary

Phone: (973) 383-6700
Extension 219
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December 2, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Sussex County Technical School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

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

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

The District completed the 2014-15 fiscal year with an average daily enrollment of 766. This figure was taken from the District's Application for State School Aid (ASSA) and includes both high school and post-secondary day students.

2. ECONOMY: The County has shifted from a principally agricultural, mining and recreational-based economy to one which is more diversified. The County encourages economic growth that is consistent with its zoning and subdivision laws. Sixty percent of county residents are employed outside the County. These commuters are employed in Morris, Bergen, and Essex Counties in New Jersey as well as in New York City. The development of commercial complexes in Morris County has supported the residential growth in Sussex County.

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

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

3. MAJOR INITIATIVES: The Sussex County Technical School continues to thrive as a significant secondary school of choice for students, remaining a viable resource to Sussex County residents. For the fourth consecutive year, enrollment increased and is projected to remain around 800 students for the 2015/2016 school year. The District continues to focus on managing student population and program growth in conjunction with demonstrated fiscal responsibility and budget constraint. At all times, the Board of Education and the administration remain responsive to the needs of County taxpayers and our need to remain accountable to our constituents.

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

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

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

The District is participating in the Sussex County Solar Energy Project, which, when completed, will result in reduced energy costs. Thanks to the utilization of state construction grants plus significant support of the Freeholder Board and the Board of Education, the parking lot on the McNiece Auditorium side of the campus has been completed. The McNiece building continues to attract a considerable rental population during the school year by outside organizations.

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The

accounting system of the District is organized on the basis of funds. These funds are explained in “Notes to the Basic Financial Statements,” Note 1.

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

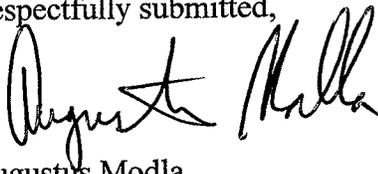
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

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

9. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The auditors’ report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors’ reports related specifically to the Single Audit and *Government Auditing Standards* are included in the single audit section of this report.

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

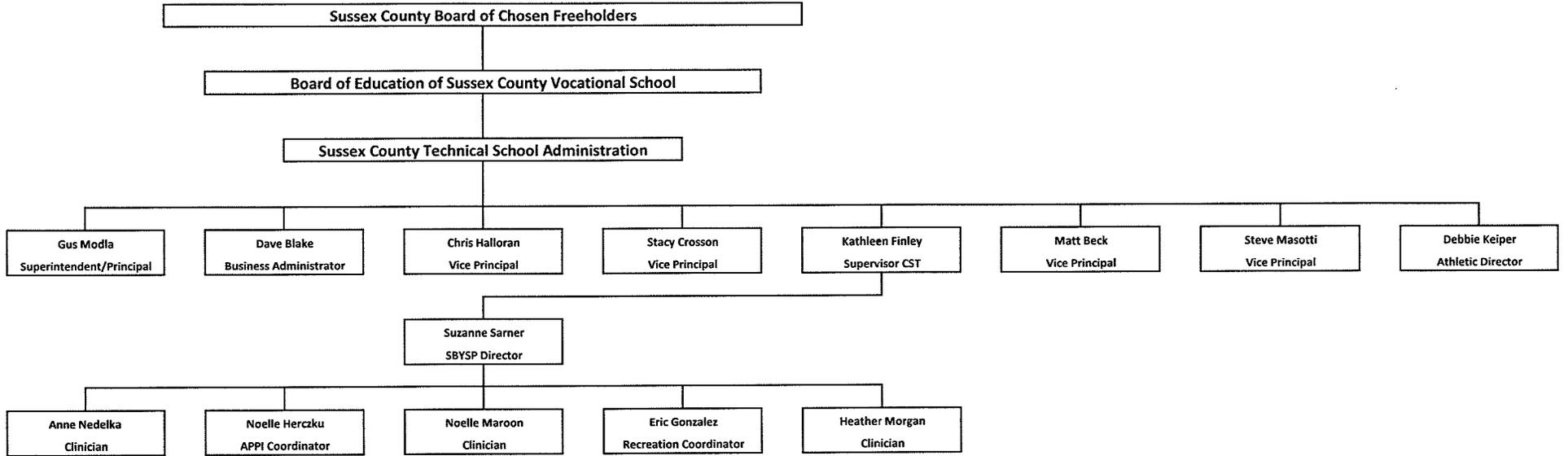
Respectfully submitted,



Augustus Modla
Superintendent/Principal



David Blake
Interim School Business Administrator



**SUSSEX COUNTY TECHNICAL SCHOOL
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jarrold Cofrancesco, President	10/2017
Susan Shake, Vice President	10/2018
John Miller	10/2016
Diane Wexler	10/2015
Rosalie S. Lamonte, County Superintendent	N/A

Other OfficersTitle

Augustus Modla	Superintendent of Schools/Principal
David Blake	Interim Business Administrator (effective 10/14)
Andrew Italiano	Board Secretary/School Business Manager
Eileen Kithcart	Treasurer

SUSSEX COUNTY TECHNICAL SCHOOL
Consultants and Advisors

Audit Firm

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

Attorneys

Weiner & Lesniak
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Parsippany, NJ 07054

Official Depository

Lakeland Bank
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Lafayette, NJ 07848

FINANCIAL SECTION



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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sussex County Technical School (the "District"), a component unit of the County of Sussex, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sussex County Technical School, a component unit of the County of Sussex, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 16 to the basic financial statements.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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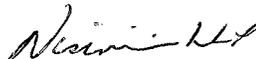
The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records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

The 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 2, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 2, 2015
Mount Arlington, New Jersey


NISIVOCCIA LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (Unaudited)

This section of Sussex County Technical School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved on a District wide basis.
- Overall, the revenue was \$18.65 million and expenses were \$18.13 million.
- Enrollment in the District decreased approximately 4% from the prior year.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

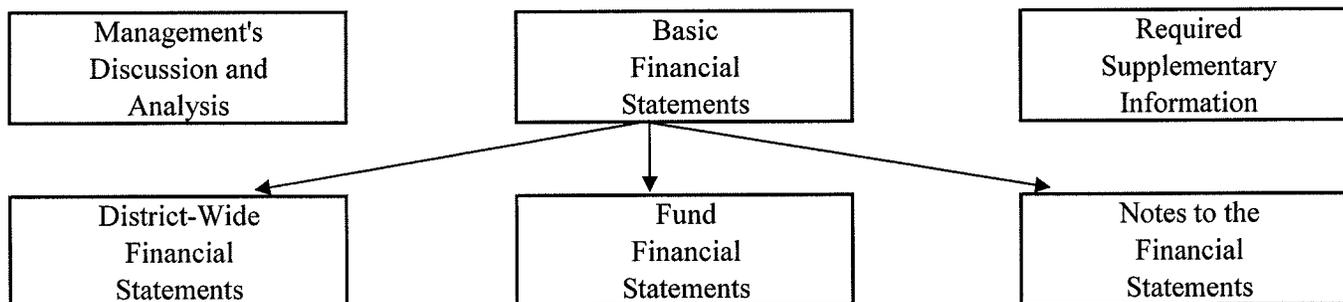


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$329,434. Net position from governmental activities increased by \$5,444 and net position from business-type activities increased by \$323,990. Net investment in capital assets increased by \$1,550,593 and unrestricted net position decreased by \$1,221,159.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2013/14*	2014/15	2013/14	2014/15	2013/14*	2014/15	
Current and							
Other Assets	\$ 3,481,477	\$ 2,378,951	\$ 237,903	\$ 582,582	\$ 3,719,380	\$ 2,961,533	-20.38%
Capital Assets, Net	11,616,188	13,161,111	358,341	470,654	11,974,529	13,631,765	13.84%
Total Assets	<u>15,097,665</u>	<u>15,540,062</u>	<u>596,244</u>	<u>1,053,236</u>	<u>15,693,909</u>	<u>16,593,298</u>	5.73%
Deferred Outflows of Resources		252,325				252,325	100.00%
Other Liabilities	431,351	760,897	36,660	87,234	468,011	848,131	81.22%
Long-Term Debt							
Outstanding	<u>6,042,526</u>	<u>6,093,756</u>	<u>90,297</u>	<u>172,725</u>	<u>6,132,823</u>	<u>6,266,481</u>	2.18%
Total Liabilities	<u>6,473,877</u>	<u>6,854,653</u>	<u>126,957</u>	<u>259,959</u>	<u>6,600,834</u>	<u>7,114,612</u>	7.78%
Deferred Inflows of Resources		308,502				308,502	100.00%
Net Position:							
Net Investment in Capital Assets	11,569,599	13,090,307	268,044	297,929	11,837,643	13,388,236	13.10%
Restricted	541	541			541	541	0.00%
Unrestricted/(Deficit)	<u>(2,946,352)</u>	<u>(4,461,616)</u>	<u>201,243</u>	<u>495,348</u>	<u>(2,745,109)</u>	<u>(3,966,268)</u>	-44.48%
Total Net Position	<u>\$ 8,623,788</u>	<u>\$ 8,629,232</u>	<u>\$ 469,287</u>	<u>\$ 793,277</u>	<u>\$ 9,093,075</u>	<u>\$ 9,422,509</u>	3.62%

* Restated

Changes in Net Position. The District's combined net position was \$9,422,509 on June 30, 2015, \$329,434 or 3.62% more than the previous year (See Figure A-3). Net investment in capital assets increased as a result of current year additions of \$2,338,029 and the pay down of \$107,484 of capital leases; offset by depreciation expense of \$680,793, and two new capital leases of \$214,127. Unrestricted net position decreased primarily due to a net increase in compensated absences of \$28,638 and the decrease in committed fund balance in capital projects of \$1,501,599; offset by an increase in business-type activities unrestricted net position of \$294,105.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,521,742	\$ 1,638,601	\$ 1,656,416	\$ 1,786,134	\$ 3,178,158	\$ 3,424,735	7.76%
Operating Grants and Contributions	2,131,459	3,525,237	119,178	119,767	2,250,637	3,645,004	61.95%
Capital Grants and Contributions		502,400				502,400	100.00%
General Revenue:							
Property Taxes	6,826,444	6,962,974			6,826,444	6,962,974	2.00%
State and Federal Aid not Restricted	3,833,360	3,845,724			3,833,360	3,845,724	0.32%
County Bond Ordinance Proceeds	1,548,000	130,000			1,548,000	130,000	-91.60%
Other	129,846	141,471	129	217	129,975	141,688	9.01%
Total Revenue	<u>15,990,851</u>	<u>16,746,407</u>	<u>1,775,723</u>	<u>1,906,118</u>	<u>17,766,574</u>	<u>18,652,525</u>	4.99%
Expenses:							
Instruction	7,914,312	8,963,448			7,914,312	8,963,448	13.26%
Pupil and Instruction Services	2,432,384	2,653,768			2,432,384	2,653,768	9.10%
Administrative and Business	1,516,636	1,701,785			1,516,636	1,701,785	12.21%
Maintenance and Operations	2,358,718	2,245,875			2,358,718	2,245,875	-4.78%
Pupil Transportation	478,356	445,847			478,356	445,847	-6.80%
Special Schools	78,006	98,646			78,006	98,646	26.46%
Capital Outlay	136,263	15,071			136,263	15,071	-88.94%
Other	415,265	438,445	1,612,808	1,566,706	2,028,073	2,005,151	-1.13%
Total Expenses	<u>15,329,940</u>	<u>16,562,885</u>	<u>1,612,808</u>	<u>1,566,706</u>	<u>16,942,748</u>	<u>18,129,591</u>	7.01%
Special Items:							
Insurance Recoveries	55,750		79,657		135,407		-100.00%
Other	(76,528)	(178,078)	(74,285)	(15,422)	(150,813)	(193,500)	-28.30%
Increase/(Decrease) in Net Position	<u>\$ 640,133</u>	<u>\$ 5,444</u>	<u>\$ 168,287</u>	<u>\$ 323,990</u>	<u>\$ 808,420</u>	<u>\$ 329,434</u>	<u>-59.25%</u>

Revenue Sources. The District's total revenue for the 2014/15 school year was \$18,652,525 (See Figure A-5). Property taxes accounted for a substantial portion of the District's revenue, with the County tax levy accounting for 6,962,974 of the total, or 37.33% percent. Another 42.85% percent came from state and federal aid for specific programs and state formula aid with the remainder from other sources, county bond ordinance proceeds and charges for services.

Figure A-5

Sources of Revenue for Fiscal Year 2015

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 3,845,724	20.62%
County Tax Levy	6,962,974	37.33%
Federal and State Categorical Grants	4,147,404	22.23%
Charges for Services	3,424,735	18.36%
County Bond Ordinance Proceeds	130,000	0.70%
Other	141,688	0.76%
	<u>\$ 18,652,525</u>	<u>100.00%</u>

The total cost of all programs and services was \$18,129,591. The District's expenses are predominantly related to instructing, caring for students (pupil services) and special schools (64.62 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.39 percent of total costs.

Figure A-6
Expenses for Fiscal Year 2015

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 8,963,448	49.44%
Pupil and Instruction Services	2,653,768	14.64%
Administrative and Business	1,701,785	9.39%
Maintenance and Operations	2,245,875	12.39%
Pupil Transportation	445,847	2.46%
Special Schools	98,646	0.54%
Capital Outlay	15,071	0.08%
Other	2,005,151	11.06%
	<u>\$ 18,129,591</u>	<u>100.00%</u>

Governmental Activities

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

However, careful management of expenses remains essential for the District to sustain its financial health and increase the efficiencies within the District. Among the cost savings activities implemented during the 2014-15 fiscal year are the following:

- Continued progress on solar energy project that should generate a significant reduction in energy expenditures
- The District looks to expand its Facility Rentals and partner with Sussex County Community College on this initiative.
- Continue to expand cooperative purchasing options.

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

Figure A-7

Net Cost of Governmental Activities

	<u>Total Cost of</u> <u>Services</u> <u>2013/14</u>	<u>Total Cost of</u> <u>Services</u> <u>2014/15</u>	<u>Net Cost of</u> <u>Services</u> <u>2013/14</u>	<u>Net Cost of</u> <u>Services</u> <u>2014/15</u>
Functional Expenses:				
Instruction	\$ 7,914,312	\$ 8,963,448	\$ 5,922,970	\$ 6,008,019
Pupil and Instruction Services	2,432,384	2,653,768	1,557,083	1,887,141
Administrative and Business	1,516,636	1,701,785	1,243,532	916,895
Maintenance and Operations	2,358,718	2,245,875	2,013,451	1,277,322
Pupil Transportation	478,356	445,847	396,950	339,550
Special Schools	78,006	98,646	(8,775)	14,204
Capital Outlay	136,263	15,071	136,263	15,071
Other	415,265	438,445	415,265	438,445
	<u>\$ 15,329,940</u>	<u>\$ 16,562,885</u>	<u>\$ 11,676,739</u>	<u>\$ 10,896,647</u>

- The cost of all governmental activities this year was \$16.56 million.
- The federal and state governments subsidized certain programs with grants and contributions (approximately \$7.37 million).
- Approximately 42.04% of the District's costs (\$6.96 million) were financed with the County Tax Levy.
- The remainder of the funding came from tuition, miscellaneous revenue, charges for services and other sources.

Business-Type Activities

Net position from the District's business-type activities increased by \$323,990. The primary contributing factors to this result were the following:

- Increase in operating income of \$102,633 in the Transportation Fund due to an increase in the number of routes contracted with other districts.
- Decrease in operating expenses of \$78,828 in the Transportation Fund due to a more stringent monitoring of fuel and other supplies purchases.
- Food Service Fund revenue exceeded expenses by approximately \$17,600, accounting for the majority of the increase in the Food Service Fund.
- Use of Facilities revenue increased from the previous year by approximately \$15,400 due to increase in rental activities while expenses decreased by approximately \$12,200 due to savings in energy costs with the new HVAC system.

Financial Analysis of the District's Funds

The District's overall fund balance decreased primarily due to the increase in capital outlay expenses and a decrease in funding from the County of Sussex for various improvements/renovations to the District. The County has continued to support the District by increasing the tax levy by the 2% permissible by law.

General Fund Budgetary Highlights

The budgeted revenue projections for the 2014-15 fiscal year were not fully realized. The rate of execution for the expense side of the budget was more than 97% of the current expense budget for the 2014-15 fiscal year.

Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Total Percentage Change
	Government Activities		Business-Type Activities		Total School District		
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	
Sites	\$ 2,764,300	\$ 2,764,300			\$ 2,764,300	\$ 2,764,300	0.00%
Construction in Progress Buildings and Building Improvements	1,058,551	2,730,261			1,058,551	2,730,261	157.92%
Furniture, Machinery and Equipment	6,749,304	6,675,910			6,749,304	6,675,910	-1.09%
	1,044,033	990,640	\$ 358,341	\$ 470,654	1,402,374	1,461,294	4.20%
Total Capital Assets (Net of Depreciation)	<u>\$ 11,616,188</u>	<u>\$ 13,161,111</u>	<u>\$ 358,341</u>	<u>\$ 470,654</u>	<u>\$ 11,974,529</u>	<u>\$ 13,631,765</u>	<u>13.84%</u>

Long-term Debt

At year-end, the District had \$1,089,795 of other long-term debt – a net increase of \$135,281 from last year– as shown in Figure A-9. The County of Sussex is responsible for the issuance and repayment of long-term debt in the form of bonds and notes.

Figure A-9

Outstanding Long-Term Debt

	Total School District		Total Change
	2013/14*	2014/15	Percentage
Other Long-Term Debt	\$ 954,514	\$ 1,089,795	14.17%
Net Pension Liability	5,178,309	5,176,686	-0.03%
	<u>\$ 6,132,823</u>	<u>\$ 6,266,481</u>	2.18%

* Restated

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

- The District continued to pay down its debt, retiring \$107,484 of leases payable.
- The District entered into two capital lease purchase agreements for copiers and the purchase of three school buses totaling \$214,127 during the 2014-2015 school year.
- A net increase in compensated absences of \$28,638.

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

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

- Maintenance cost of aging facilities and systems
- Continued increases in health insurance and energy costs that exceed state imposed caps on school budgets.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 471,434	\$ 426,271	\$ 897,705
Interfund Receivable - Fiduciary Fund	75		75
Internal Balances	17,359	(17,359)	
Receivable from State Government	22,948	210	23,158
Receivable from Federal Government	38,157	6,905	45,062
Receivables from Other Governments	1,828,395	123,666	1,952,061
Other Receivables	42	32,552	32,594
Inventory		10,337	10,337
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	541		541
Capital Assets, Net			
Sites (Land) and Construction in Progress	5,494,561		5,494,561
Depreciable Furniture, Buildings and Building Improvements and Machinery and Equipment	7,666,550	470,654	8,137,204
Total Assets	<u>15,540,062</u>	<u>1,053,236</u>	<u>16,593,298</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions	162,783		162,783
Changes in Proportion - Pensions	89,542		89,542
Total Deferred Outflows of Resources	<u>252,325</u>		<u>252,325</u>
<u>LIABILITIES</u>			
Accounts Payable	666,920	86,073	752,993
Payable to Federal Government	46,236		46,236
Payable to State Government	7,661		7,661
Payable to Other Government	10,053		10,053
Unearned Revenue	30,027	1,161	31,188
Noncurrent Liabilities:			
Due Within One Year	42,367	68,090	110,457
Due Beyond one Year	6,051,389	104,635	6,156,024
Total Liabilities	<u>6,854,653</u>	<u>259,959</u>	<u>7,114,612</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	308,502		308,502
Total Deferred Inflows of Resources	<u>308,502</u>		<u>308,502</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	13,090,307	297,929	13,388,236
Restricted for:			
Capital Projects	541		541
Unrestricted	(4,461,616)	495,348	(3,966,268)
Total Net Position	<u>\$ 8,629,232</u>	<u>\$ 793,277</u>	<u>\$ 9,422,509</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Instruction:							
Regular	\$ 3,847,498	\$ 387,997	\$ 749,509		\$ (2,709,992)		\$ (2,709,992)
Special Education	962,350	83,546	875,385		(3,419)		(3,419)
Vocational Education	3,291,732	349,991	293,363		(2,648,378)		(2,648,378)
School-Sponsored/Other Instruction	861,868	88,409	127,229		(646,230)		(646,230)
Support Services:							
Student & Instruction Related Services	2,653,768	272,247	839,240		(1,542,281)		(1,542,281)
General Administrative Services	443,590	46,312	52,418		(344,860)		(344,860)
School Administrative Services	564,120	57,229	93,563		(413,328)		(413,328)
Central Services	536,075	54,247	91,127		(390,701)		(390,701)
Administrative Information Technology	158,000	15,837	29,297		(112,866)		(112,866)
Plant Operations and Maintenance	2,245,875	236,705	229,448	\$ 502,400	(1,277,322)		(1,277,322)
Pupil Transportation	445,847	46,081	60,216		(339,550)		(339,550)
Special Schools	98,646		84,442		(14,204)		(14,204)
Capital Outlay	15,071				(15,071)		(15,071)
Unallocated Depreciation	438,445				(438,445)		(438,445)
Total Governmental Activities	16,562,885	1,638,601	3,525,237	502,400	(10,896,647)		(10,896,647)
Business-Type Activities:							
Transportation	1,028,886	1,313,006				\$ 284,120	284,120
Use of Facilities	116,323	154,038				37,715	37,715
Food Service	421,497	319,090	119,767			17,360	17,360
Total Business-Type Activities	1,566,706	1,786,134	119,767			339,195	339,195
Total Primary Government	\$ 18,129,591	\$ 3,424,735	\$ 3,645,004	\$ 502,400	(10,896,647)	339,195	(10,557,452)

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues and Special Items:			
Taxes:			
County Tax Levy	\$ 6,962,974		\$ 6,962,974
Federal and State Aid not Restricted	3,845,724		3,845,724
Net County Bond Ordinance Proceeds	130,000		130,000
Miscellaneous Income	141,471	\$ 217	141,688
Special Items:			
Cancellation of Prior Year Accounts Receivable	(26,992)	(23,972)	(50,964)
Cancellation of Prior Year Accounts Payable		8,550	8,550
Cancellation of Intergovernmental Accounts Receivable - County	(151,086)		(151,086)
Total General Revenues and Special Items	10,902,091	(15,205)	10,886,886
Change in Net Position	5,444	323,990	329,434
Net Position - Beginning (Restated)	8,623,788	469,287	9,093,075
Net Position - Ending	\$ 8,629,232	\$ 793,277	\$ 9,422,509

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

SUSSEX COUNTY TECHNICAL SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 387,761	\$ 83,673		\$ 471,434
Interfund Receivable	120,437			120,437
Receivables From State Government	19,721	3,227		22,948
Receivables From Federal Government		38,157		38,157
Receivables From Other Governments	33,595		\$ 1,794,800	1,828,395
Other Accounts Receivables	42			42
Restricted Cash and Cash Equivalents	541			541
Total Assets	\$ 562,097	\$ 125,057	\$ 1,794,800	\$ 2,481,954
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable			\$ 103,003	\$ 103,003
Accounts Payable	\$ 611,507	\$ 55,413		666,920
Payable to Federal Government		46,236		46,236
Payable to State Government		7,661		7,661
Payable to Other Government			10,053	10,053
Unearned Revenue	14,280	15,747		30,027
Total Liabilities	625,787	125,057	113,056	863,900
Fund Balances:				
Restricted:				
Capital Reserve Account	541			541
Committed:				
Capital Projects			1,681,744	1,681,744
Unassigned/(Deficit)	(64,231)			(64,231)
Total Fund Balances	(63,690)		1,681,744	1,618,054
Total Liabilities and Fund Balances	\$ 562,097	\$ 125,057	\$ 1,794,800	

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

Capital Assets Used in Governmental Activities are not Financial Resources and therefore are not reported in the Funds. The cost of the Assets is \$29,200,096 and the Accumulated Depreciation is \$16,038,985.	13,161,111
Long-Term Liabilities, Including Compensated Absences, are not due and payable in the current period and therefore are not reported as Liabilities in the Funds.	(917,070)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(5,176,686)
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:	
Changes in Assumptions - Pensions	162,783
Changes in Proportions - Pensions	89,542
Investment Gains - Pensions	(308,502)
Net Position of Governmental Activities	\$ 8,629,232

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

Exhibit B-2

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
County Tax Levy	\$ 6,962,974			\$ 6,962,974
Tuition from LEA's	1,638,601			1,638,601
Other Restricted Miscellaneous Revenue	87,995			87,995
Unrestricted Miscellaneous Revenue	53,476			53,476
Total - Local Sources	8,743,046			8,743,046
State Sources	5,313,093	\$ 328,613	\$ 502,400	6,144,106
Federal Sources		436,962		436,962
Total Revenues	14,056,139	765,575	502,400	15,324,114
EXPENDITURES:				
Current:				
Instruction:				
Regular Instruction	2,373,574	73,870		2,447,444
Special Education Instruction		157,020		157,020
Vocational Education Instruction	2,609,534	6,411		2,615,945
School-Sponsored/Other Instruction	597,082			597,082
Support Services and Undistributed Costs:				
Student and Other Instruction Related Services	1,453,873	390,212		1,844,085
General Administration	333,213			333,213
School Administration	342,069			342,069
Central Services	346,145			346,145
Administrative Information Technology	96,085			96,085
Plant Operations and Maintenance	1,765,565			1,765,565
Student Transportation	288,252			288,252
Unallocated Benefits	3,677,601			3,677,601
Capital Outlay	89,986	118,157	1,982,913	2,191,056
Special Schools	28,843	19,905		48,748
Total Expenditures	14,001,822	765,575	1,982,913	16,750,310
Excess/(Deficit) of Revenue Over/(Under) Expenditures	54,317		(1,480,513)	(1,426,196)
Other Financing Sources/(Uses):				
Net County Bond Ordinance Proceeds			130,000	130,000
Cancel Accounts Receivable from County			(151,086)	(151,086)
Cancellation of Prior Year Accounts Receivable	(26,992)			(26,992)
Capital Leases (Non-budgeted)	42,202			42,202
Total Other Financing Sources/(Uses)	15,210		(21,086)	(5,876)
Net Change in Fund Balances	69,527		(1,501,599)	(1,432,072)
Fund Balance/(Deficit) - July 1	(133,217)		3,183,343	3,050,126
Fund Balance/(Deficit) - June 30	\$ (63,690)	\$ -0-	\$ 1,681,744	\$ 1,618,054

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

Exhibit B-3

SUSSEX COUNTY TECHNICAL SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (1,432,072)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differ from depreciation in the period.		
Depreciation Expense	\$ (615,681)	
Capital Outlays	<u>2,160,604</u>	1,544,923
Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		17,987
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		(42,202)
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(28,638)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		1,623
Deferred Outflows:		
Changes in Assumptions		162,783
Changes in Proportion		89,542
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>(308,502)</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ 5,444</u>

Exhibit B-4

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise
	Food Service	Use of Facilities	Transportation	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 151,871	\$ 174,740	\$ 99,660	\$ 426,271
Intrafund Receivable			6,646	6,646
Intergovernmental Accounts Receivable:				
State	210			210
Federal	6,905			6,905
Other			123,666	123,666
Other Accounts Receivable	6,422	26,130		32,552
Inventories	10,337			10,337
Total Current Assets	<u>175,745</u>	<u>200,870</u>	<u>229,972</u>	<u>606,587</u>
Non-Current Assets:				
Capital Assets	77,474		623,657	701,131
Less: Accumulated Depreciation	(44,370)		(186,107)	(230,477)
Total Non-Current Assets	<u>33,104</u>		<u>437,550</u>	<u>470,654</u>
Total Assets	<u>208,849</u>	<u>200,870</u>	<u>667,522</u>	<u>1,077,241</u>
LIABILITIES:				
Current Liabilities:				
Intrafund Payable	6,646			6,646
Interfund Payable	17,359			17,359
Accounts Payable	30,216		55,857	86,073
Unearned Revenue	1,161			1,161
Total Current Liabilities	<u>55,382</u>		<u>55,857</u>	<u>111,239</u>
Noncurrent Liabilities:				
Capital Leases Payable:				
Due Within One Year			68,090	68,090
Due Beyond One Year			104,635	104,635
Total Noncurrent Liabilities			<u>172,725</u>	<u>172,725</u>
Total Liabilities	<u>55,382</u>		<u>228,582</u>	<u>283,964</u>
NET POSITION:				
Net Investment in Capital Assets	33,104		264,825	297,929
Unrestricted	120,363	200,870	174,115	495,348
Total Net Position	<u>\$ 153,467</u>	<u>\$ 200,870</u>	<u>\$ 438,940</u>	<u>\$ 793,277</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise
	Food Service	Use of Facilities	Transportation	
Operating Revenue:				
Daily Sales	\$ 265,646			\$ 265,646
Program Fees		\$ 154,038	\$ 1,313,006	1,467,044
Special Events	36,179			36,179
Miscellaneous Revenue	17,265			17,265
Total Operating Revenue	319,090	154,038	1,313,006	1,786,134
Operating Expenses:				
Cost of Sales	194,631			194,631
Salaries	109,539	50,905	570,044	730,488
Employee Benefits	38,703	1,513	203,946	244,162
Purchased Professional Technical Services	258	30,339		30,597
Maintenance			33,110	33,110
Lease Rental Payment and Lease Purchase Interest			1,810	1,810
Other Purchased Services	48,131		10,908	59,039
Supplies and Materials	13,615		138,103	151,718
Energy		32,771		32,771
Miscellaneous Expenditures	9,523	795	12,950	23,268
Depreciation Expense	7,097		58,015	65,112
Total Operating Expenses	421,497	116,323	1,028,886	1,566,706
Operating Income/(Loss)	(102,407)	37,715	284,120	219,428
Non-Operating Revenue:				
Local Sources:				
Interest Income	217			217
State Sources:				
State School Lunch Program	3,369			3,369
Federal Sources:				
National School Lunch Program	86,015			86,015
School Breakfast Program	17,568			17,568
Food Distribution Program	12,815			12,815
Total Non-Operating Revenue	119,984			119,984
Change in Net Position Before Other Financing Sources/(Uses)	17,577	37,715	284,120	339,412

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>			<u>Total</u>
	<u>Food</u>	<u>Use of</u>	<u>Transportation</u>	
	<u>Service</u>	<u>Facilities</u>		
Other Financing Sources/(Uses):				
Cancellation of Prior Year Accounts Receivable	\$ (1,617)	\$ (1,250)	\$ (21,105)	\$ (23,972)
Cancellation of Prior Year Accounts Payable		8,550		8,550
Total Other Financing Sources/(Uses)	<u>(1,617)</u>	<u>7,300</u>	<u>(21,105)</u>	<u>(15,422)</u>
Change in Net Position	15,960	45,015	263,015	323,990
Net Position - Beginning of Year	<u>137,507</u>	<u>155,855</u>	<u>175,925</u>	<u>469,287</u>
Net Position - End of Year	<u>\$ 153,467</u>	<u>\$ 200,870</u>	<u>\$ 438,940</u>	<u>\$ 793,277</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Major Funds			Total Enterprise
	Food Service	Use of Facilities	Transportation	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 319,655	\$ 139,257	\$ 1,260,986	\$ 1,719,898
Interfund Advanced				
Collection of Prior Year Intrafund Receivable	4,073	151,806		155,879
Settlement of Prior Year Intrafund Payable			(155,879)	(155,879)
Payments to Food Service Company	(387,153)			(387,153)
Payments to/for Employees		(52,418)	(773,990)	(826,408)
Payments to Suppliers	(7,244)	(63,905)	(141,960)	(213,109)
Net Cash Provided by/(Used for) Operating Activities	(70,669)	174,740	189,157	293,228
Cash flows from Financing Activities:				
Interest Income	217			217
Net Cash Provided by Financing Activities	217			217
Cash flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(5,500)			(5,500)
Lease Purchase Principal Payment			(89,497)	(89,497)
Net Cash Used for Capital and Related Financing Activities	(5,500)		(89,497)	(94,997)
Cash Flows from Noncapital Financing Activities:				
Interfund Advanced - General Fund	17,359			17,359
State Sources	3,359			3,359
Federal Sources	103,794			103,794
Net Cash Provided by Noncapital Financing Activities	124,512			124,512
Net Increase in Cash and Cash Equivalents	48,560	174,740	99,660	322,960
Cash and Cash Equivalents, July 1	103,311	-0-	-0-	103,311
Cash and Cash Equivalents, June 30	\$ 151,871	\$ 174,740	\$ 99,660	\$ 426,271

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Major Funds</u>			Total Enterprise
	<u>Food Service</u>	<u>Use of Facilities</u>	<u>Transportation</u>	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Operating Income/(Loss)	\$ (102,407)	\$ 37,715	\$ 284,120	\$ 219,428
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:				
Depreciation	7,097		58,015	65,112
Food Distribution Program	12,815			12,815
Changes in Assets and Liabilities:				
(Increase)/Decrease in Other Accounts Receivable	565	(14,781)	(52,020)	(66,236)
(Increase)/Decrease in Intrafund Receivable		151,806	(4,073)	147,733
Increase/(Decrease) in Intrafund Payable	4,073		(151,806)	(147,733)
Increase in Accounts Payable	3,411		54,921	58,332
Increase in Unearned Revenue	792			792
Decrease in Inventory	2,985			2,985
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (70,669)</u>	<u>\$ 174,740</u>	<u>\$ 189,157</u>	<u>\$ 293,228</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$13,607 and utilized Commodities valued at \$12,815. The Transportation Fund paid down \$89,497 of capital leases payable.

Exhibit B-7

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 210,839	\$ 2,519	\$ 84,219
Investments		5,837	
Total Assets	<u>210,839</u>	<u>8,356</u>	<u>84,219</u>
<u>LIABILITIES:</u>			
Interfund Payable:			
General Fund	75		
Payroll Deductions and Withholdings	40,663		
Due to Student Groups	170,101		
Total Liabilities	<u>210,839</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims			84,219
Restricted for Health Promotion Expenses		8,356	
Total Net Position	<u>\$ -0-</u>	<u>\$ 8,356</u>	<u>\$ 84,219</u>

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

Exhibit B-8

SUSSEX COUNTY TECHNICAL SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	<u> </u>	\$ 8,931
Total Contributions	<u> </u>	<u>8,931</u>
Investment Earnings:		
Interest	\$ 20	169
Net Investment Earnings	<u>20</u>	<u>169</u>
Total Additions	<u>20</u>	<u>9,100</u>
DEDUCTIONS:		
Unemployment Benefit Claims	<u> </u>	9,697
Total Deductions	<u> </u>	<u>9,697</u>
Change in Net Position	20	(597)
Net Position - Beginning of the Year	<u>8,336</u>	<u>84,816</u>
Net Position - End of the Year	<u>\$ 8,356</u>	<u>\$ 84,219</u>

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the District. Oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Accordingly, the Sussex County Technical School is a component unit of the County of Sussex under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. 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 District is not includable in any other reporting entity on the basis of such criteria other than the County of Sussex.

B. Basis of Presentation:

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

Additionally, the District reports the following fund types:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

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

D. Budgets/Budgetary Control:

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

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

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

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

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

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

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue/Committed or Fund Balance	\$ 130,000	\$ 1,646,226
Committed - Year End Encumbrances		583,118
Total Fund Balance - Budgetary Basis	<u>130,000</u>	<u>2,229,344</u>
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue Recognized on GAAP Basis	502,400	
SDA Grant Receivable not Recognized on GAAP Basis		<u>(547,600)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 632,400</u>	<u>\$ 1,681,744</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,057,751	\$ 777,978
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(15,747)
Cancellation of Prior Year Encumbrances		(10,752)
Prior Year Encumbrances		14,096
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	415,871	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(417,483)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 14,056,139	\$ 765,575
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,001,822	\$ 777,978
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(15,747)
Cancellation of Prior Year Encumbrances		(10,752)
Prior Year Encumbrances		14,096
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 14,001,822	\$ 765,575

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

E. Cash and Cash Equivalents and Investments

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

H. Encumbrances: (Cont'd)

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

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

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

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2015.

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the (\$63,690) General Fund fund balance at June 30, 2015, \$-0- is assigned for year-end encumbrances, which is \$4,744 less than the budgetary fund balance assigned for year-end encumbrances, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2016 on a GAAP basis; \$541 is restricted in the capital reserve account; and there is (\$64,231) in unassigned fund balance, which is \$412,739 less than the calculated maximum unassigned fund balance due to the final state aid payments that are not recognized until the fiscal year ending June 30, 2016.

Capital Projects Fund: The Capital Projects Fund has \$1,681,744 of committed fund balance at June 30, 2015, which is \$547,600 less on a GAAP basis due to the SDA grants not being recognized until funds are requested for reimbursement.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

P. Fund Balance Appropriated (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had no excess surplus at June 30, 2015.

Unassigned fund balance, on a GAAP basis, is less than the budgetary basis in the General Fund by \$417,483 as of June 30, 2015 as reported in the fund statements. P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable.

Q. Deficit Fund Balances/Net Position

The District had a deficit in unrestricted net position from governmental activities in the amount of \$4,461,616. This is due to the accrual of \$846,266 of compensated absences payable, \$64,231 deficit General Fund unassigned fund balance, investment gains in pensions of \$308,502 and net pension liability of \$5,176,686; offset by changes in pension assumptions of \$162,783, changes in proportion in pensions of \$89,542 and \$1,681,744 of committed Capital Projects Fund fund balance. The District also has a deficit in unassigned fund balance of \$64,231 in the General Fund, which is due to the final two state aid payments that are not recognized on a GAAP basis until the fiscal year ending June 30, 2016. This deficit does not indicate that the District 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 District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for changes in assumptions in pensions and changes in proportion in pensions at June 30, 2015. The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

R. Net Position (Cont'd)

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

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

S. Fund Balance Restrictions, Commitments and Assignments:

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances on the budgetary basis in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

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

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

U. Operating Revenue and Expenses:

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

V. Management Estimates:

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

W. Pensions

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

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

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

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.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Investments are stated at cost, which approximates market. The Board 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 Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

Deposits:

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

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

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

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

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

Investments:

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

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Investments: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents Capital Reserve Account</u>	<u>Investments</u>	<u>Total</u>
Checking and Savings Accounts	\$ 1,195,282	\$ 541		\$ 1,195,823
Certificates of Deposit			\$ 5,837	5,837
	<u>\$ 1,195,282</u>	<u>\$ 541</u>	<u>\$ 5,837</u>	<u>\$ 1,201,660</u>

During the period ended June 30, 2015, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2015, was \$1,201,660 and the bank balance was \$1,382,352.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by Board resolution on October 10, 2000 in the amount of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

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

Balance at June 30, 2014	\$ 541
Balance at June 30, 2015	\$ 541

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects at June 30, 2015 exceeds the balance in the capital reserve account at June 30, 2015.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 2,764,300			\$ 2,764,300
Construction in Progress	1,058,551	\$ 1,982,913	\$ (311,203)	2,730,261
Total Capital Assets Not Being Depreciated	3,822,851	1,982,913	(311,203)	5,494,561
Capital Assets Being Depreciated:				
Buildings and Building Improvements	19,828,355	27,057	311,203	20,166,615
Machinery and Equipment	3,388,286	150,634		3,538,920
Total Capital Assets Being Depreciated	23,216,641	177,691	311,203	23,705,535
Governmental Activities Capital Assets	27,039,492	2,160,604		29,200,096
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(13,079,051)	(411,654)		(13,490,705)
Machinery and Equipment	(2,344,253)	(204,027)		(2,548,280)
	(15,423,304)	(615,681)		(16,038,985)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 11,616,188	\$ 1,544,923	\$ -0-	\$ 13,161,111

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 523,706	\$ 177,425		\$ 701,131
Less Accumulated Depreciation	<u>(165,365)</u>	<u>(65,112)</u>		<u>(230,477)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 358,341</u>	<u>\$ 112,313</u>	<u>\$ -0-</u>	<u>\$ 470,654</u>

The District had active construction projects totaling \$2,229,344 as of June 30, 2015. These projects are for various improvements to the District. At year end, the District had \$583,118 in outstanding construction encumbrances which are committed in the Capital Projects Fund at June 30, 2015.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 17,972
Special Education Instruction	4,824
Vocational Instruction	57,388
School-Sponsored/Other Instruction	1,013
Student and Instruction Related Services	1,161
General Administration	835
Central Services	3,821
Administrative Information Technology	1,292
Operations and Maintenance of Plant	17,765
Transportation	29,763
Special Schools	41,402
Unallocated	438,445
	<u>\$ 615,681</u>

NOTE 6. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Capital Leases	\$ 136,886	\$ 214,127	\$ 107,484	\$ 243,529
Compensated Absences Payable	817,628	84,734	56,096	846,266
Net Pension Liability	<u>5,178,309</u>		<u>1,623</u>	<u>5,176,686</u>
	<u>\$ 6,132,823</u>	<u>\$ 298,861</u>	<u>\$ 165,203</u>	<u>\$ 6,266,481</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

A. Bonds Payable:

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

B. Capital Leases Payable:

The District is leasing seven buses and several copiers under capital leases valued at \$648,557 of which \$405,028 has been amortized. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<u>Year</u>	<u>Amount</u>
2016	\$ 92,338
2017	56,592
2018	56,592
2019	45,686
2020	<u>6,104</u>
	257,312
Less: Amount representing interest	<u>(13,783)</u>
Present value of net minimum lease payments	<u>\$ 243,529</u>

The current portion of Capital Leases payable at June 30, 2015 is \$86,236 and the long-term portion is \$157,293. The General Fund and Transportation Enterprise Fund will be used to liquidate the capital leases payable. The current portion of Capital Leases payable at June 30, 2015 is \$18,146 and the long-term portion is \$52,658 in the governmental activities. The current portion of Capital Leases payable at June 30, 2015 is \$68,090 and the long-term portion is \$104,635 in the business-type activities.

C. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$24,221 and is separated from the long-term liability balance of compensated absences of \$822,045.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Enterprise Funds.

The General Fund will be used to liquidate the compensated absences payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$0- and the long-term portion is \$5,176,686. See Note 7 for further information on the PERS.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$227,936 for fiscal year 2015.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$16,458,785 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. 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, 2014, the District's proportion was 0.028%, which was an increase of 0.001% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$458,617. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 162,783	
Changes in Proportion	89,542	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		308,502
	<u>\$ 252,325</u>	<u>\$ 308,502</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (47,202)
2016	(47,202)
2017	(47,202)
2018	(47,202)
2019	29,923
Thereafter	13,166
	<u>\$ (145,719)</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 6,512,447	\$ 5,176,686	\$ 4,054,987

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$281,735 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,574,028.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$29,251,928. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

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, 2014, the District's proportion was 0.055%, which was an increase of 0.002% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District with the District	29,251,928
Total	\$ 29,251,928

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$1,574,028 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. 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>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. 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 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. PENSION PLANS (Cont'd)

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

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

The following presents the net pension liability of the State as of June 30, 2014 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:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$6,190 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$11,384 for the fiscal year ended June 30, 2015.

NOTE 8. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 100,134 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. POST-RETIREMENT BENEFITS (Cont'd)

The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994 with an additional contribution beginning in fiscal year 1996 to maintain a medical reserve of one-half of 1% of the active State payroll each year.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$447,254, \$379,628 and \$383,861 for 2015, 2014 and 2013, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 9. RISK MANAGEMENT

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

Property and Liability Insurance

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

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

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

The audit report for the year ending June 30, 2015 was not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2014 is as follows:

Total Assets	\$ 33,508,569
Net Position	\$ 5,114,269
Total Revenue	\$ 34,091,773
Total Expenses	\$ 37,253,827
Change in Net Position	\$ (3,162,054)
Member Dividends	\$ -0-

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

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

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

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ 169	\$ 8,931	\$ 9,697	\$ 84,219
2013-2014	-0-	169	6,038	8,928	84,816
2012-2013	-0-	188	11,499	45,123	87,537

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 120,437	
Capital Projects Fund		\$ 103,003
Enterprise Funds		17,359
Fiduciary Funds		75
	<u>\$ 120,437</u>	<u>\$ 120,437</u>

The interfund payable in the Capital Projects Fund are interfund loans from the General Fund to the Capital Projects Fund for cash flow purposes. The interfund payable in the Enterprise Funds is excess subsidy reimbursement turned over to the Food Service Fund from the General Fund in error. The interfund payable in the Fiduciary Funds is culinary revenue due to the General Fund.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

The 403(b) plan administrators are as follows:

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

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

NOTE 13. TAX CALENDAR

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

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

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 14. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 4,744	\$ 15,747	\$ 583,118	\$ 603,609

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$15,747 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$583,118 year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$1,681,744 committed fund balance on a GAAP basis at June 30, 2015. On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the General Fund, which is \$4,744 less than on the budgetary basis due to the last two state aid payments not being recognized on the GAAP basis until fiscal year end June 30, 2016.

NOTE 15. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities and Business-Type Activities as of June 30, 2015 consisted of the following:

	Governmental Activities			Business-Type Activities
	General Fund	Special Revenue Fund	Total Governmental Funds	Enterprise Funds
Due to State of New Jersey		\$ 41,018	\$ 41,018	
Vendors	\$ 611,507	14,395	625,902	\$ 86,073
	\$ 611,507	\$ 55,413	\$ 666,920	\$ 86,073

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The District also made an adjustment to the capital assets in its Governmental activities as of June 30, 2014 to record the disposals of older equipment in prior years.

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 16. PRIOR PERIOD ADJUSTMENTS (Cont'd)

	<u>Balance 6/30/14</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance 6/30/14</u> <u>as Restated</u>
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 864,217	\$ 5,178,309	\$ 6,042,526
Total Liabilities	1,295,568	5,178,309	6,473,877
Net Position:			
Unrestricted/(Deficit)	2,231,957	(5,178,309)	(2,946,352)
Total Net Position	13,802,097	(5,178,309)	8,623,788

**SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION**

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0270945632%	0.0276491979%
District's proportionate share of the net pension liability	5,178,309	5,176,686
District's covered employee payroll	\$ 1,947,119	\$ 1,829,439
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	265.95%	282.97%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 204,152	\$ 227,936
Contributions in relation to the contractually required contribution	<u>(204,152)</u>	<u>(227,936)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 1,947,119	\$ 1,829,439
Contributions as a percentage of covered employee payroll	10.48%	12.46%

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

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

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0525376893%	0.0547309809%
State's proportionate share of the net pension liability attributable to the District	\$ 26,552,135	\$ 29,251,928
District's covered employee payroll	\$ 5,557,776	\$ 5,643,076
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	477.75%	518.37%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
County Tax Levy	\$ 6,962,974		\$ 6,962,974	\$ 6,962,974	
Tuition from LEA's	1,767,030		1,767,030	1,638,601	\$ (128,429)
Other Restricted Miscellaneous Revenue	94,000		94,000	87,995	(6,005)
Unrestricted Miscellaneous Revenues	67,500		67,500	53,476	(14,024)
Total - Local Sources	<u>8,891,504</u>		<u>8,891,504</u>	<u>8,743,046</u>	<u>(148,458)</u>
State Sources:					
Special Education Aid	331,506		331,506	331,506	
Equalization Aid	2,432,422		2,432,422	2,432,422	
Categorical Security Aid	54,112		54,112	54,112	
Adjustment Aid	1,344,682		1,344,682	1,344,682	
Other State Aid	16,120		16,120	16,120	
TPAF On-Behalf Pension Contribution (Non-Budgeted)				281,735	281,735
TPAF Post Retirement Contributions (Non-Budgeted)				447,254	447,254
TPAF Reimbursed Social Security (Non-Budgeted)				406,874	406,874
Total State Sources	<u>4,178,842</u>		<u>4,178,842</u>	<u>5,314,705</u>	<u>1,135,863</u>
Total Revenues	<u>13,070,346</u>		<u>13,070,346</u>	<u>14,057,751</u>	<u>987,405</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<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 9-12 - Salaries of Teachers	\$ 2,262,971	\$ (61,132)	\$ 2,201,839	\$ 2,201,023	\$ 816
Purchased Professional-Educational Services	20,000	850	20,850	20,850	
Other Purchased Services	1,750	(676)	1,074	1,074	
General Supplies	133,874	9,868	143,742	125,417	18,325
Textbooks	45,361	(37,287)	8,074	8,074	
Regular Programs - Home Instruction:					
Salaries of Teachers	4,000	10,840	14,840	14,840	
Purchased Professional/Educational Services	6,000	(3,704)	2,296	2,296	
Total Regular Programs - Instruction	<u>2,473,956</u>	<u>(81,241)</u>	<u>2,392,715</u>	<u>2,373,574</u>	<u>19,141</u>
Regular Vocational Programs:					
Salaries of Teachers	1,232,137	(291,036)	941,101	941,101	
Other Purchased Services	58,698	(28,998)	29,700	29,595	105
General Supplies	320,209	2,913	323,122	312,334	10,788
Textbooks	59,261	(17,909)	41,352	39,568	1,784
Total Regular Vocational Programs	<u>1,670,305</u>	<u>(335,030)</u>	<u>1,335,275</u>	<u>1,322,598</u>	<u>12,677</u>
Special Vocational Programs:					
Salaries of Teachers	763,444	371,387	1,134,831	1,134,831	
Other Salaries for Instruction	128,616	5,318	133,934	133,934	
Other Purchased Services	2,585	(944)	1,641	882	759
General Supplies	29,343	(12,178)	17,165	16,097	1,068
Textbooks	6,928	(5,736)	1,192	1,192	
Special Vocational Programs	<u>930,916</u>	<u>357,847</u>	<u>1,288,763</u>	<u>1,286,936</u>	<u>1,827</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities:					
Salaries	\$ 82,151	\$ 15,361	\$ 97,512	\$ 97,512	
Purchased Services	1,000	(937)	63	63	
Supplies and Materials	14,421	(11,580)	2,841	2,841	
Other Objects	45,151	(2,561)	42,590	42,590	
Total School-Sponsored Cocurricular Activities	<u>142,723</u>	<u>283</u>	<u>143,006</u>	<u>143,006</u>	
School-Sponsored Athletics:					
Salaries	326,152	(4,384)	321,768	319,756	\$ 2,012
Purchased Services	40,647	(19,558)	21,089	21,034	55
Supplies and Materials	46,350	(10,768)	35,582	35,582	
Other Objects	71,641	7,214	78,855	77,704	1,151
Total School-Sponsored Athletics	<u>484,790</u>	<u>(27,496)</u>	<u>457,294</u>	<u>454,076</u>	<u>3,218</u>
Total Instruction	<u>5,702,690</u>	<u>(85,637)</u>	<u>5,617,053</u>	<u>5,580,190</u>	<u>36,863</u>
Undist. Expend. - Attendance and Social Work Services:					
Salaries	49,465	(11,212)	38,253	38,253	
Supplies and Materials	3,000	(2,366)	634	634	
Total Undist. Expend. - Attendance and Social Work Services	<u>52,465</u>	<u>(13,578)</u>	<u>38,887</u>	<u>38,887</u>	
Undist. Expend. - Health Services:					
Salaries	64,869	1,378	66,247	66,246	1
Purchased Professional and Technical Services	3,000	(3,000)			
Other Purchased Services	375	(240)	135	35	100

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Health Services: (Cont'd)					
Supplies and Materials	\$ 3,498	\$ (1,461)	\$ 2,037	\$ 2,031	\$ 6
Total Undist. Expend. - Health Services	<u>71,742</u>	<u>(3,323)</u>	<u>68,419</u>	<u>68,312</u>	<u>107</u>
Undist. Expend. - Speech, OT, PT and Related Services:					
Salaries	86,572	(86,572)			
Purchased Professional Educational Services	15,000	36,302	51,302	47,702	3,600
Supplies and Materials		148	148	138	10
Total Undist. Expend. - Speech, OT, OT and Related Services	<u>101,572</u>	<u>(50,122)</u>	<u>51,450</u>	<u>47,840</u>	<u>3,610</u>
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	346,163	(45,409)	300,754	300,434	320
Salaries of Secretarial and Clerical Assistants	66,891	(16,331)	50,560	50,560	
Other Purchased Professional and Technical Services	45,325	(16,125)	29,200	29,200	
Other Purchased Services	9,403	(8,905)	498	498	
Supplies and Materials	6,000	524	6,524	6,524	
Other Objects	22,887	(15,819)	7,068	7,026	42
Total Undist. Expend. - Guidance	<u>496,669</u>	<u>(102,065)</u>	<u>394,604</u>	<u>394,242</u>	<u>362</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	447,679	(5,331)	442,348	441,733	615
Salaries of Secretarial and Clerical Assistants	49,465	21,327	70,792	70,536	256
Other Purchased Professional and Technical Services	7,642	(2,588)	5,054	4,855	199
Other Purchased Services	2,370	(1,194)	1,176	1,176	
Supplies and Materials	2,468	(1,187)	1,281	1,281	
Total Undist. Expend. - Child Study Team	<u>509,624</u>	<u>11,027</u>	<u>520,651</u>	<u>519,581</u>	<u>1,070</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Improvement of Instruction Services:					
Salaries of Supervisors of Instruction	\$ 203,279	\$ 38,548	\$ 241,827	\$ 241,826	\$ 1
Salaries of Other Professional Staff	29,000	(23,000)	6,000	6,000	
Other Purchased Professional and Technical Services	6,018		6,018	6,018	
Other Purchased Services	3,750	(288)	3,462	3,213	249
Supplies and Materials	2,001	(1,130)	871	871	
Total Undist. Expend. - Improvement of Instruction Services	<u>244,048</u>	<u>14,130</u>	<u>258,178</u>	<u>257,928</u>	<u>250</u>
Undist. Expend. - Educational Media Services/School Library:					
Salaries	58,461	1,289	59,750	59,750	
Purchased Professional and Technical Services	35,000	2,893	37,893	37,893	
Other Purchased Services	25,690	(12,491)	13,199	13,199	
Supplies and Materials	8,500	(7,259)	1,241	1,241	
Total Undist. Expend. - Educational Media Services/School Library	<u>127,651</u>	<u>(15,568)</u>	<u>112,083</u>	<u>112,083</u>	
Undist. Expend. - Instructional Staff Training Services:					
Salaries of Other Professional Staff	8,000	600	8,600	7,991	609
Purchased Professional Educational Services	7,000	(5,779)	1,221	1,053	168
Other Purchased Services	5,000	1,261	6,261	5,956	305
Total Undist. Expend. - Instructional Staff Training Services	<u>20,000</u>	<u>(3,918)</u>	<u>16,082</u>	<u>15,000</u>	<u>1,082</u>
Undist. Expend. - Support Services - General Administration:					
Salaries	160,027	11,885	171,912	171,912	
Legal Services	30,000	28,987	58,987	58,044	943
Audit Fees	30,000	11,000	41,000	41,000	

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Support Services - General Administration: (Cont'd)					
Architectural/ Engineering Services	\$ 5,000	\$ (4,125)	\$ 875	\$ 875	
Other Purchased Professional Services	19,125	(385)	18,740	18,740	
Communications/Telephone	14,728	(4,509)	10,219	9,852	\$ 367
Board of Education Other Purchased Services	2,750	(1,703)	1,047	1,047	
General Supplies	12,127	(5,847)	6,280	5,291	989
Miscellaneous Expenditures	7,635	(1,727)	5,908	5,908	
Board of Education Membership Dues and Fees	22,018	(1,474)	20,544	20,544	
Total Undist. Expend. - Support Services - General Administration	303,410	32,102	335,512	333,213	2,299
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	177,817	32,299	210,116	207,535	2,581
Salaries of Secretarial and Clerical Assistants	97,330	1,990	99,320	99,320	
Purchased Professional and Technical Services	4,380	1,047	5,427	5,427	
Other Purchased Services		36	36	36	
Supplies and Materials	24,249	(7,399)	16,850	16,850	
Other Objects	5,878	7,602	13,480	12,901	579
Total Undist. Expend. - Support Services - School Administration	309,654	35,575	345,229	342,069	3,160
Undistributed Expenditures - Central Services:					
Salaries	330,788	(31,923)	298,865	298,865	
Purchased Technical Services	22,390	1,904	24,294	24,294	
Miscellaneous Purchased Services	9,703	(9,450)	253	104	149
Supplies and Materials	3,500	(320)	3,180	3,180	
Interest on Lease Purchase Agreements	1,142	(988)	154	154	

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures - Central Services: (Cont'd)					
Miscellaneous Expenditures	\$ 15,705	\$ 4,108	\$ 19,813	\$ 19,548	\$ 265
Total Undistributed Expenditures - Central Services	<u>383,228</u>	<u>(36,669)</u>	<u>346,559</u>	<u>346,145</u>	<u>414</u>
Undistributed Expend. - Administrative Information Technology:					
Salaries	95,191	894	96,085	96,085	
Total Undistributed Expenditures - Admin. Info. Technology	<u>95,191</u>	<u>894</u>	<u>96,085</u>	<u>96,085</u>	
Undistributed Expend. - Required Maintenance for School Facilities:					
Salaries	333,163	54,434	387,597	387,597	
Cleaning, Repair and Maintenance Services	228,730	204,058	432,788	306,826	125,962
General Supplies	52,000	58,977	110,977	110,977	
Other Objects	2,000	147	2,147	2,147	
Total Undistributed Expend. - Required Maintenance for School Facilities	<u>615,893</u>	<u>317,616</u>	<u>933,509</u>	<u>807,547</u>	<u>125,962</u>
Undist. Expend. - Custodial Services:					
Salaries	384,157	(52,711)	331,446	309,497	21,949
Other Purchased Property Services	46,322	39,194	85,516	84,310	1,206
Insurance	63,896	396	64,292	64,292	
Miscellaneous Purchased Services	1,000	(1,000)			
General Supplies	43,500	(36,987)	6,513	6,506	7
Energy (Natural Gas)	8,000	(244)	7,756	7,756	
Energy (Electricity)	297,600	(22,530)	275,070	247,536	27,534
Energy (Oil)	232,960	239	233,199	179,862	53,337
Total Undist. Expend. - Custodial Services	<u>1,077,435</u>	<u>(73,643)</u>	<u>1,003,792</u>	<u>899,759</u>	<u>104,033</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	\$ 13,520	\$ (9,548)	\$ 3,972	\$ 3,972	
Cleaning, Repair and Maintenance Services	5,000	(5,000)			
General Supplies		2,842	2,842	2,842	
Total Undist. Expend. - Care and Upkeep of Grounds	<u>18,520</u>	<u>(11,706)</u>	<u>6,814</u>	<u>6,814</u>	
Undist. Expend. - Security:					
Salaries	55,056	(3,611)	51,445	51,445	
Total Undist. Expend. - Security	<u>55,056</u>	<u>(3,611)</u>	<u>51,445</u>	<u>51,445</u>	
Undist. Expend. - Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	78,750	9,960	88,710	88,710	
Between Home and School - Regular	121,979	(13,201)	108,778	108,778	
Cleaning, Repair and Maintenance Services	40,000	48,110	88,110	88,065	\$ 45
Supplies and Materials		796	796	796	
Other Objects	1,000	903	1,903	1,903	
Total Undist. Expend. - Student Transportation Services	<u>241,729</u>	<u>46,568</u>	<u>288,297</u>	<u>288,252</u>	<u>45</u>
Unallocated Benefits:					
Social Security Contributions	224,456		224,456	202,074	22,382
Other Retirement Contributions - PERS	262,082	(29,173)	232,909	231,909	1,000
Other Retirement Contributions - Regular	9,013	(13)	9,000	6,190	2,810
Unemployment Compensation	20,000	(20,000)			
Workmen's Compensation	156,979	(727)	156,252	156,252	

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Current Expense:					
Unallocated Benefits:					
Health Benefits	\$ 1,903,982	\$ (35,480)	\$ 1,868,502	\$ 1,793,749	\$ 74,753
Tuition Reimbursement	46,944	(5,785)	41,159	41,159	
Other Employee Benefits	65,500	44,905	110,405	110,405	
Total Unallocated Benefits	<u>2,688,956</u>	<u>(46,273)</u>	<u>2,642,683</u>	<u>2,541,738</u>	<u>100,945</u>
On-Behalf Contributions:					
TPAF On-Behalf Pension Contribution (Non-Budgeted)				281,735	(281,735)
On-Behalf Post Retirement Contributions (non-budgeted)				447,254	(447,254)
Reimbursed TPAF Social Security Contributions (non-budgeted)				406,874	(406,874)
Total On-Behalf Contributions				<u>1,135,863</u>	<u>(1,135,863)</u>
Total Personal Services - Employee Benefits	<u>2,688,956</u>	<u>(46,273)</u>	<u>2,642,683</u>	<u>3,677,601</u>	<u>(1,034,918)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>7,412,843</u>	<u>97,436</u>	<u>7,510,279</u>	<u>8,302,803</u>	<u>(792,524)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>13,115,533</u>	<u>11,799</u>	<u>13,127,332</u>	<u>13,882,993</u>	<u>(755,661)</u>
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	10,907	5,462	16,369	16,368	1
Undistributed Expenses:					
Support Services -Related & Extra	5,462	(5,462)			
Total Equipment	<u>16,369</u>	<u>(5,462)</u>	<u>16,369</u>	<u>16,368</u>	<u>1</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Facilities Acquisition and Construction Services:					
Other Purchased Professional and Technical Services	\$ 1,758		\$ 1,758	\$ 284	\$ 1,474
Construction Services	41,642	\$ 2,919	44,561	27,057	17,504
Assessment for Debt Service on SDA Funding	4,075		4,075	4,075	
Total Facilities Acquisition and Construction Services	<u>47,475</u>	<u>2,919</u>	<u>50,394</u>	<u>31,416</u>	<u>18,978</u>
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Vocational Instruction - Equipment				42,202	(42,202)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>42,202</u>	<u>(42,202)</u>
TOTAL CAPITAL OUTLAY	<u>63,844</u>	<u>2,919</u>	<u>66,763</u>	<u>89,986</u>	<u>(23,223)</u>
SPECIAL SCHOOLS:					
Vocational Evening - Local - Instruction:					
Salaries of Teachers	15,000	291	15,291	13,464	1,827
General Supplies	12,100	(1,560)	10,540	10,540	
Textbooks	3,000	(3,000)			
Other Objects	3,000	(2,490)	510	510	
Total Vocational Evening - Local - Instruction	<u>33,100</u>	<u>(6,759)</u>	<u>26,341</u>	<u>24,514</u>	<u>1,827</u>
SPECIAL SCHOOLS:					
Vocational Evening - Local - Support Services:					
Personal Services - Employee Benefits	1,148		1,148	588	560
Other Purchased Services	9,700	(5,959)	3,741	3,741	
Supplies and Materials	2,000	(2,000)			
Total Vocational Evening - Local - Support Services	<u>12,848</u>	<u>(7,959)</u>	<u>4,889</u>	<u>4,329</u>	<u>560</u>
TOTAL SPECIAL SCHOOLS	<u>45,948</u>	<u>(14,718)</u>	<u>31,230</u>	<u>28,843</u>	<u>2,387</u>

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
TOTAL EXPENDITURES	\$ 13,225,325		\$ 13,225,325	\$ 14,001,822	\$ (776,497)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(154,979)		(154,979)	55,929	210,908
Other Financing Sources/(Uses):					
Cancellation of Prior Year Accounts Receivable				(26,992)	(26,992)
Capital Leases (Non-budgeted)				42,202	42,202
Total Other Financing Sources/(Uses)				15,210	15,210
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(154,979)		(154,979)	71,139	226,118
Fund Balance, July 1	282,654		282,654	282,654	
Fund Balance, June 30	<u>\$ 127,675</u>	<u>\$ -0-</u>	<u>\$ 127,675</u>	<u>\$ 353,793</u>	<u>\$ 226,118</u>
Recapitulation:					
Restricted:					
Capital Reserve				\$ 541	
Assigned:					
Year End Encumbrances				4,744	
Unassigned				348,508	
				<u>353,793</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not recognized on a GAAP basis				(417,483)	
Fund Balance/(Deficit) per Governmental Funds (GAAP)				<u>\$ (63,690)</u>	

SUSSEX COUNTY TECHNICAL SCHOOL
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 328,878	\$ 11,500	\$ 340,378	\$ 339,197	\$ (1,181)
Federal Sources	458,440	35,567	494,007	438,781	(55,226)
Total Revenues	787,318	47,067	834,385	777,978	(56,407)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	323,557	(88,978)	234,579	224,483	10,096
Purchased Professional and Technical Services		3,600	3,600	3,600	
General Supplies		44,500	44,500	31,095	13,405
Other Objects		1,600	1,600		1,600
Total Instruction	323,557	(39,278)	284,279	259,178	25,101
Support Services:					
Salaries of Program Directors	144,883	(112,093)	32,790	23,942	8,848
Salaries of Other Professional Staff	318,878	(68,601)	250,277	249,658	619
Personal Services - Employee Benefits		99,205	99,205	85,126	14,079
Purchased Professional - Educational Services		10,500	10,500	10,500	
Travel		31	31		31
Transportation		15,592	15,592	11,000	4,592
Supplies and Materials		10,982	10,982	10,255	727
Other Objects		10,627	10,627	10,096	531
Total Support Services	463,761	(33,757)	430,004	400,577	29,427
Facilities Acquisition and Construction Services:					
Instructional Equipment		120,102	120,102	118,223	1,879
Total Facilities Acquisition and Construction Services		120,102	120,102	118,223	1,879
Total Expenditures	\$ 787,318	\$ 47,067	\$ 834,385	\$ 777,978	\$ 56,407

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 14,057,751	\$ 777,978
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		(15,747)
Cancellation of Prior Year Encumbrances		(10,752)
Prior Year Encumbrances		14,096
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	415,871	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(417,483)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 14,056,139	\$ 765,575
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 14,001,822	\$ 777,978
Differences - Budget to GAAP:		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(15,747)
Cancellation of Prior Year Encumbrances		(10,752)
Prior Year Encumbrances		14,096
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 14,001,822	\$ 765,575

SUSSEX COUNTY TECHNICAL SCHOOL
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Adolescent Pregnancy Prevention Initiative	School Based Youth Services	Apprenticeship Coordinator	Curriculum for Agricultural Science Education	Carl D. Perkins	
					Post Secondary	Secondary
REVENUES						
State Sources	\$ 62,214	\$ 256,515	\$ 12,968	\$ 7,500		
Federal Sources					\$ 82,156	\$ 67,703
Total Revenues	<u>62,214</u>	<u>256,515</u>	<u>12,968</u>	<u>7,500</u>	<u>82,156</u>	<u>67,703</u>
EXPENDITURES						
Instruction:						
Salaries of Teachers			12,000			84
Purchased Professional - Technical Services						
General Supplies				5,000	17,670	6,327
Total Instruction			<u>12,000</u>	<u>5,000</u>	<u>17,670</u>	<u>6,411</u>
Support Services:						
Salaries of Program Directors					3,717	3,363
Salaries of Other Professional Staff	46,462	203,196				
Personal Services - Employee Benefits	14,048	26,824	918		271	204
Purchased Professional - Educational Services		8,000		2,500		
Other Purchased Services						
Supplies and Materials	1,191	8,962				
Other Objects	513	9,533	50			
Total Support Services	<u>62,214</u>	<u>256,515</u>	<u>968</u>	<u>2,500</u>	<u>3,988</u>	<u>3,567</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment					60,498	57,725
Total Facilities Acquisition and Construction Services					<u>60,498</u>	<u>57,725</u>
Total Expenditures	<u>\$ 62,214</u>	<u>\$ 256,515</u>	<u>\$ 12,968</u>	<u>\$ 7,500</u>	<u>\$ 82,156</u>	<u>\$ 67,703</u>

SUSSEX COUNTY TECHNICAL SCHOOL
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	No Child Left Behind		I.D.E.A. Part B, Basic	Workforce Investment Act Program	Total
	Title I	Title II A			
REVENUES					
State Sources					\$ 339,197
Federal Sources	\$ 38,897	\$ 6,793	\$ 190,936	\$ 52,296	438,781
Total Revenues	38,897	6,793	190,936	52,296	777,978
EXPENDITURES					
Instruction:					
Salaries of Teachers	27,293	5,586	157,020	22,500	224,483
Purchased Professional - Technical Services	3,600				3,600
General Supplies	2,098				31,095
Total Instruction	32,991	5,586	157,020	22,500	259,178
Support Services:					
Salaries of Program Directors				16,862	23,942
Salaries of Other Professional Staff					249,658
Personal Services - Employee Benefits	5,906	1,207	33,916	1,832	85,126
Purchased Professional - Educational Services					10,500
Transportation				11,000	11,000
Supplies and Materials				102	10,255
Other Objects					10,096
Total Support Services	5,906	1,207	33,916	29,796	400,577
Facilities Acquisition and Construction Services:					
Instructional Equipment					118,223
Total Facilities Acquisition and Construction Services					118,223
Total Expenditures	\$ 38,897	\$ 6,793	\$ 190,936	\$ 52,296	\$ 777,978

CAPITAL PROJECTS FUND

Exhibit F-1

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
County Bond Ordinance Proceeds	\$ 130,000
	<hr/>
Total Revenue and Other Financing Sources	130,000
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	43,050
Construction Services	1,928,437
Bond Issuance and Legal Costs	11,426
Cancel Accounts Receivable from County	151,086
	<hr/>
Total Expenditures and Other Financing Uses	2,133,999
	<hr/>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	(2,003,999)
	<hr/>
Fund Balance - Beginning of Year	4,233,343
	<hr/>
Fund Balance - End of Year	\$ 2,229,344
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed	\$ 1,646,226
Committed - Year End Encumbrances	583,118
	<hr/>
Total Fund Balance - Budgetary Basis	2,229,344
	<hr/>
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	(547,600)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 1,681,744
	<hr/> <hr/>

Exhibit F-1A

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
KITCHEN HVAC AND ELECTRICAL UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 124,481		\$ 124,481	\$ 124,481
County Bond Ordinance Proceeds	245,413	\$ (58,690)	186,723	245,413
Total Revenue and Other Financing Sources	<u>369,894</u>	<u>(58,690)</u>	<u>311,204</u>	<u>369,894</u>
Expenditures:				
Purchased Professional and Technical Services	42,704		42,704	41,000
Construction Services	268,500		268,500	328,894
Total Expenditures	<u>311,204</u>		<u>311,204</u>	<u>369,894</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 58,690</u>	<u>\$ (58,690)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Additional Project Information:</u>				
Project Numbers	5110-010-09-G0XO			
Grant Date	6/1/11			
County Bond Ordinance Authorization Date	3/9/11			
County Bond Ordinance Authorized	\$ 282,000			
Original Authorized Cost	\$ 470,000			
Adjustment to Authorized Cost	\$ (100,106)			
Revised Authorized Cost	\$ 369,894			
Percentage Increase/Decrease over Original Authorized Cost	-21%			
Percentage Completion	100%			
Original Target Completion Date	10/12			
Revised Target Completion Date	10/12			

Exhibit F-1B

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS AIR QUALITY IMPROVEMENTS TO MCNIECE AUDITORIUM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 696,000		\$ 696,000	\$ 696,000
County Bond Ordinance Proceeds	1,044,000		1,044,000	1,044,000
Revenue and Other Financing Sources	1,740,000		1,740,000	1,740,000
Expenditures:				
Purchased Professional and Technical Services	117,189	\$ 28,435	145,624	287,000
Construction Services	170,716	1,213,235	1,383,951	1,450,000
Bond Issuance and Legal Costs	2,021	4,660	6,681	3,000
Total Expenditures	289,926	1,246,330	1,536,256	1,740,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 1,450,074	\$ (1,246,330)	\$ 203,744	\$ -0-

Additional Project Information:

Project Numbers	5110-010-09-G0XN
Grant Date	4/26/12
County Bond Ordinance Authorization Date	1/25/12
County Bond Ordinance Authorized	\$ 1,044,000
Original Authorized Cost	\$ 1,740,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 1,740,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	88%
Original Target Completion Date	10/13
Revised Target Completion Date	12/15

Exhibit F-1C

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
TRACK AND PARKING LOT REPAIRS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
County Bond Ordinance Proceeds	\$ 1,280,000	\$ (92,396)	\$ 1,187,604	\$ 1,280,000
Revenue and Other Financing Sources	<u>1,280,000</u>	<u>(92,396)</u>	<u>1,187,604</u>	<u>1,280,000</u>
Expenditures:				
Purchased Professional and Technical Services	86,562	12,145	98,707	187,754
Construction Services	369,123	715,202	1,084,325	1,066,246
Bond Issuance and Legal Costs	1,736	2,836	4,572	26,000
Total Expenditures	<u>457,421</u>	<u>730,183</u>	<u>1,187,604</u>	<u>1,280,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 822,579</u>	<u>\$ (822,579)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5110-010-13-200
Grant Date	N/A
County Bond Ordinance Authorization Date	5/22/13
County Bond Ordinance Authorized	\$ 1,280,000
Original Authorized Cost	\$ 1,280,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 1,280,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/14
Revised Target Completion Date	12/14

Exhibit F-1D

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
SEWER TREATMENT PLANT REPLACEMENT AND MCNIECE PARKING LOT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 354,000		\$ 354,000	\$ 354,000
County Bond Ordinance Proceeds	1,548,000		1,548,000	1,548,000
Revenue and Other Financing Sources	<u>1,902,000</u>		<u>1,902,000</u>	<u>1,902,000</u>
Expenditures:				
Purchased Professional and Technical Services		\$ 2,470	2,470	194,600
Construction Services				1,665,400
Bond Issuance and Legal Costs		3,930	3,930	42,000
Total Expenditures		<u>6,400</u>	<u>6,400</u>	<u>1,902,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,902,000</u>	<u>\$ (6,400)</u>	<u>\$ 1,895,600</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5110-010-14-4000; 1004
Grant Date	3/31/14
County Bond Ordinance Authorization Date	4/23/14
County Bond Ordinance Authorized	\$ 1,548,000
Original Authorized Cost	\$ 1,902,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 1,902,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	12/15
Revised Target Completion Date	12/16

Exhibit F-1E

SUSSEX COUNTY TECHNICAL SCHOOL
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
GREENHOUSE REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
County Bond Ordinance Proceeds		\$ 130,000	\$ 130,000	\$ 130,000
Revenue and Other Financing Sources		130,000	130,000	130,000
Expenditures:				
Purchased Professional and Technical Services				10,000
Construction Services				120,000
Total Expenditures				130,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 130,000	\$ 130,000	\$ -0-

Additional Project Information:

County Bond Ordinance Authorization Date	6/10/15
County Bond Ordinance Authorized	\$ 103,000
Original Authorized Cost	\$ 130,000
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 130,000
Percentage Increase/Decrease over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	06/16
Revised Target Completion Date	N/A

PROPRIETARY FUNDS

Exhibit G-1

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Major Funds			Totals
	Food Service	Use of Facilities	Transportation	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 151,871	\$ 174,740	\$ 99,660	\$ 426,271
Intrafund Receivable			6,646	6,646
Intergovernmental Accounts Receivable:				
State	210			210
Federal	6,905			6,905
Other			123,666	123,666
Other Accounts Receivable	6,422	26,130		32,552
Inventories	10,337			10,337
Total Current Assets	<u>175,745</u>	<u>200,870</u>	<u>229,972</u>	<u>606,587</u>
Non-Current Assets:				
Capital Assets	77,474		623,657	701,131
Less: Accumulated Depreciation	(44,370)		(186,107)	(230,477)
Total Non-Current Assets	<u>33,104</u>		<u>437,550</u>	<u>470,654</u>
Total Assets	<u>208,849</u>	<u>200,870</u>	<u>667,522</u>	<u>1,077,241</u>
LIABILITIES:				
Current Liabilities:				
Intrafund Payable	6,646			6,646
Interfund Payable	17,359			17,359
Accounts Payable	30,216		55,857	86,073
Unearned Revenue	1,161			1,161
Total Current Liabilities:	<u>55,382</u>		<u>55,857</u>	<u>111,239</u>
Noncurrent Liabilities:				
Capital Leases Payable:				
Due Within One Year			68,090	68,090
Due Beyond One Year			104,635	104,635
Total Noncurrent Liabilities			<u>172,725</u>	<u>172,725</u>
Total Liabilities	<u>55,382</u>		<u>228,582</u>	<u>283,964</u>
NET POSITION:				
Net Investment in Capital Assets	33,104		264,825	297,929
Unrestricted	120,363	200,870	174,115	495,348
Total Net Position	<u>\$ 153,467</u>	<u>\$ 200,870</u>	<u>\$ 438,940</u>	<u>\$ 793,277</u>

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Funds			Totals
	Food Service	Use of Facilities	Transportation	
Operating Revenue:				
Daily Sales	\$ 265,646			\$ 265,646
Charges for Services - Program Fees		\$ 154,038	\$ 1,313,006	1,467,044
Special Events	36,179			36,179
Miscellaneous Revenue	17,265			17,265
Total Operating Revenue	319,090	154,038	1,313,006	1,786,134
Operating Expenses:				
Cost of Sales	194,631			194,631
Salaries	109,539	50,905	570,044	730,488
Employee Benefits	38,703	1,513	203,946	244,162
Purchased Professional Technical Services	258	30,339		30,597
Maintenance			33,110	33,110
Lease Rental Payment and Lease Purchase Interest			1,810	1,810
Other Purchased Services	48,131		10,908	59,039
Supplies and Materials	13,615		138,103	151,718
Energy		32,771		32,771
Miscellaneous Expenditures	9,523	795	12,950	23,268
Depreciation Expense	7,097		58,015	65,112
Total Operating Expenses	421,497	116,323	1,028,886	1,566,706
Operating Income/(Loss)	(102,407)	37,715	284,120	219,428
Non-Operating Revenue:				
Interest Income	217			217
State Sources:				
State School Lunch Program	3,369			3,369
Federal Sources:				
National School Lunch Program	86,015			86,015
School Breakfast Program	17,568			17,568
Food Distribution Program	12,815			12,815
Total Non-Operating Revenue	119,984			119,984
Change in Net Position Before Other Financing Sources/(Uses)	17,577	37,715	284,120	339,412

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Funds			Totals
	Food Service	Use of Facilities	Transportation	
Other Financing Sources/(Uses):				
Cancellation of Prior Year Accounts Receivable	\$ (1,617)	\$ (1,250)	\$ (21,105)	\$ (23,972)
Cancellation of Prior Year Accounts Payable		8,550		8,550
Total Other Financing Sources/(Uses)	(1,617)	7,300	(21,105)	(15,422)
Change in Net Position	15,960	45,015	263,015	323,990
Net Position - Beginning of Year	137,507	155,855	175,925	469,287
Net Position - End of Year	<u>\$ 153,467</u>	<u>\$ 200,870</u>	<u>\$ 438,940</u>	<u>\$ 793,277</u>

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Funds			Totals
	Food Service	Use of Facilities	Transportation	
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 319,655	\$ 139,257	\$ 1,260,986	\$ 1,719,898
Collection of Prior Year Intrafund Receivable	4,073	151,806		155,879
Settlement of Prior Year Intrafund Payable			(155,879)	(155,879)
Payments to Food Service Company	(387,153)			(387,153)
Payments to/for Employees		(52,418)	(773,990)	(826,408)
Payments to Suppliers	(7,244)	(63,905)	(141,960)	(213,109)
Net Cash Provided by/(Used for) Operating Activities	(70,669)	174,740	189,157	293,228
Cash Flows from Financing Activities:				
Interest Income	217			217
Net Cash Provided by Financing Activities	217			217
Cash Flows from Capital and Related Financing Activities:				
Purchase of Capital Assets	(5,500)			(5,500)
Lease Purchase Principal Payment			(89,497)	(89,497)
Net Cash Used for Capital and Related Financing Activities	(5,500)		(89,497)	(94,997)
Cash Flows by Noncapital Financing Activities:				
Interfund Advanced - General Fund	17,359			17,359
State Sources	3,359			3,359
Federal Sources	103,794			103,794
Net Cash Provided by Noncapital Financing Activities	124,512			124,512
Net Increase in Cash and Cash Equivalents	48,560	174,740	99,660	322,960
Cash and Cash Equivalents, July 1	103,311	-0-	-0-	103,311
Cash and Cash Equivalents, June 30	\$ 151,871	\$ 174,740	\$ 99,660	\$ 426,271

SUSSEX COUNTY TECHNICAL SCHOOL
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Funds			Totals
	Food Service	Use of Facilities	Transportation	
Operating Income/(Loss)	\$ (102,407)	\$ 37,715	\$ 284,120	\$ 219,428
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) for Operating Activities:				
Depreciation	7,097		58,015	65,112
Food Distribution Program	12,815			12,815
Changes in Assets and Liabilities:				
(Increase)/Decrease in Other Accounts Receivable	565	(14,781)	(52,020)	(66,236)
(Increase)/Decrease in Intrafund Receivable		151,806	(4,073)	147,733
Increase/(Decrease) in Intrafund Payable	4,073		(151,806)	(147,733)
Increase in Accounts Payable	3,411		54,921	58,332
Increase in Unearned Revenue	792			792
Decrease in Inventory	2,985			2,985
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (70,669)</u>	<u>\$ 174,740</u>	<u>\$ 189,157</u>	<u>\$ 293,228</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Donated Commodities through the Food Distribution Program valued at \$13,607 and utilized Commodities valued at \$12,815. The Transportation Fund paid down \$89,497 of lease purchase payable.

FIDUCIARY FUNDS

Exhibit H-1

SUSSEX COUNTY TECHNICAL SCHOOL
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>		<u>Total Agency</u>	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
	<u>Student Activity</u>	<u>Payroll</u>		<u>Trust</u>	<u>Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 170,176	\$ 40,663	\$ 210,839	\$ 2,519	\$ 84,219
Investments				5,837	
Total Assets	<u>170,176</u>	<u>40,663</u>	<u>210,839</u>	<u>8,356</u>	<u>84,219</u>
<u>LIABILITIES:</u>					
Interfund Payable:					
General Fund	75		75		
Payroll Deductions and Withholdings		40,663	40,663		
Due to Student Groups	<u>170,101</u>		<u>170,101</u>		
Total Liabilities	<u>170,176</u>	<u>40,663</u>	<u>210,839</u>		
<u>NET POSITION:</u>					
Held in Trust for Unemployment Claims					84,219
Restricted for Health Promotion Expenses				<u>8,356</u>	
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,356</u>	<u>\$ 84,219</u>

Exhibit H-2

SUSSEX COUNTY TECHNICAL SCHOOL
FIDUCIARY FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Health Promotion Trust</u>	<u>Unemployment Compensation Trust</u>
ADDITIONS:		
Contributions:		
Plan Members		\$ 8,931
Investment Earnings:		
Interest	\$ 20	169
Net Investment Earnings	20	169
Total Additions	<u>20</u>	<u>9,100</u>
DEDUCTIONS:		
Unemployment Benefit Claims		<u>9,697</u>
Total Deductions		<u>9,697</u>
Change in Net Position	20	(597)
Net Position - Beginning of the Year	<u>8,336</u>	<u>84,816</u>
Net Position - End of the Year	<u>\$ 8,356</u>	<u>\$ 84,219</u>

Exhibit H-3

SUSSEX COUNTY TECHNICAL SCHOOL
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 136,529	\$ 393,323	\$ 359,676	\$ 170,176
Total Assets	<u>\$ 136,529</u>	<u>\$ 393,323</u>	<u>\$ 359,676</u>	<u>\$ 170,176</u>
 <u>LIABILITIES:</u>				
Interfund Payable:				
General Fund		\$ 75		\$ 75
Due to Student Groups	\$ 136,529	393,248	\$ 359,676	170,101
Total Liabilities	<u>\$ 136,529</u>	<u>\$ 393,323</u>	<u>\$ 359,676</u>	<u>\$ 170,176</u>

Exhibit H-4

SUSSEX COUNTY TECHNICAL SCHOOL
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 32,120	\$ 15,869,797	\$ 15,861,254	\$ 40,663
Total Assets	<u>\$ 32,120</u>	<u>\$ 15,869,797</u>	<u>\$ 15,861,254</u>	<u>\$ 40,663</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 32,120	\$ 15,869,797	\$ 15,861,254	\$ 40,663
Total Liabilities	<u>\$ 32,120</u>	<u>\$ 15,869,797</u>	<u>\$ 15,861,254</u>	<u>\$ 40,663</u>

LONG-TERM DEBT

SUSSEX COUNTY TECHNICAL SCHOOL
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Interest Rate	Original Issue	Balance July 1, 2014	Issued	Matured	Balance June 30, 2015
Savin Digital Imaging System	5.90%	\$ 29,098	\$ 5,462		\$ 5,462	
40-Passenger Bus with Wheelchair Lift	3.88%	99,900	20,595		20,595	
Three Type C 54-Passenger School Buses	2.88%	253,500	69,702		34,902	\$ 34,800
2013 Savin Digital Imaging System	2.40%	51,932	41,127		9,920	31,207
Three Type C 54-Passenger School Buses	2.35%	171,925		\$ 171,925	34,000	137,925
1 Savin C4503sp Copier & 5 Savin MP3054 Copiers	3.25%	42,202		42,202	2,605	39,597
			<u>\$ 136,886</u>	<u>\$ 214,127</u>	<u>\$ 107,484</u>	<u>\$ 243,529</u>
						Governmental Activities \$ 70,804
						Business-Type Activities <u>172,725</u>
						<u>\$ 243,529</u>

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 7,765,311	\$ 7,646,547	\$ 7,318,782	\$ 7,662,551	\$ 8,135,523	\$ 8,501,170	\$ 8,723,160	\$ 10,949,201	\$ 11,569,599	\$ 13,090,307
Restricted/(Deficit)	(17,500)	405,056	467,105	962,480	792,365	904,291	2,888,074	225,541	541	541
Unrestricted/(Deficit)	(2,154,519)	(1,754,201)	(1,437,682)	(1,522,644)	(768,516)	(410,203)	(183,223)	1,987,222	(2,946,352)	(4,461,616)
Total Governmental Activities Net Position	\$ 5,593,292	\$ 6,297,402	\$ 6,348,205	\$ 7,102,387	\$ 8,159,372	\$ 8,995,258	\$ 11,428,011	\$ 13,161,964	\$ 8,623,788	\$ 8,629,232
Business-Type Activities:										
Net Investment in Capital Assets	\$ 1,382	\$ 1,152	\$ 21,502	\$ 30,951	\$ 100,408	\$ 119,464	\$ 141,948	\$ 179,897	\$ 268,044	\$ 297,929
Unrestricted/(Deficit)	134,244	155,897	216,986	274,994	97,924	(1,571)	21,806	121,103	201,243	495,348
Total Business-Type Activities Net Position	\$ 135,626	\$ 157,049	\$ 238,488	\$ 305,945	\$ 198,332	\$ 117,893	\$ 163,754	\$ 301,000	\$ 469,287	\$ 793,277
District-Wide:										
Net Investment in Capital Assets	\$ 7,766,693	\$ 7,647,699	\$ 7,340,284	\$ 7,693,502	\$ 8,235,931	\$ 8,620,634	\$ 8,865,108	\$ 11,129,098	\$ 11,837,643	\$ 13,388,236
Restricted/(Deficit)	(17,500)	405,056	467,105	962,480	792,365	904,291	2,888,074	225,541	541	541
Unrestricted/(Deficit)	(2,020,275)	(1,598,304)	(1,220,696)	(1,247,650)	(670,592)	(411,774)	(161,417)	2,108,325	(2,745,109)	(3,966,268)
Total District Net Position	\$ 5,728,918	\$ 6,454,451	\$ 6,586,693	\$ 7,408,332	\$ 8,357,704	\$ 9,113,151	\$ 11,591,765	\$ 13,462,964	\$ 9,093,075	\$ 9,422,509

* Restated

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 3,339,925	\$ 2,985,514	\$ 3,400,265	\$ 3,567,971	\$ 3,352,925	\$ 3,014,188	\$ 3,551,917	\$ 3,465,198	\$ 3,346,773	\$ 3,847,498
Special Education	258,916	242,686	205,202	515,844	515,634	369,177	485,510	526,185	543,303	962,350
Other Special Instruction	147,648	223,261	247,074	145,436	170,273	177,878	75,119	850		
Vocational Education	3,135,878	3,224,780	3,230,634	3,070,617	2,736,234	3,057,019	2,798,254	3,012,477	3,272,174	3,291,732
School-Sponsored/Other Instruction	594,230	661,116	584,005	659,416	677,808	666,075	662,399	714,374	752,062	861,868
Support Services:										
Student and Instruction Related Services	1,906,543	2,075,835	1,811,315	2,140,572	2,009,482	2,032,388	2,076,490	2,302,096	2,432,384	2,653,768
General Administrative Services	455,235	398,084	422,633	372,621	410,736	385,125	350,707	323,626	390,006	443,590
School Administrative Services	470,894	513,836	536,642	557,053	511,940	428,820	426,091	407,811	453,446	564,120
Central Services	521,266	463,044	402,774	517,469	412,099	453,552	498,783	548,860	538,245	536,075
Administrative Information Technology	115,601	141,090	113,641	55,773	101,361	121,765	124,532	129,186	134,939	158,000
Plant Operations and Maintenance	1,716,764	1,867,812	1,715,959	1,682,487	1,712,496	1,750,396	2,330,740	2,431,393	2,358,718	2,245,875
Pupil Transportation	642,003	713,802	260,186	156,698	129,353	141,247	295,552	343,543	478,356	445,847
Special Schools	286,915	331,689	476,119	516,417	435,073	596,556	137,487	116,993	78,006	98,646
Capital Outlay	471,290	65,362	115,191	33,242	32,058	35,841	305,009	1,000,431	136,263	15,071
Unallocated Depreciation	601,292	348,429	351,212	318,180	328,004	307,277	388,737	398,567	415,265	438,445
Total Governmental Activities Expenses	14,664,400	14,256,340	13,872,852	14,309,796	13,535,476	13,537,304	14,507,327	15,721,590	15,329,940	16,562,885
Business-Type Activities:										
Juvenile Detention Center	173,596	167,982	184,743	156,214	173,807	4,682				
Swimming Pool	107,411	123,585	136,443	109,641	112,018	28,245				
Transportation			548,991	703,465	756,640	782,002	803,412	991,447	1,107,714	1,028,886
Use of Facilities			71,866	73,239	83,640	113,829	110,855	110,165	128,455	116,323
Charter School			127,771	132,269	152,154	53,608				
ETTC	60,753	59,909								
Food Service	327,952	349,791	367,563	435,902	366,462	340,245	359,092	382,596	376,639	421,497
Total Business-Type Activities Expense	669,712	701,267	1,437,377	1,610,730	1,644,721	1,322,611	1,273,359	1,484,208	1,612,808	1,566,706
Total District Expenses	15,334,112	14,957,607	15,310,229	15,920,526	15,180,197	14,859,915	15,780,686	17,205,798	16,942,748	18,129,591
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition							1,267,527	1,386,790	1,521,742	1,638,601
Pupil Transportation	456,402	469,505								
Operating Grants and Contributions	3,479,483	3,866,481	3,973,180	2,369,888	2,181,752	1,937,007	2,254,343	2,220,638	2,131,459	3,525,237
Capital Grants and Contributions						255,449	127,670	971,004		502,400
Total Governmental Activities Program Revenues	3,935,885	4,335,986	3,973,180	2,369,888	2,181,752	2,192,456	3,649,540	4,578,432	3,653,201	5,666,238

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

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues: (Cont'd)										
Business-Type Activities:										
Charges for Services:										
Juvenile Detention Center	\$ 169,008	\$ 187,858	\$ 180,000	\$ 170,000	\$ 82,500					
Swimming Pool	112,743	110,206	134,365	110,791	102,570	\$ 5,805				
Transportation			537,220	781,666	755,238	719,144	\$ 823,528	\$ 1,063,218	\$ 1,210,373	\$ 1,313,006
Use of Facilities			87,123	73,797	100,985	127,752	162,705	170,269	138,679	154,038
Charter School			136,097	150,792	151,259	53,608				
ETTC	51,703	57,804								
Food Service	311,578	306,853	274,233	323,428	274,247	254,418	264,321	280,695	307,364	319,090
Operating Grants and Contributions	63,365	59,969	57,465	57,748	67,497	83,172	97,904	107,992	119,178	119,767
Total Business-Type Activities Program Revenues	<u>708,397</u>	<u>722,690</u>	<u>1,406,503</u>	<u>1,668,222</u>	<u>1,534,296</u>	<u>1,243,899</u>	<u>1,348,458</u>	<u>1,622,174</u>	<u>1,775,594</u>	<u>1,905,901</u>
Total District Program Revenues	<u>4,644,282</u>	<u>5,058,676</u>	<u>5,379,683</u>	<u>4,038,110</u>	<u>3,716,048</u>	<u>3,436,355</u>	<u>4,997,998</u>	<u>6,200,606</u>	<u>5,428,795</u>	<u>7,572,139</u>
Net (Expense)/Revenue:										
Governmental Activities	(10,728,515)	(9,920,354)	(9,899,672)	(11,939,908)	(11,353,724)	(11,344,848)	(10,857,787)	(11,143,158)	(11,676,739)	(10,896,647)
Business-Type Activities	38,685	21,423	(30,874)	57,492	(110,425)	(78,712)	75,099	137,966	162,786	339,195
Total District-Wide Net Expense	<u>(10,689,830)</u>	<u>(9,898,931)</u>	<u>(9,930,546)</u>	<u>(11,882,416)</u>	<u>(11,464,149)</u>	<u>(11,423,560)</u>	<u>(10,782,688)</u>	<u>(11,005,192)</u>	<u>(11,513,953)</u>	<u>(10,557,452)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
County Tax Levy	6,582,646	7,047,646	7,047,646	7,561,362	7,561,362	7,826,010	6,561,362	6,692,589	6,826,444	6,962,974
Tuition	25,620	22,287	18,529	41,428	21,356	15,810				
Federal and State Aid not Restricted	2,518,025	2,518,025	2,638,903	3,827,325	4,148,033	3,624,889	3,785,435	3,848,619	3,833,360	3,845,724
NJEDA Project Grant			134,256							
Transfers			(67,664)			(14,258)				
Miscellaneous Income	557,702	598,603	178,805	172,978	179,958	200,683	677,115	149,874	129,846	141,471
Sale of Administration Building	952,423									
Special Item - Transfer of Portion of Proceeds from Sale of Administrative Building to Sussex County to Offset Existing Debt Service on the Original Purchase of the Administrative Building	(296,006)									
County Bond Ordinance Proceeds and Capital Lease Proceeds		437,903		1,090,997	500,000	717,600	2,309,642	1,280,000	1,548,000	130,000
Insurance Recovery Related to Fire Damage							450,604			
Insurance Recovery Related to Other Costs of Super Storm Sandy								522,784		
Insurance Recovery Related to Snow Storm									55,750	
Cancellation of Intergovernmental Accts Receivable						(190,000)	(43,014)	(67,359)		(178,078)
Allowance for Doubtful Accounts									(76,528)	
Total Governmental Activities	<u>10,340,410</u>	<u>10,624,464</u>	<u>9,950,475</u>	<u>12,694,090</u>	<u>12,410,709</u>	<u>12,180,734</u>	<u>13,290,540</u>	<u>12,877,111</u>	<u>12,316,872</u>	<u>10,902,091</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position (Cont'd):										
Business-Type Activities:										
Miscellaneous Income			\$ 44,649				\$ 38	\$ 81	\$ 129	\$ 217
Insurance Recovery Related to Buses								79,657		
Transfers			67,664			\$ 14,258				
Cancellation of Prior Year Accounts Receivable				\$ (948)	\$ (3,661)	(15,985)	(29,276)	(801)	(5,368)	(23,972)
Cancellation of Prior Year Accounts Payable				10,913	6,473					8,550
Disposal of Capital Assets, Net of Accumulated Depreciation									(68,917)	
Total Business-Type Activities			112,313	9,965	2,812	(1,727)	(29,238)	(720)	5,501	(15,205)
Total District-Wide	\$ 10,340,410	\$ 10,624,464	10,062,788	12,704,055	12,413,521	12,179,007	13,261,302	12,876,391	12,322,373	10,886,886
Change in Net Position:										
Governmental Activities	(388,105)	704,110	50,803	754,182	1,056,985	835,886	2,432,753	1,733,953	640,133	5,444
Business-Type Activities	38,685	21,423	81,439	67,457	(107,613)	(80,439)	45,861	137,246	168,287	323,990
Total District	\$ (349,420)	\$ 725,533	\$ 132,242	\$ 821,639	\$ 949,372	\$ 755,447	\$ 2,478,614	\$ 1,871,199	\$ 808,420	\$ 329,434

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

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved/Restricted	\$ 68,777	\$ 90,325	\$ 138,268	\$ 128,238	\$ 213,682	\$ 100,001	\$ 225,001	\$ 225,541	\$ 541	\$ 541
Assigned						297,637	517,822	285,359		
Unreserved/(Deficit)	312,130	278,023	36,905	(172,457)	42,943					
Unassigned								116,380	(133,758)	(64,231)
Total General Fund	\$ 380,907	\$ 368,348	\$ 175,173	\$ (44,219)	\$ 256,625	\$ 397,638	\$ 742,823	\$ 627,280	\$ (133,217)	\$ (63,690)
All Other Governmental Funds:										
Reserved/Restricted	\$ 16,213	\$ 80,343	\$ 130,829	\$ 27,410	\$ 8,597	\$ 804,290	\$ 2,663,073	\$ 2,318,690		
Committed									\$ 3,183,343	\$ 1,681,744
Unreserved/(Deficit), Reported In:										
Special Revenue Fund	(775)	(775)	(775)							
Capital Projects Fund	(101,715)	235,163	198,782	806,832	570,086					
Total All Other Governmental Funds	\$ (86,277)	\$ 314,731	\$ 328,836	\$ 834,242	\$ 578,683	\$ 804,290	\$ 2,663,073	\$ 2,318,690	\$ 3,183,343	\$ 1,681,744
Governmental Funds:										
Reserved/Restricted	\$ 84,990	\$ 170,668	\$ 269,097	\$ 155,648	\$ 222,279	\$ 904,291	\$ 2,888,074	\$ 2,544,231	\$ 541	\$ 541
Committed									3,183,343	1,681,744
Assigned						297,637	517,822	285,359		
Unreserved	209,640	512,411	234,912	634,375	613,029					
Unassigned/(Deficit)								116,380	(133,758)	(64,231)
Total Governmental Funds	\$ 294,630	\$ 683,079	\$ 504,009	\$ 790,023	\$ 835,308	\$ 1,201,928	\$ 3,405,896	\$ 2,945,970	\$ 3,050,126	\$ 1,618,054

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
County Tax Levy	\$ 6,582,646	\$ 7,047,646	\$ 7,047,646	\$ 7,561,362	\$ 7,561,362	\$ 7,826,010	\$ 6,561,362	\$ 6,692,589	\$ 6,826,444	\$ 6,962,974
Tuition from LEA's	10,620	14,247	11,029	31,428	18,856	13,310	1,265,627	1,386,790	1,521,742	1,638,601
Other Tuition	15,000	8,040	7,500	10,000	2,500	2,500	1,900			
Transportation Fees from Other LEA's	456,402	469,505								
Interest Earned on Capital Reserve Funds								540		
Other Restricted Miscellaneous Revenue	488,344	500,509	54,897	112,069	98,164	118,253	84,785	99,771	89,282	87,995
Unrestricted Miscellaneous Revenue	77,861	101,206	123,907	61,170	83,168	83,345	592,330	49,563	41,564	53,476
State Sources	5,478,673	5,955,911	6,190,855	5,359,701	5,131,702	5,267,495	5,463,300	6,568,233	5,521,027	6,144,106
Federal Sources	510,332	425,483	555,484	837,251	1,196,709	548,935	704,148	472,028	442,792	436,962
Total Revenue	13,619,878	14,522,547	13,991,318	13,972,981	14,092,461	13,859,848	14,673,452	15,269,514	14,442,851	15,324,114
Expenditures:										
Instruction:										
Regular Instruction	2,289,051	2,363,803	2,414,759	2,393,859	2,419,298	2,113,452	2,519,796	2,497,008	2,390,737	2,447,444
Special Education Instruction	211,400	204,660	212,184	196,601	240,874	144,386	146,933	151,409	146,020	157,020
Other Special Instruction	147,648	149,074	161,348	145,436	170,273	177,878	75,119	850		
Vocational Education Instruction	2,325,064	2,245,240	2,287,526	2,479,059	2,490,274	2,383,526	2,222,339	2,437,836	2,600,624	2,615,945
School-Sponsored/Other Instruction	454,070	436,177	458,840	509,460	548,040	518,769	512,410	551,444	570,260	597,082
Support Services:										
Student and Instruction Related Services	1,448,081	1,569,017	1,434,453	1,697,894	1,671,028	1,613,906	1,609,213	1,724,110	1,853,544	1,844,085
General Administrative Services	346,019	354,953	371,332	312,174	337,696	342,265	288,104	264,899	317,047	333,213
School Administrative Services	336,535	343,121	383,093	391,267	375,799	317,765	305,489	301,919	327,804	342,069
Central Services	367,264	369,432	324,751	339,622	327,461	342,185	367,761	403,477	384,050	346,145
Administrative Information Technology	84,613	88,375	76,015	57,899	72,871	84,876	88,157	88,230	92,976	96,085
Plant Operations and Maintenance	1,423,522	1,526,633	1,419,324	1,373,494	1,432,266	1,469,974	1,966,107	2,034,839	2,014,905	1,765,565
Pupil Transportation	450,784	573,794	95,816	129,721	105,784	102,704	208,523	254,549	339,396	288,252
Unallocated Benefits	3,190,337	3,675,965	3,655,797	3,475,120	3,044,776	3,083,644	3,276,828	3,385,220	3,453,539	3,677,601
Special Schools	331,927	330,420	474,721	496,712	350,654	496,746	108,859	77,376	36,812	48,748
Capital Outlay	892,453	341,337	332,766	623,856	989,180	804,804	1,040,474	3,742,303	1,390,135	2,191,056
Total Expenditures	14,298,768	14,572,001	14,102,725	14,622,174	14,576,274	13,996,880	14,736,112	17,915,469	15,917,849	16,750,310
Deficit of Revenues Under Expenditures	(678,890)	(49,454)	(111,407)	(649,193)	(483,813)	(137,032)	(62,660)	(2,645,955)	(1,474,998)	(1,426,196)

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses):										
County Bond Ordinance Proceeds		\$ 437,903		\$ 935,207	\$ 500,000	\$ 717,600	\$ 2,309,642	\$ 1,280,000	\$ 1,548,000	\$ 130,000
Insurance Recovery Related to Fire Damage								450,604		
Insurance Recovery Related to Other Costs of Super Storm Sandy								522,784		
Insurance Recovery Related to Snow Storm									55,750	
Allowance for Doubtful Accounts									(76,528)	
Sale of Administration Building	\$ 952,423									
Residual Deficit Transfer from Enterprise Funds			\$ (67,663)			(23,948)				
Special Item - Transfer of Portion of Proceeds from Sale of Administrative Building to Sussex County to Offset Existing Debt Service on the Original Purchase of the Administrative Building	(296,006)									
Capital Leases (Non-Budgeted)	133,976				29,098				51,932	42,202
Cancellation of Intergovernmental Accts Receivable						(190,000)	(43,014)	(67,359)		(178,078)
Total Other Financing Sources (Uses)	<u>790,393</u>	<u>437,903</u>	<u>(67,663)</u>	<u>935,207</u>	<u>529,098</u>	<u>503,652</u>	<u>2,266,628</u>	<u>2,186,029</u>	<u>1,579,154</u>	<u>(5,876)</u>
Net Change in Fund Balances	<u>\$ 111,503</u>	<u>\$ 388,449</u>	<u>\$ (179,070)</u>	<u>\$ 286,014</u>	<u>\$ 45,285</u>	<u>\$ 366,620</u>	<u>\$ 2,203,968</u>	<u>\$ (459,926)</u>	<u>\$ 104,156</u>	<u>\$ (1,432,072)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not Applicable

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	Evening School/ Other Program Fees	Transportation Fees	Interest on Investments	Tuition	Use of Facilities Fees	Miscellaneous	Total
2006	\$ 217,397	\$ 456,402	\$ 43,011		\$ 136,628	\$ 186,286	\$ 1,039,724
2007	208,269	469,505	57,556		160,771	194,294	1,090,395
2008	82,242		34,589			80,502	197,333
2009	71,632		10,949			131,825	214,406
2010	48,004		5,874			147,436	201,314
2011	64,975		4,027			147,491	216,493
2012	65,865		1,661	\$ 1,267,527		609,589	1,944,642
2013	79,564		2,437	1,386,790		67,873	1,536,664
2014	72,892		1,950	1,521,742		55,004	1,651,588
2015	55,456		2,432	1,638,601		83,583	1,780,072

Source: Sussex County Technical School Records.

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities *	Net Valuation Taxable	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2005	\$329,856,482	\$8,748,339,330	\$347,304,245	\$ 30,284,560	\$ 981,004,712	\$133,172,300	\$61,940,500	\$10,631,902,129	\$1,082,352,979	\$ 37,710,586	\$10,669,612,715	N/A	\$ 15,302,213,079
2006	414,359,748	9,937,682,981	474,143,645	28,595,434	1,126,352,247	159,716,600	66,948,300	12,207,798,955	1,196,194,189	37,362,240	12,245,161,195	N/A	17,498,320,138
2007	418,601,914	11,318,102,014	497,170,600	30,229,684	1,199,892,682	157,424,500	63,576,300	13,684,997,694	1,496,537,911	35,395,191	13,720,392,885	N/A	19,828,925,789
2008	429,601,226	12,411,226,199	585,799,800	28,232,791	1,354,639,782	176,684,700	89,346,500	15,075,530,998	1,681,419,711	41,725,885	15,117,256,883	N/A	21,501,944,724
2009	478,591,800	14,170,397,149	622,201,400	29,726,448	1,519,357,862	189,601,400	88,826,800	17,098,702,859	1,799,332,757	43,009,952	17,141,712,811	N/A	20,797,257,348
2010	488,554,580	14,579,690,049	627,217,400	28,989,196	1,634,261,535	225,413,100	98,403,600	17,682,529,460	1,927,044,857	34,228,867	17,716,758,327	N/A	20,842,547,207
2011	464,189,940	14,362,628,590	632,384,300	29,157,336	1,577,641,135	197,931,200	94,613,100	17,358,545,601	1,934,993,757	31,414,462	17,389,960,063	N/A	19,877,491,206
2012	434,117,189	13,954,080,550	621,469,900	29,054,367	1,533,919,235	192,072,000	93,927,500	16,858,640,741	1,942,903,281	31,167,721	16,889,808,462	N/A	18,892,649,964
2013	388,642,510	12,956,786,993	569,350,100	29,987,805	1,527,333,445	180,425,100	104,300,200	15,756,826,153	1,908,996,581	27,844,569	15,784,670,722	N/A	17,771,912,524
2014	359,859,600	12,832,613,799	575,638,300	28,697,212	1,562,871,731	182,853,900	105,834,650	15,648,369,192	1,966,476,133	28,535,189	15,676,904,381	N/A	17,288,892,523

N/A - Not Applicable

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

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

Source: Sussex County Tax Assessor

Exhibit J-8

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

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total County Net Assessed Value
Kenneth D. Martin & Associates, LLC	\$ 53,097,600	1	0.34%
Mountain Creek	41,013,000	2	0.26%
Wantage Avenue Holding Company, Inc.	35,006,600	3	0.22%
Crystal Springs Development	25,759,100	4	0.16%
Metairie Corporation	24,730,000	5	0.16%
United Telephone of NJ Embauq	21,494,845	6	0.14%
Gordon Byram Associates, LLC	18,586,900	7	0.12%
Kere Associates LLC	15,962,300	8	0.10%
Weldon Quarry	15,005,100	9	0.10%
Jersey Investors Growth	13,535,300	10	0.09%
Total	<u>\$ 264,190,745</u>		<u>1.69%</u>

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
INFORMATION IS NOT AVAILABLE			

Exhibit J-9

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 6,582,646	\$ 6,582,646	100.00%	\$ -0-
2007	7,047,646	7,047,646	100.00%	-0-
2008	7,047,646	7,047,646	100.00%	-0-
2009	7,561,362	7,561,362	100.00%	-0-
2010	7,561,362	7,561,362	100.00%	-0-
2011	7,826,010	7,826,010	100.00%	-0-
2012	6,561,362	6,561,362	100.00%	-0-
2013	6,692,589	6,692,589	100.00%	-0-
2014	6,826,444	6,826,444	100.00%	-0-
2015	6,962,974	6,962,974	100.00%	-0-

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

Source: Sussex County Technical School records.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)				
2006	\$ -0-	\$ -0-	\$ 276,486	\$ -0-	\$ -0-	\$ 276,486	0.0040%	\$ 1.83
2007	-0-	-0-	133,421	-0-	-0-	133,421	0.0018%	0.88
2008	-0-	-0-	221,811	-0-	-0-	221,811	0.0029%	1.46
2009	-0-	-0-	149,141	-0-	-0-	149,141	0.0020%	0.99
2010	-0-	-0-	122,637	-0-	-0-	122,637	0.0017%	0.82
2011	-0-	-0-	86,891	-0-	331,840	418,731	0.0056%	2.83
2012	-0-	-0-	50,114	-0-	259,700	309,814	0.0040%	2.11
2013	-0-	-0-	11,661	-0-	192,599	204,260	0.0026%	1.40
2014	-0-	-0-	46,589	-0-	90,297	136,886	0.0018%	0.94
2015	-0-	-0-	70,804	-0-	172,725	243,529	0.0032%	1.68

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

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

Source: School District Financial Reports

Exhibit J-14

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

<u>Year</u>	<u>Population ^a</u>	<u>Sussex County Per Capita Personal Income ^b</u>	<u>Total County Personal Income</u>	<u>Unemployment Rate ^c</u>
2006	151,250	\$ 46,200	\$ 6,987,750,000	4.10%
2007	151,632	48,898	7,414,501,536	3.90%
2008	151,431	49,750	7,533,692,250	5.00%
2009	151,118	48,261	7,293,105,798	8.70%
2010	148,770	49,042	7,295,978,340	9.30%
2011	148,034	50,800	7,520,127,200	9.10%
2012	146,985	52,592	7,730,235,120	9.10%
2013	145,740	52,958	7,718,098,920	7.80%
2014	144,909	52,958 *	7,674,090,822 ***	N/A
2015	144,909 **	52,958 *	7,674,090,822 ***	N/A

* - Latest Sussex County per capita personal income available (2013) was used for calculation purposes.

** - Latest population data available (2014) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Sussex County per capita personal income (2013) was used for calculation purposes

N/A - Information unavailable.

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

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

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

Exhibit J-15

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

Employer	2014		
	Employees	Rank (Optional)	Percentage of Total Employment
Crystal Springs Golf & Spa Resort	2,000	1	2.71%
Newton Memorial Hospital	1,200	2	1.63%
Selective Insurance	900	3	1.22%
County of Sussex	830	4	1.13%
Mountain Creek Resort	800	5	1.08%
Ames Rubber Corp.	445	6	0.60%
Shop Rite Supermarkets (Ronetco)	301	7	0.41%
Andover Subacute & Rehab Center	300	8	0.41%
Sussex County Community College	300	9	0.41%
SCARC, Inc.	287	10	0.39%
	<u>7,363</u>		<u>9.99%</u>
Total Employment	<u>73,737</u>		

Employer	2005		
	Employees	Rank (Optional)	Percentage of Total Employment
Selective Insurance	954	1	2.44%
Andover Subacute & Rehab Center	900	2	2.30%
County of Sussex	800	3	2.04%
Newton Memorial Hospital	800	4	2.04%
Ronetco Supermarkets	757	5	1.93%
Vernon Township Board of Education	629	6	1.61%
F.O. Phoenix, Inc.	600	7	1.53%
Mountain Creek Resort	450	8	1.15%
Hopatcong Board of Education	380	9	0.97%
Wal-Mart	300	10	0.77%
	<u>6,570</u>		<u>16.78%</u>

Source: Sussex County

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction:										
Regular	34.4	33.7	33.0	33.0	33.0	30.0	32.0	33.0	34.0	32.0
Special Education	9.0	9.0	9.0	9.0	9.0	5.0	5.0	5.0	5.0	5.0
Other Special Education	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Vocational	23.5	23.5	23.0	23.0	23.0	24.0	24.0	24.0	24.0	23.0
Other Instruction	6.0	6.0	6.0	6.0	6.0	5.0	3.0	4.5	4.5	9.0
Adult/Continuing Education Programs	1.7	1.7	1.2	1.2	1.2					
Support Services:										
Student & Instruction Related Services	13.5	13.5	14.0	14.0	14.0	12.0	12.0	12.0	12.0	15.0
School Administrative Services	7.5	7.5	6.5	6.5	6.5	5.5	5.5	5.5	5.5	6.5
General Administrative Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
Central Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.0
Administrative Information Technology	1.5	1.5	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Plant Operations and Maintenance	15.8	15.9	15.8	15.5	15.5	15.0	14.5	14.5	15.5	13.5
Pupil Transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	11.2
Total	122.4	121.8	119.0	119.2	119.2	107.5	107.0	109.5	111.5	121.7

Source: District Personnel Records

SUSSEX COUNTY TECHNICAL SCHOOL
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	* Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio High School	* Average Daily Enrollment (ADE) ^c	* Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	626	\$ 13,406,315	\$ 21,416	2.11%	80	1:9	626	582	-0.48%	93.00%
2007	599	14,230,664	23,757	10.93%	80	1:7.5	595	553	-4.95%	92.94%
2008	602	13,769,959	22,893	-3.64%	80	1:7.5	582	560	-2.18%	96.22%
2009	604	13,998,318	23,176	1.24%	80	1:7.5	598	578	2.75%	96.71%
2010	572	13,587,094	23,754	2.49%	80	1:7.5	565	547	-5.52%	96.81%
2011	616	13,192,076	21,433	-9.77%	68	1:9.2	592	554	4.78%	93.58%
2012	659	13,695,638	20,782	-3.04%	65	1:10.1	651	607	9.97%	93.24%
2013	714	14,173,166	19,850	-4.48%	67	1:10.6	709	664	8.91%	93.65%
2014	794	14,527,714	18,297	-7.83%	68	1:11.7	769	741	8.46%	96.36%
2015	763	14,559,254	19,082	4.29%	68	1:12.2	766	712	-0.39%	92.95%

Note: Enrollment based on annual October district count.

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

* Figures represent high school, grades 9-12 enrollment

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

Sources: School District records

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

<u>District Buildings</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Vocational High School (1967)										
Square Feet	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249	225,249
Capacity (students) *	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4	734.4
Enrollment *	626.0	598.5	601.5	603.5	571.5	615.5	659.0	714.0	794.0	763.0
Number of Schools at June 30, 2015										
Vocational High School = 1										

* Represents high school, grades 9-12 enrollment

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

Source: School District Facilities Office

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

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

Facility	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<u>School Facilities:</u>										
Sussex County Technical School	\$ 807,547	\$ 771,490	\$ 910,926	\$ 955,854	\$ 779,683	\$ 684,145	\$ 682,629	\$ 651,533	\$ 593,158	\$ 555,069

* School facilities as defined under EFCFA.

Source: School District records.

SUSSEX COUNTY TECHNICAL SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

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

Source: Sussex County Technical School Insurance Agent

SINGLE AUDIT



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Sussex County Technical School, in the County of Sussex (the "District"), a component unit of the County of Sussex, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2015.

Internal Control Over Financial Reporting

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

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

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

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

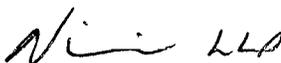
Compliance and Other Matters

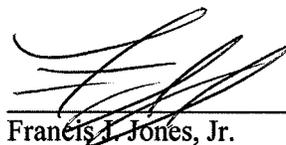
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

December 2, 2015
Mount Arlington, New Jersey


NISIVOC CIA LLP



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



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Sussex County Technical School's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

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

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and 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 federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

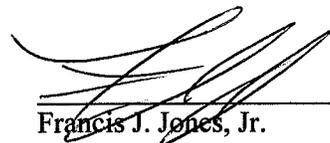
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

December 2, 2015
Mount Arlington, New Jersey


NISIVOCIA LLP


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

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Balance at June 30, 2015		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
<u>U.S. Department of Agriculture:</u>													
Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 13,607			\$ 13,607	\$ (12,446)			\$ 1,161		
Food Distribution Program	10.555	N/A	7/1/13-6/30/14	9,691		\$ 369		(369)					
Total Food Distribution Program						369	13,607	(12,815)			1,161		
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	17,568			16,022	(17,568)		\$ (1,546)			
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	15,102	\$ (1,394)		1,394						
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	86,015			80,656	(86,015)			(5,359)		
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	90,585	(5,722)		5,722						
Total Child Nutrition Cluster					(7,116)		103,794	(103,583)			(6,905)		
Total U.S. Department of Agriculture					(7,116)	369	117,401	(116,398)			(6,905)	1,161	
<u>U.S. Department of Education:</u>													
<u>Special Revenue Fund:</u>													
Passed-through State Department of Education:													
No Child Left Behind:													
Title I	84.010	NCLB511015	7/1/14-6/30/15	58,663			35,123	(38,897)			(3,774)		
Title I	84.010	NCLB511014	7/1/13-6/30/14	61,644			\$ 2,206	2,099					\$ 4,305
Total Title I							2,206	37,222	(38,897)		(3,774)		4,305
Title IIA	84.367	NCLB511015	7/1/14-6/30/15	7,038			7,038	(6,793)					245
Title IIA	84.367	NCLB511014	7/1/13-6/30/14	6,397			294						294
Total Title IIA							294	7,038	(6,793)				539
Carl D. Perkins Secondary	84.048	PERK511015	7/1/14-6/30/15	72,824			70,452	(67,703)					2,749
Carl D. Perkins Secondary	84.048	PERK511014	7/1/13-6/30/14	63,986	(2,479)		24,006						21,527
Carl D. Perkins Post Secondary	84.048	PERK511015	7/1/14-6/30/15	82,282			82,282	(82,156)					126
Carl D. Perkins Post Secondary	84.048	PERK511014	7/1/13-6/30/14	80,897	(70)		1,784						1,714
Total Carl D. Perkins					(2,549)		178,524	(149,859)					26,116
Special Education Cluster:													
I.D.E.A. Part B, Basic	84.027	IDEA511015	7/1/14-6/30/15	\$ 197,845			197,845	(190,936)					6,909
I.D.E.A. Part B, Basic	84.027	IDEA511014	7/1/13-6/30/14	182,218	(51,058)		59,425						8,367
Total Special Education Cluster					(51,058)		257,270	(190,936)					15,276
Total U.S. Department of Education					(53,607)		2,500	480,054	(386,485)		(3,774)		46,236

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Balance at June 30, 2015		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor
<u>U.S. Department of Labor:</u>													
<u>Special Revenue Fund:</u>													
(Passed Through Morris County Private Industry Council):													
Workforce Investment Act Program Cluster:													
WIA - Youth Activities	17.259	N/A	7/1/14-6/30/15	\$ 62,517				\$ 21,722	\$ (52,296)		\$ (30,574)		
WIA - Youth Activities	17.259	N/A	7/1/13-6/30/14	63,728	\$ (4,010)					\$ 201	(3,809)		
Total Workforce Investment Act Program Cluster					(4,010)			21,722	(52,296)	201	(34,383)		
Total Federal Awards					\$ (64,733)	\$ 369	\$ 2,500	\$ 619,177	\$ (555,179)	\$ 201	\$ (45,062)	\$ 1,161	\$ 46,236

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Budgetary Due to Grantor					GAAP Accounts Receivable	GAAP Unearned Revenue		
NJ Department of Education:													
General Fund State Aid:													
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 2,432,422			\$ 2,189,413	\$(2,432,422)					\$ (243,009) \$ 2,432,422	
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	331,506			298,387	(331,506)					(33,119) 331,506	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	54,112			48,706	(54,112)					(5,406) 54,112	
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1,344,682			1,210,343	(1,344,682)					(134,339) 1,344,682	
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	8,060			7,255	(8,060)					(805) 8,060	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	8,060			7,255	(8,060)					(805) 8,060	
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	406,874			387,153	(406,874)			\$ (19,721)		(19,721) 406,874	
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	2,432,422	\$ (243,007)		243,007						2,432,422	
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	331,506	(33,119)		33,119						331,506	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	54,112	(5,406)		5,406						54,112	
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	1,344,682	(134,339)		134,339						1,344,682	
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	416,476	(751)		751						416,476	
Total General Fund State Aid				(416,622)		4,565,134	(4,585,716)			(19,721)		(437,204) 9,164,914	
Enterprise Fund:													
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	3,369			3,159	(3,369)					(210) 3,369	
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	3,172	(200)		200						3,172	
Total Enterprise Fund				(200)		3,359	(3,369)			(210)		(210) 6,541	
Total NJ Department of Education				(416,822)		4,568,493	(4,589,085)			(19,931)		(437,414) 9,171,455	
NJ Department of Human Services:													
Adolescent Pregnancy Prevention Initiative:													
FY15	#SB05037	7/1/14-6/30/15	62,777			62,777	(62,214)			\$ 1,252	\$ 563	62,607	
FY14	#SB05037	7/1/13-6/30/14	62,777		\$ 1,137			\$ 192	\$ (912)			60,873	
					1,137	62,777	(62,214)	192	(912)		1,252	980	123,480
School Based Youth Services:													
FY15	#SB05037	7/1/14-6/30/15	256,601			256,601	(256,515)				5,969	86	255,615
FY14	#SB05037	7/1/13-6/30/14	256,101	(3,850)				10,359				6,509	244,578
FY13	#SB05037	7/1/12-6/30/13	261,401		4,703				(4,703)				256,698
				(3,850)	4,703	256,601	(256,515)	10,359	(4,703)		5,969	6,595	756,891
Total NJ Department of Human Services				(3,850)	5,840	319,378	(318,729)	10,551	(5,615)		7,221	7,575	880,371

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Repayment of Prior Years' Balances	Balance at June 30, 2015			MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Budgetary Due to Grantor					GAAP Accounts Receivable	GAAP Unearned Revenue	Budgetary Due to Grantor		Budgetary Receivable
NJ Department of Labor and Workforce Development:														
Apprenticeship Coordinator	100-062-4545-341-	7/1/14-6/30/15	\$ 13,500			\$ 12,474	\$ (12,968)			\$ (494)			\$ (494)	\$ 12,968
Apprenticeship Coordinator	6140	7/1/13-6/30/14	10,000	\$ (2,733)						(2,733)			(2,733)	9,999
Apprenticeship Coordinator		7/1/09-6/30/10	15,339		\$ 86							\$ 86		14,046
Total Department of Labor and Workforce Development				(2,733)	86	12,474	(12,968)			(3,227)		86	(3,227)	37,013
NJ Department of Agriculture:														
Curriculum for Agricultural Science Education	N/A	4/1/15-6/30/15	7,500			7,500	(7,500)					6,707		7,500
NJ School Development Authority:														
Capital Projects Fund:														
Educational Facilities Construction and Financing Act:														
McNiece Air Quality Improvements	5110-010-09-G0XN	4/26/12-6/30/15	696,000			502,400	(502,400)							502,400
Total NJ School Development Authority						502,400	(502,400)							502,400
Total State Awards				\$ (423,405)	\$ 5,926	\$ 5,410,245	\$ (5,430,682)	\$ 10,551	\$ (5,615)	\$ (23,158)	\$ 13,928	\$ 7,661	\$ (440,641)	\$ 10,598,739

N/A - Not Available

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Sussex County Technical School under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 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 District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$1,612) for the general fund, (\$12,403) for the special revenue fund and \$502,400 for the capital projects fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the TPAF On-Behalf Contributions and the Post Retirement Contributions of \$281,735 and \$447,254, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,313,093	\$ 5,313,093
Special Revenue Fund	\$ 436,962	328,613	765,575
Capital Projects Fund		502,400	502,400
Enterprise Fund	116,398	3,369	119,767
Total Federal and State Awards	<u>\$ 553,360</u>	<u>\$ 6,147,475</u>	<u>\$ 6,700,835</u>

SUSSEX COUNTY TECHNICAL SCHOOL
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. 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 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

During fiscal year 2015, the District has three active grants in the amount of \$1,174,481 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, one of the three projects have been completed. As of June 30, 2015, \$626,881 of the grant funds have been expended and drawn down on a GAAP basis on these three grants. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. . Expenditures reported under the NJSDA grant on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A./State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 2,432,422	\$2,432,422
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	331,506	331,506
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	54,112	54,112
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1,344,682	1,344,682
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	8,060	8,060
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	8,060	8,060
<u>Federal:</u>				
<u>Special Education Cluster:</u>				
IDEA, Part B, Basic	84.027	7/1/14-6/30/15	197,845	190,936

- The District was determined to be a "low-risk" auditee for both federal and state programs under the provisions of section 530 of the federal Circular.
- The threshold used for distinguishing between federal and state Type A and B programs was \$300,000.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 and 15-08 were \$500,000.

SUSSEX COUNTY TECHNICAL SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJOMB 04-04 and 15-08.

SUSSEX COUNTY TECHNICAL SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

There were no prior year findings.