

**SUMMIT PUBLIC SCHOOLS**  
**(A Component Unit of the City of Summit)**

**SUMMIT, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**City of Summit**

**Summit Public Schools**

**Summit, New Jersey**

**For The Fiscal Year Ended June 30, 2011**

**Prepared by**

**Business Office**

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-vii
Organizational Chart	viii
Roster of Officials	ix
Consultants and Advisors	x

**FINANCIAL SECTION**

Independent Auditors' Report	1-2
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	3-15
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1	Statement of Net Assets	16
A-2	Statement of Activities	17

**B. Fund Financial Statements**

*Governmental Funds*

B-1	Balance Sheet	18
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	19
B-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances With the District-Wide Statements	20

*Proprietary Funds*

B-4	Statement of Net Assets	21
B-5	Statement of Revenues, Expenses, and Changes in Net Assets	22
B-6	Statement of Cash Flows	23

*Fiduciary Funds*

B-7	Statement of Fiduciary Net Assets	24
B-8	Statement of Changes in Fiduciary Net Assets	25

<b>Notes to the Basic Financial Statements</b>	26-47
--	-------

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

Page

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	General Fund - Budgetary Comparison Schedule	48-55
C-2	Special Revenue Fund - Budgetary Comparison Schedule	56
C-3	Required Supplementary Information - Budgetary Comparison Schedule – Notes to the Required Supplementary Information	57

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules (Not applicable)**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures and Changes in Fund Balances – Budgetary Basis	58-61
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis – N/A	62

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	63
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	64
F-2A-	FP	
	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	65-77

**G. Proprietary Funds**

*Enterprise Fund*

G-1	Combining Statement of Net Assets – N/A	78
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – N/A	78
G-3	Combining Statement of Cash Flows – N/A	78

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

	<u>Page</u>
<b>G. Proprietary Funds</b>	
<i>Internal Service Fund</i>	
G-1 Combining Statement of Net Assets – N/A	79
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – N/A	79
G-3 Combining Statement of Cash Flows – N/A	79
<b>H. Fiduciary Funds</b>	
H-1 Combining Statement of Agency Fund Net Assets	80
H-2 Combining Statement of Changes in Net Assets – N/A	80
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	81
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	81
<b>I. Long-Term Debt</b>	
I-1 Schedule of Serial Bonds – N/A	82
I-2 Schedule of Obligations under Capital Leases	83
I-3 Debt Service Fund – Budgetary Comparison Schedule – Budget and Actual – N/A	83
<b>J. STATISTICAL SECTION (Unaudited)</b>	
<b>Financial Trends</b>	
J-1 Net Assets by Component	84
J-2 Changes in Net Assets	85-86
J-3 Fund Balances – Governmental Funds	87
J-4 Changes in Fund Balances – Governmental Funds	88-89
J-5 General Fund Other Local Revenue by Source	90
<b>Revenue Capacity</b>	
J-6 Assessed Value and Actual Value of Taxable Property	91
J-7 Direct and Overlapping Property Tax Rates	92
J-8 Principal Property Taxpayers	93
J-9 Property Tax Levies and Collections	94
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	95
J-11 Ratios of Net General Bonded Debt Outstanding	96
J-12 Computation of Direct and Overlapping Outstanding Bonded Debt	97
J-13 Legal Debt Margin Information	98
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	99
J-15 Principal Employers	100
<b>Operating Information</b>	
J-16 Full Time Equivalent District Employees by Function/Program	101
J-17 Operating Statistics	102
J-18 School Building Information	103
J-19 Schedule of Required Maintenance for School Facilities	104
J-20 Insurance Schedule	105

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**K.**

**SINGLE AUDIT SECTION**

K-1	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	106-107
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular Letter 04-04	108-109
K-3	Schedule of Expenditures of Federal Awards	110
K-4	Schedule of Expenditures of State Financial Assistance	111-112
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	113-114
K-6	Schedule of Findings and Questioned Costs	115-118
K-7	Summary Schedule of Prior-Year Audit Findings	119

## **INTRODUCTORY SECTION**



**Board of Education**

14 Beekman Terrace  
Summit, New Jersey 07901-1702  
Tel: (908) 273-3025

**Summit  
Public  
Schools**

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**Louis J. Pepe, RSBA**, School Business Administrator/Board Secretary

November 03, 2011

Honorable President and  
Members of the Board of Education  
City of Summit Public Schools  
County of Union  
Summit, NJ 07901

RE: ***Comprehensive Annual Financial Report - 2011***

Dear Board Members:

The comprehensive annual financial report of the City of Summit Board of Education for the fiscal year ended June 30, 2011 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 (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 financial position and results of operations of the various funds 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 basic financial statements and schedules, as well as the auditor's report thereon including the Management Discussion and Analysis. 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 United States Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Summit Board of Education's MD&A can be found immediately following the report of the independent auditors.

**(1) REPORTING ENTITY AND ITS SERVICES:** The City of Summit School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The City of Summit Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-kindergarten through grade 12. These include regular, as well as special education for impaired and disabled students. The District completed the 2010-2011 fiscal year with an enrollment of 3,982 students, representing continuous ADE growth with 52 students more than the previous year's enrollment.

In addition to the increased student enrollment experienced throughout the District, Special Education needs continue to place an additional burden on the District's financial budget with 45 Out of District Placements continuing the growth trend associated with the increase in Special Education Costs. Of particular note is the increase in tuition associated with these placements with one such tuition exceeding \$100,000 in the 2010-11 school year.

The following details the changes in the student enrollment of the District over the last ten years.

<b>Fiscal Year</b>	<b>Average Daily Enrollment</b>	<b>Present Change</b>
2010/11	3,953.0	1.32%
2009/10	3,900.9	2.20%
2008/09	3,815.0	0.55%
2007/08	3,794.0	1.17%
2006/07	3,730.3	1.54%
2005/06	3,673.4	1.49%
2004/05	3,619.6	3.76%
2003/04	3,488.5	4.17%
2002/03	3,349.0	1.27%
2001/02	3,307.1	4.13%

**(2) ECONOMIC CONDITION AND OUTLOOK:** Summit, a Union County treasure has over 21,000 residents comprised of an international group speaking 39 languages with a broad economic and ethnic cross-section, largely mirroring the makeup of the nation as a whole. This tree-dense suburban community is nestled in the hills of the Watchung Reservation with six square miles of broken hills at a 450-foot elevation. The City of Summit sits above Springfield, to the east of Millburn, and just northwest, Chatham joins Summit to pinch the broad valley of the Passaic River.

The landscape has had a definite influence in the development of Summit. Summit Housing is available to all levels of income including subsidized housing for senior citizens, and low- and middle-income families. Summit is a family-oriented residential community with light industry. Many Summit settlers and current residents have attributed significantly to the world's business, industrial and government affairs. More importantly, their relentless dedication for volunteerism has made the Summit community a leader in civic mindedness.

## (2) ECONOMIC CONDITION AND OUTLOOK: (Continued)

The governing body has sought out experts on economics, communications, education, government administration, physical and mental health, recreation, social planning, transportation and safety, all adding to the great growth of Summit, then and now.

### **Major Transportation Hub**

Rail and bus links to Newark and Manhattan, Routes 24 and 78 and the Garden State Parkway and Newark-Liberty International Airport, commuters find this thriving community a perfect place to settle. The Summit Train Station has the Mid-Town Direct train -a less than 30 minute ride - from Summit to Penn Station. The City of Summit has numerous parking garages and lots supplying ample parking for resident commuters and downtown employees.

### **Summit grows with the times - State-of-the Art Downtown**

In 1925, way a head of its time, Summit was the first city to bury utility wires underground. More recently, in 2000, the city's downtown business district underwent a complete utility infrastructure and beautification project. Upgrade of underground utility wiring, widening of sidewalks for pedestrian traffic, improved street and sidewalk lighting, festive space for markets and special events with street-lined trees and seasonal plantings. Summit recognizes the importance of the downtown business district to the overall quality of life in the community. The project cost over 4 million dollars with more than 50% funding acquired from state, county grants and zero-interest loans.

Summit's Downtown Business District is a tapestry of retail and commercial businesses with an abundance of specialty and gift shops, clothing stores, home furnishings, restaurants, bakeries, fine wine outlets, movie theatre and ample free parking all within short walking distances.

### **Education is a priority for Summit**

Each year, the graduating class of Summit High School, Summit, New Jersey, is profiled extensively, summarizing postsecondary plans, performance on national tests, college placements, employment plans and demographic information on the members of the class.

For the Class of 2011, several points are noteworthy:

- ✚ Students continue to achieve at historically high levels on Advanced Placement exams, with more students than ever before taking the exams and scoring at or above the 3 level.
- ✚ College placements continued to be diverse with students accessing admission to many highly selective institutions. One hundred ninety-three students attended one hundred twenty-one different four year colleges.
- ✚ The percent of students pursuing further education (97.7%) approached historical highs.
- ✚ The performance on SAT testing remained significantly above state and national levels, but with a major shift from SAT to use of the ACT as a college admissions "test of choice." Over the past five years, the number of students utilizing the ACT has increased 300%.
- ✚ The stability of the student body over 13 years of schooling remains extremely high: 56% of the graduates began their Summit education in Kindergarten.

## **(2) ECONOMIC CONDITION AND OUTLOOK: (Continued)**

Summit's public education system now includes two new state of the art Primary Center Facilities, Jefferson a \$7.9 million capital project, and Wilson an \$8.1 million capital project, both of which were opened to the community in the 2008-09 school year to accommodate increased enrollment growth. The District secured state funding for these two projects in the amount of \$3.98 million through the State of New Jersey in accordance with Section 5 of the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72.

In addition, the district contains five elementary schools (Brayton, Franklin, Jefferson, Lincoln Hubbard and Washington) grades 1 – 5. Lawton C. Johnson Summit Middle School, which also received major alterations in the 2007-08 school year yielding six new classrooms, a new art room and the relocation of the vice principal's office for increased supervision throughout the building. This \$798,287 capital project was offset by \$319,315 of state funding through a successful application of the Board of Education.

The Summit High School rounds out the complement of nine schools providing a top-rated education and state-of-the-art school facilities for Summit's children. In 2003, the newly renovated Summit High School was dedicated after a \$22.4 million capital expansion project. The project comprised of a new wing, library/media center, gymnasium, and the addition of academic courses, cultural arts, athletic and social club programs; all providing an enriched educational experience for all current and future Summit students.

**(3) MAJOR INITIATIVES:** High student achievement and a quality educational program remain the hallmarks of The Summit Public Schools. Educational, facilities, and funding decisions support these goals, and the Board of Education, the administrators, the teachers, and the staff demonstrate unwavering commitment to excellence in the District. Recently the district embarked on a number of facilities projects to address major infrastructure needs through the State Regular Operating Districts (RODS) Grants securing over \$8.8 million dollars in State Grants.

**(4) INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure 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 assistance through No Child Left Behind (NCLB) and Individuals with Disabilities Act (IDEA) grants, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

**(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, the special revenues fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

Budget Analysis Reports are reviewed to determine any anticipated deficits to any line item accounts. Transfers are approved at monthly meetings to ensure that these accounts are not over-expended.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2011.

**(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 and account groups. These funds are explained in "Notes to the Basic Financial Statements".

**(7) DEBT ADMINISTRATION:** Summit is a Type I school district. All school debt is reflected in the city's budget.

**(8) CASH MANAGEMENT:** Bank balances are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories.

The Summit Board of Education invests all surplus funds for appropriate periods of time as determined by the School Business Administrator.

The Summit Board of Education maintains an on line computerized accounting system to record all financial transactions. During the fiscal year, financial reports are prepared monthly and are distributed to the Board of Education Members. The reports detail the monthly transactions and detail the appropriation balances.

**(9) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, automobile liability and comprehensive/collision, property and theft insurance on all buildings and contents, and fidelity bonds.

In an effort to confirm competitive pricing and to insure that the Board's coverage's were the most comprehensive available, quotations were obtained from New Jersey School Boards Insurance Group for the following lines of coverage:

- Commercial Property
- Commercial General Liability
- Educators Legal Liability
- Commercial Auto
- Commercial Umbrella Excess
- Student Accident

After a thorough review it was determined that our current pricing was very competitive and the coverage's provided by Diploma Joint Insurance Fund and Bollinger were superior to the alternative. In addition the Diploma Joint Insurance Fund program allows the Board to benefit from the pooling concept that allows for reduced risk in the Board's overall protection.

In addition new lines of coverage were added effective July 1, 2008 to provide additional protection:

- 1) Public Official Bond covering Mr. Louis J. Pepe, RSBA - \$150,000
- 2) Supplemental Workers Compensation Coverage to assist the Board in offsetting additional payroll expenses associated with injured employees covered by Public Law 18A.
- 3) Excess Catastrophe Liability \$50,000,000

**(10) OTHER INFORMATION:**

A) Independent Audit - State statues require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting in this capacity. In addition to meeting the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB, the auditor's reports related specifically to the single audit are included in the single audit section of this report.

**(11) ACKNOWLEDGMENTS:**

We express our appreciation to the Members of the Summit Board of Education who successfully balance funding realities of public education and the need to provide Summit's students with a world-class educational program of studies. Our appreciation is also extended to the administrative team who, also, are integral to the development and implementation of both the budget and the District's educational plan.

Together these groups of dedicated professionals contribute their full support to the development and maintenance of our financial operation.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Louis J. Pepe".

Louis J. Pepe, RSBA  
Business Administrator/  
Board Secretary





**BOARD OF EDUCATION  
CITY OF SUMMIT  
PUBLIC SCHOOL DISTRICT**

**ROSTER OF OFFICIALS  
JUNE 30, 2011**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Michelle Stevenson, President	2013
Mr. George Lucac, Vice President	2012
Ms. Celia Colbert	2014
Ms. Katherine Kalin	2012
Mr. Ed Mokuvos	2014
Mr. Tom O'Rourke	2012
Ms. Gloria Ron-Fornes	2012

**OTHER OFFICIALS**

Dr. Nathan Parker, Superintendent of Schools

Ms. Julie Glazer, Assistant Superintendent

Mr. Louis J. Pepe, RSBA School Business Administrator/Board Secretary

Mr. Scott Olsen, Treasurer of School Monies

Vito A. Gagliardi, Jr., Esq.



# **BOARD OF EDUCATION SUMMIT PUBLIC SCHOOL DISTRICT**

## **ROSTER OF CONSULTANTS AND ADVISORS JUNE 30, 2011**

### **Attorney**

**PORZIO, BROMBERG & NEWMAN**  
100 Southgate Parkway  
Morristown, New Jersey 07962

### **Auditor**

**LERCH, VINCI & HIGGINS, LLP**  
17-17 Route 208  
Fair Lawn, NJ 07410

### **Official Depository**

**INVESTOR'S SAVINGS BANK**  
393 Springfield Ave.  
Summit, NJ 07902

**FINANCIAL SECTION**

# LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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DONNA L. JAPHET, CPA, PSA  
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DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITORS' REPORT

Honorable President and Members  
of the Board of Trustees  
City of Summit Public Schools  
Summit, New Jersey

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 Summit Public Schools, a component unit of the City of Summit, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. 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 the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Summit Public Schools' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

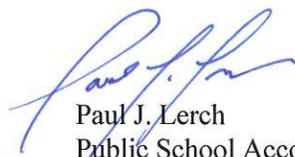
In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2011 on our consideration of the Summit Public Schools' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Summit Public Schools' basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section 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 awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have 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 them.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 3, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## THE CITY OF SUMMIT PUBLIC SCHOOLS

### Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011

This discussion and analysis of the Summit School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2011. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

#### Financial Highlights

Key financial highlights for 2011 are as follows:

- District-Wide - General revenues for governmental activities accounted for \$59,950,829 or 81 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$14,453,423 or 19 percent of total revenues of \$74,404,252.
- District-Wide - The governmental activities had \$66,109,645 in expenses; only \$14,453,423 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$59,950,829 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$64,833,338 in revenues and \$63,764,257 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$4,577,322 an increase of \$1,069,081 - from 2010. This is a result of the District's sound fiscal management.
- Fund Financials - At the end of June 30, 2011, the District's unassigned fund balance for the General Fund was \$998,106 an increase from 2010 of \$187,987.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Summit Public Schools' overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Summit Public Schools, reporting the Summit Public Schools' operation in more detail than the district-wide statements.
  - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
  - Proprietary fund statements offer short and long-term financial information about the activities the Summit Public Schools operates like a business.
  - 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 to whom the resources belong.

Figure A-1 summarizes the major features of the Summit Public Schools' financial statements, including the portion of the Summit Public Schools' activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2011**

**Figure A-1** Major Features of the District-Wide and Fund Financial Statements

	<b>District-Wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance and food service	Activities the district operates similar to private businesses
<b>Required financial statements</b>	Statements of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Fund Net Assets Statement of Cash Flows
<b>Accounting Basis and Measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	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, and short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid.

**District-wide Statements**

**District-wide.** The *District-wide financial statements* are designed to provide readers with a broad overview of the Summit Public Schools' finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Summit Public Schools' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

# THE CITY OF SUMMIT PUBLIC SCHOOLS

## Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011

### District-wide Statements (Continued)

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund and Summer Flash Program.

### 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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

### The District has three kinds of funds:

**Governmental Funds.** The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to 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, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund and Special Revenue Fund. A budgetary comparison statement has been provided for the General Fund and Special Revenue Fund.

**Proprietary Funds.** The District maintains two types of Proprietary Funds, an Enterprise Fund, which is used to report the activity of the Food Service Fund and the Summer Flash Program. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

**Fiduciary Funds.** Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund, Scholarship Trust and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2011**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SUMMIT PUBLIC SCHOOLS AS A WHOLE**

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-1 provides a summary of the school district's net assets for fiscal years 2011 and 2010.

**Net assets.** The District's combined net assets for 2011 and 2010 were \$59,807,173 and \$51,448,710, respectively. (See Table A-1).

A significant portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1  
Statement of Net Assets  
As of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and Other Assets	\$ 21,981,191	\$ 23,587,734	\$ 677,742	\$ 628,824	\$ 22,658,933	\$ 24,216,558
Capital Assets	<u>54,449,486</u>	<u>47,967,426</u>	<u>166,159</u>	<u>137,150</u>	<u>54,615,645</u>	<u>48,104,576</u>
<b>Total Assets</b>	<u>76,430,677</u>	<u>71,555,160</u>	<u>843,901</u>	<u>765,974</u>	<u>77,274,578</u>	<u>72,321,134</u>
Current Liabilities	16,050,782	18,918,794	202,210	188,139	16,252,992	19,106,933
Non-Current Liabilities	<u>1,214,413</u>	<u>1,765,491</u>	<u>-</u>	<u>-</u>	<u>1,214,413</u>	<u>1,765,491</u>
<b>Total Liabilities</b>	<u>17,265,195</u>	<u>20,684,285</u>	<u>202,210</u>	<u>188,139</u>	<u>17,467,405</u>	<u>20,872,424</u>
Net Assets:						
Invested in capital assets, net of related debt	54,449,486	47,595,041	166,159	137,150	54,615,645	47,732,191
Restricted	2,220,078	1,177,690			2,220,078	1,177,690
Unrestricted	<u>2,495,918</u>	<u>2,098,144</u>	<u>475,532</u>	<u>440,685</u>	<u>2,971,450</u>	<u>2,538,829</u>
<b>Total Net Assets</b>	<u>\$ 59,165,482</u>	<u>\$ 50,870,875</u>	<u>\$ 641,691</u>	<u>\$ 577,835</u>	<u>\$ 59,807,173</u>	<u>\$ 51,448,710</u>

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2011**

**Governmental activities.** Governmental activities increased the District's net assets by \$8,294,607. Key elements of this increase are as follows:

**Table A-2  
Changes in Net Assets  
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services			\$ 1,369,969	\$ 1,273,466	\$ 1,369,969	\$ 1,273,466
Operating Grants and Contributions	\$ 7,196,304	\$ 9,502,734	318,253	288,896	7,514,557	9,791,630
Capital Grants and Contributions	7,257,119	6,947,061			7,257,119	6,947,061
General Revenues						
Property Taxes	59,646,434	56,808,725			59,646,434	56,808,725
Other General Revenues	379,644	380,261			379,644	380,261
Loss on Disposal of Assets	(75,249)	-	-	-	(75,249)	-
<b>Total Revenues</b>	<u>74,404,252</u>	<u>73,638,781</u>	<u>1,688,222</u>	<u>1,562,362</u>	<u>76,092,474</u>	<u>75,201,143</u>
<b>Expenses</b>						
Instruction						
Regular	30,453,508	30,266,224			30,453,508	30,266,224
Special Education	9,942,089	9,655,370			9,942,089	9,655,370
Other Instruction	2,011,592	1,862,999			2,011,592	1,862,999
School Sponsored Activities and Athletics	1,569,698	1,508,797			1,569,698	1,508,797
Support Services						
Student and Instruction Related Serv.	5,604,698	5,287,762			5,604,698	5,287,762
Health Services	1,020,282	974,556			1,020,282	974,556
Educational Media/School Library	1,507,626	1,393,968			1,507,626	1,393,968
School Administrative Services	4,187,205	3,911,979			4,187,205	3,911,979
General Administrative Services	1,431,802	1,375,967			1,431,802	1,375,967
Plant Operations and Maintenance	6,049,846	6,217,401			6,049,846	6,217,401
Pupil Transportation	808,430	971,030			808,430	971,030
Central Services	1,502,470	1,402,625			1,502,470	1,402,625
Interest on Long-Term Debt	20,399	64,027			20,399	64,027
Food Services			1,453,855	1,304,953	1,453,855	1,304,953
Summer Flash Program	-	-	170,511	186,868	170,511	186,868
<b>Total Expenses</b>	<u>66,109,645</u>	<u>64,892,705</u>	<u>1,624,366</u>	<u>1,491,821</u>	<u>67,734,011</u>	<u>66,384,526</u>
Increase (Decrease) in Net Assets	<u>8,294,607</u>	<u>8,746,076</u>	<u>63,856</u>	<u>70,541</u>	<u>8,358,463</u>	<u>8,816,617</u>
Net Assets, Beginning of Year	50,870,875	45,398,999	577,835	507,294	51,448,710	45,906,293
Prior Year Adjustment	-	(3,274,200)	-	-	-	(3,274,200)
Net Assets - Beginning as Adjusted	<u>50,870,875</u>	<u>42,124,799</u>	<u>577,835</u>	<u>507,294</u>	<u>51,448,710</u>	<u>42,632,093</u>
Net Assets - End of Year	<u>\$ 59,165,482</u>	<u>\$ 50,870,875</u>	<u>\$ 641,691</u>	<u>\$ 577,835</u>	<u>\$ 59,807,173</u>	<u>\$ 51,448,710</u>

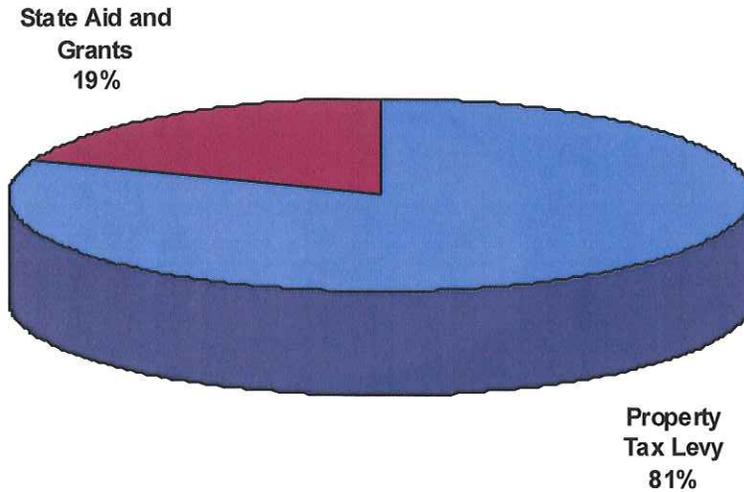
Table A-2 shows the changes in net assets for fiscal years ended June 30, 2011 and 2010.

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2011**

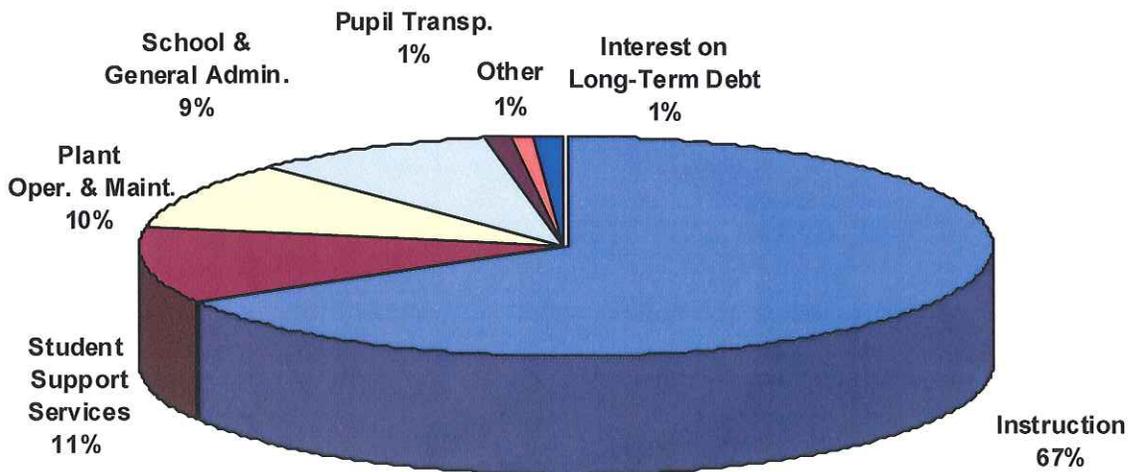
**Governmental activities.** The District's total governmental revenues were \$74,404,252. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$59,950,829 or 81% of total revenues. Funding from state and federal sources amounted to \$14,453,423 or 19%.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2011



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$43,976,887 (67%) student support services totaled \$22,112,359 (33%) and interest on long-term debt total \$20,399.

Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2011



**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2011**

Table A-5 shows the net cost of governmental activities for fiscal years ended June 30, 2011 and 2010.

**Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 30,453,508	\$ 30,266,224	\$ 20,289,613	\$ 20,108,846
Special Education	9,942,089	9,655,370	8,023,595	6,001,694
Other Instruction	2,011,592	1,862,999	1,761,716	1,608,158
School Sponsored Activities and Athletics	1,569,698	1,508,797	1,456,161	1,395,576
Support Services				
Tuition				
Student and Instruction Related Svcs.	5,604,698	5,287,762	4,228,086	4,013,772
Health Services	1,020,282	974,556	944,625	894,945
Educational Media/School Library	1,507,626	1,393,968	1,401,374	1,288,542
General Administrative Services	1,431,802	1,375,967	1,362,728	1,305,069
School Administrative Services	4,187,205	3,911,979	3,842,539	3,555,379
Plant Operations and Maintenance	6,049,846	6,217,401	6,023,915	5,953,440
Pupil Transportation	808,430	971,030	799,001	850,837
Central Services	1,502,470	1,402,625	1,502,470	1,402,625
Interest on Long-Term Debt	20,399	64,027	20,399	64,027
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Governmental Activities	\$ 66,109,645	\$ 64,892,705	\$ 51,656,222	\$ 48,442,910

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$1,624,366. These costs were funded by operating grants, charges for services (Detailed on Table A-2). The operations resulted in an increase in net assets of \$63,856.

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2011**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$5,930,409. In 2009-2010 the fund balance was \$4,668,940, an increase of \$1,261,469.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund and capital projects fund) presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$74,473,060 and expenditures were \$73,211,591.

**General Fund**

The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2011 and 2010.

**Revenues**

	<u>Years Ended</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2011</u>	<u>2010</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Change</u>
Local Sources	\$ 60,026,078	\$ 57,188,986	\$ 2,837,092	4.96%
State Sources	4,758,541	7,164,889	(2,406,348)	-33.59%
Federal Sources	48,719	61,342	(12,623)	-20.58%
 Total Revenues	<u>\$ 64,833,338</u>	<u>\$ 64,415,217</u>	<u>\$ 418,121</u>	0.65%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2011 and 2010.

**Expenditures**

	<u>Years Ended</u>		<u>Amount of</u>	<u>Percent</u>
	<u>2011</u>	<u>2010</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Change</u>
Current				
Instruction	\$ 41,836,701	\$ 41,323,474	\$ 513,227	1.24%
Undistributed Expenditures	20,718,507	20,273,449	445,058	2.20%
Capital Outlay	816,265	802,298	13,967	1.74%
Debt Service				
Principal	372,385	1,430,833	(1,058,448)	-73.97%
Interest	20,399	64,027	(43,628)	-68.14%
 Total Expenditures	<u>\$ 63,764,257</u>	<u>\$ 63,894,081</u>	<u>\$ (129,824)</u>	-0.20%

# THE CITY OF SUMMIT PUBLIC SCHOOLS

## Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011

### General Fund

#### Budgetary Highlights

The District's budget is prepared according to New Jersey law governing Type I schools and is based on generally accepted accounting principles on the basis of receipts, disbursements and encumbrances. The primary fund is the General Fund.

The Summit School District, like many surrounding districts in the Tri-County area continues to provide a comprehensive educational program amidst the continuous budgetary constraints from the State of New Jersey with regard to State Aid. The FY 2011 was marked by the elimination of State aid for "high wealth"<sup>1</sup> district's such as Summit. This resulted in a loss of revenue of (\$2,587,433). This action had a significant impact on development of the 2010-11 school budget requiring budgetary cuts and further reductions in order to meet the 4% CAP on budgetary tax levy. Absent State Aid, the bulk of revenue funding resides with the local property taxpayers against the backdrop of increased State and Federal mandates such as Special Education programs and services, Facility requirements and Long Range Planning, and now new Safety and Security requirements. Furthermore, the additional requirements for training and implementation of the Anti-Bullying Legislation will add an additional financial impact post budget.

In this climate along with limited funding and diminishing revenues, the district finds itself relying more and more on the taxpayers, civic groups, school partnerships and local area foundations in order to fund the tax levy established each year. As such, the Board of Education and Administration continues to explore cost saving initiatives designed to offset rising fixed costs associated with the general fund such as salaries, health insurance, tuition, transportation, energy costs, etc. Major initiatives in the 2010-11 year included:

- Renewed membership through various consortiums and shared services designed to promote cost savings in areas such as energy, transportation, and special education services. These activities include: ACES "Alliance for Competitive Energy Savings," the district continued as a member and once again entered into public bids for gas and electric, participating in joint transportation agreements and shared services with the MUJ "Morris Union Jointure" Commission – 29 Morris and Union County districts, and continued participation in the Union Educational Services Commission. *Additional investigation of opportunities provided membership in the Middlesex Educational Services Commission for custodial supplies bids along with capital equipment purchases that included a special educational handicapped bus on their bid for approximately \$50,000.00; and purchasing activities related to commercial carpet and flooring at bid prices below state contract.*
- Exploration and increased shared services with the City of Summit receiving support for maintenance of athletic fields and *new initiatives such as aeration/seeding/topdressing application* at all school properties. New maintenance programs for sidewalks, paving and tree removal. Continued dialogue designed to provide reciprocal services to the City of Summit through the school district's maintenance specialists such as electrician, black seals and other disciplines as needed. This continuing exploration has led to potential savings for the City through purchasing and pricing discounts. Another such operational area savings through shared services has been the disposal of vehicles through the City's online auction program. *March 2011 marked the expansion of a new shared service program related to the district's vehicle maintenance fleet program by outsourcing all maintenance of vehicles through the City DPW garage complex in exchange for custodial services provided at Tatlock field house and Memorial Park.* This initiative provided the opportunity to redeploy the mechanic to various maintenance related tasks and courier services throughout the district without the need to replace a vacated position.

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<sup>1</sup> The DOE uses DFG data to analyze the relationship between student achievement and the socioeconomic status of the communities in which they reside.

## THE CITY OF SUMMIT PUBLIC SCHOOLS

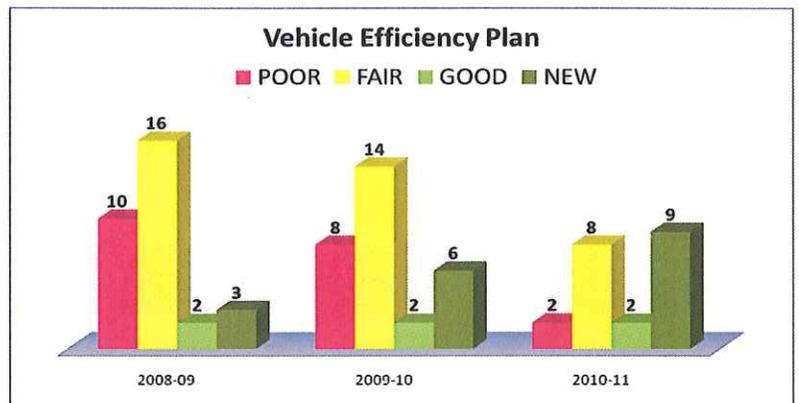
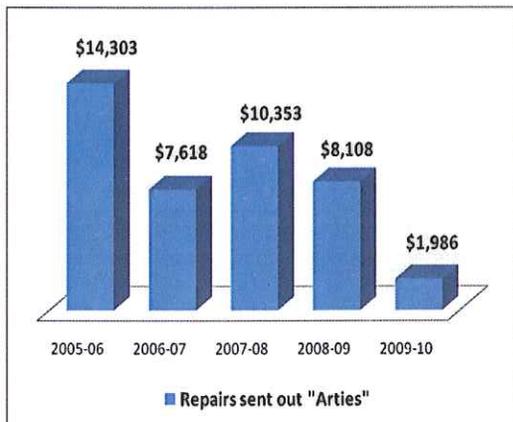
### Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011

3 Year Reduction - \$890,097		
2011-11	2011-12	2012-2013
357,718.00	286,488.00	118,301.00

- Paid off the remaining lease net saving \$31,158 in interest over three years while reducing short term debt by \$890,097.

- Continued our goal of using technology to improve student achievement by providing students with current state of the art computer technology equipment and peripherals acquired through state contracted bid pricing via direct purchase in contrast to prior years lease purchase strategy. *This not only avoids interest payments; however, given the improved cash flow position, this strategy reduces future debt loads on subsequent years budgets.* The commitment to our students continued with the direct purchase in the amount of \$473,406.

- Vehicle Fleet Maintenance and Acquisition - Ongoing review of transport needs and application specific work has been central to our operational plan of improving both quality and reliability of our utility work vehicles in the area of custodial maintenance. Working within the budgetary constraints of competing interests and reduced CAPs, we have made a commitment to ensure against unnecessary vehicle maintenance and unplanned replacement. *By addressing aging inefficient vehicles over a planned purchase program we have moved the fleet both by efficiency through a reduction of ten vehicles<sup>2</sup> over three years and acquisition of nine vehicles during the same three year period.*



As a direct result of the program we have seen a marked reduction in the area of repairs with 2009-10 reporting less than \$2,000 expended compared to over \$40,000 in the prior four years.

#### Lower-price Alternative with Better Gas Mileage

By standardizing the fleet through tight bid specifications designed to identify and select vehicles that met district needs for cost-effectiveness yet also provided the versatility to tackle the jobs associated with building and grounds we are able to save on State Contracting as well as parts and repairs. Likewise, the knowledge and familiarity of staff from vehicle to vehicle provides easy transition and training. *Bottom line... "The replacements came with a lower price tag and better fuel economy, without compromising driver tasks or safety."*

- Completion and introduction of a State of the Art Media Literacy Studio at the Summit High School through the vision, partnership and diligent efforts of the Media Literacy Steering and Action Committees along with a \$200,000 donation from the Summit Education Foundation and \$300,000 of Capital Reserve.
- 2009-10 marked a major achievement in the area of Food Service Management with the RFP process the introducing Pomptonian Food Service to the district replacing Chartwells. This move was further underscored by an impressive performance turned in for FY 201; resulting in a State award in nutrition through the *Eat Right, Move More campaign - a joint effort between the Jets, the New Jersey Department of Agriculture and the American Dairy Association*; and a \$132,197.00 profit through increased sales and participation.

<sup>2</sup> Vehicles taken out of service based on review of need and disposed of through public auction; however, not replaced.

## THE CITY OF SUMMIT PUBLIC SCHOOLS

### Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011

#### Budgetary Highlights (Continued)

The 2010-2011 fiscal year ended with respect to the minimum premium policy between Summit Board of Education and CIGNA HealthCare as of June 30<sup>th</sup>, 2010 as follows:

1. The existence of and amount of the June 30, 2011 balance in the bank accounts in the district's name held in our behalf by the carrier was \$7,239.17.
2. The District's liability for claims that were filed but unpaid as of June 30<sup>th</sup>, 2011 was \$106,428. IBNR (Incurred but not reported) amounted to \$334,022.
3. The District's liability for termination as of June 30<sup>th</sup>, 2011 is \$1,667,774.

The Board of Education re-appointed Brown & Brown (**B&B<sup>SM</sup>**), as Broker of Record at its May 16, 2011 Regular Meeting. *As a direct result of their detailed analysis and market plan option review, the District's renewal of 11.5% was in line with our experience and well below the current trend of 12% - 15%.*

Special Education remains a significant expense as enrollments continue to rise. Many mandated services and requirements such as OT/PT (Occupation and Physical Therapy), speech, resource room, evaluations, one-on-one aides and other related services continue to be in demand. The current year's budget expense resulted in appropriations of over **\$9.08 million** as follows:

➤ Special Education Instruction	= 5,125,607
➤ <b>Tuition (Out of District Special Ed.)</b>	= <b>1,986,487</b>
➤ Child Study Team Services	= 1,376,111
➤ Related Services	= 594,034

*One significant change over prior year was the dramatic reduction in out of district Special Ed. Tuition in the amount of \$375,858.00 or 15.9% due to bringing student back in district with the formation of special needs programs.*

The District continues to explore capital improvement plans that would afford the necessary space to bring out of district special education students back in district to meet their needs in district at a significant cost savings in the area of tuition and transportation.

**Capital Assets** - The Summit Public Schools' investment in capital assets for its governmental and business type activities as of June 30, 2011 and June 30, 2010 amounts to \$54,615,645 and \$48,104,576, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, machinery, equipment and vehicles.

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2011**

Table A-6

**Capital Assets at June 30, 2011 and 2010  
(Net of Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 1,758,661	\$ 1,758,661			\$ 1,758,661	\$ 1,758,661
Construction In Progress	11,518,051	4,594,806			11,518,051	4,594,806
Land Improvements	5,020,731	4,957,029			5,020,731	4,957,029
Buildings and Building Improvements	48,177,730	47,926,855			48,177,730	47,926,855
Machinery and Equipment	<u>4,323,063</u>	<u>3,850,426</u>	<u>\$ 504,856</u>	<u>\$ 446,079</u>	<u>4,827,919</u>	<u>4,296,505</u>
Total	70,798,236	63,087,777	504,856	446,079	71,303,092	63,533,856
Less: Accumulated Depreciation	<u>16,348,750</u>	<u>15,120,351</u>	<u>338,697</u>	<u>308,929</u>	<u>16,687,447</u>	<u>15,429,280</u>
Total	<u>\$ 54,449,486</u>	<u>\$ 47,967,426</u>	<u>\$ 166,159</u>	<u>\$ 137,150</u>	<u>\$ 54,615,645</u>	<u>\$ 48,104,576</u>

Additional information on Summit Public Schools' capital assets can be found in the notes of this report.

**Debt Administration.** The City of Summit Public Schools is a Type I District pursuant to N.J.S.A. 18A:22-1. Bonds and notes to fund capital projects are approved by the Board of School Estimate. Such capital expenditures are general obligations of the City of Summit and are reported on the balance sheet of the City of Summit's General Capital Fund.

As of June 30, 2011 and 2010, had outstanding long-term liabilities of \$1,214,413 and \$1,765,491, respectively, as stated in Table A-7.

**Table A-7  
Long-Term Debt  
Outstanding Long-Term Liabilities  
as of June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Capital Leases		\$ 372,385
Compensated Absences Payable	<u>\$ 1,214,413</u>	<u>1,393,106</u>
Total	<u>\$ 1,214,413</u>	<u>\$ 1,765,491</u>

Additional information on Summit Public Schools' long-term debt can be found in the notes of this report.

## THE CITY OF SUMMIT PUBLIC SCHOOLS

### Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2011

#### **For the Future**

The District remains in excellent financial condition. Everyone associated with the City of Summit Public School District is grateful for the continued community support of the schools. A major concern remains continued involvement in State control and direction regarding educational adequacy and funding.

The district will continue to face budgetary obstacles in the ensuing years resulting from the passage of S-1701 regarding permissible surplus. S-1701 required all districts to reduce surplus to the greater of 2% or \$100,000 in 2005-06. The law maintained a reduced surplus of 2% in the 2006-07 fiscal year. In planning budgets, school districts take into the account the possibility of unanticipated costs – ranging from utility increases to the mid-year relocation into the community of those special education students who receive high-cost private school services. For many school districts, these unanticipated costs could outstrip the surplus permitted under S-1701. Since school districts cannot operate at a deficit, the only choice available to meet federal and state requirements and fixed costs (such as special education and heat/utilities) would be to cut other areas, such as regular education programming or maintenance.

The law's surplus restriction runs contrary to sound financial principles, which have served as the basis for previous, long-standing state Department of Education policy. This restriction also undermines needed flexibility for long-term district planning. Until enactment of S-1701, statute permitted non-Abbott school districts to establish surplus accounts that ranged between 3% and 6%. Further, the New Jersey State Department of Education's previous policy and, more recently, administrative code required school districts to obtain state permission to budget surplus below the 3% minimum.

Inadequate reserves place school districts in a precarious financial position as they could find themselves ill prepared to deal with unanticipated expenditures that may lead to budgetary crisis. Furthermore; drawing down district surplus's through forced utilization of budgeted fund balance generates automatic revenue shortfalls in subsequent budgets, and drives the need to offset such shortfalls through increased tax levy.

Given these conditions, the Summit School District remains committed to financial excellence for many years. Its system for financial planning, budgeted, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

#### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the Summit Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Mr. Louis J. Pepe, MBA, RSBA  
School Business Administrator/Board Secretary

At the:

City of Summit Board of Education,  
Administrative Offices  
14 Beekman Terrace  
Summit, New Jersey 07901

**BASIC FINANCIAL STATEMENTS**

**SUMMIT PUBLIC SCHOOLS  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 3,708,980	\$ 659,137	\$ 4,368,117
Receivables, net			
Receivables from Other Governments	18,062,640	669	18,063,309
Other	209,571		209,571
Inventory		17,936	17,936
Capital Assets, net:			
Being Depreciated	41,172,774	166,159	41,338,933
Not Being Depreciated	<u>13,276,712</u>	<u>-</u>	<u>13,276,712</u>
Total Assets	<u>76,430,677</u>	<u>843,901</u>	<u>77,274,578</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	7,496,706	18,434	7,515,140
Payable to State Government	5,721		5,721
Payable to Federal Government	4,268		4,268
Unearned Revenue	8,544,087	183,776	8,727,863
Noncurrent Liabilities			
Due Beyond One Year	<u>1,214,413</u>	<u>-</u>	<u>1,214,413</u>
Total Liabilities	<u>17,265,195</u>	<u>202,210</u>	<u>17,467,405</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	54,449,486	166,159	54,615,645
Restricted for:			
Capital Projects	2,220,078		2,220,078
Unrestricted	<u>2,495,918</u>	<u>475,532</u>	<u>2,971,450</u>
Total Net Assets	<u>\$ 59,165,482</u>	<u>\$ 641,691</u>	<u>\$ 59,807,173</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**SUMMIT PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 30,453,508		\$ 3,021,593	\$ 7,142,302	\$ (20,289,613)	\$	\$ (20,289,613)
Special Education	9,942,089		1,803,677	114,817	(8,023,595)		(8,023,595)
Other Instruction	2,011,592		249,876		(1,761,716)		(1,761,716)
School Sponsored Activities and Athletics	1,569,698		113,537		(1,456,161)		(1,456,161)
Support Services:							
Student & Instruction Related Services	5,604,698		1,376,612		(4,228,086)		(4,228,086)
Health Services	1,020,282		75,657		(944,625)		(944,625)
Educational Media/School Library	1,507,626		106,252		(1,401,374)		(1,401,374)
School Administrative Services	4,187,205		344,666		(3,842,539)		(3,842,539)
General Administrative Services	1,431,802		69,074		(1,362,728)		(1,362,728)
Plant Operations and Maintenance	6,049,846		25,931		(6,023,915)		(6,023,915)
Pupil Transportation	808,430		9,429		(799,001)		(799,001)
Central Services	1,502,470				(1,502,470)		(1,502,470)
Interest on Long Term Debt	20,399				(20,399)		(20,399)
Total Governmental Activities	66,109,645		7,196,304	7,257,119	(51,656,222)		(51,656,222)
Business-Type Activities:							
Food Service	1,453,855	\$ 1,207,769	318,253			\$ 72,167	72,167
Summer Flash Program	170,511	162,200				(8,311)	(8,311)
Total Business-Type Activities	1,624,366	1,369,969	318,253			63,856	63,856
Total Primary Government	\$ 67,734,011	\$ 1,369,969	\$ 7,514,557	\$ 7,257,119	(51,656,222)	63,856	(51,592,366)
General Revenues:							
Property Taxes, levied for general purposes, net					59,646,434		59,646,434
Miscellaneous Income					379,644		379,644
Loss on Disposal of Capital Assets					(75,249)		(75,249)
Total General Revenues and Other Items					59,950,829		59,950,829
Change in Net Assets					8,294,607	63,856	8,358,463
Net Assets—Beginning of Year					50,870,875	577,835	51,448,710
Net Assets—End of Year					\$ 59,165,482	\$ 641,691	\$ 59,807,173

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**SUMMIT PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,708,980			\$ 3,708,980
Receivables, Net				
Receivables from Other Governments	236,773	\$ 966,274	\$ 16,859,593	18,062,640
Other		209,571		209,571
Due from Other Funds	<u>2,587,817</u>	<u>-</u>	<u>-</u>	<u>2,587,817</u>
 Total Assets	 <u>\$ 6,533,570</u>	 <u>\$ 1,175,845</u>	 <u>\$ 16,859,593</u>	 <u>\$ 24,569,008</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Other Liabilities	\$ 278,182	\$ 86,830	\$ 5,463,920	\$ 5,828,932
Accrued Liability for Insurance Claims	1,667,774			1,667,774
Payable to State Government		5,721		5,721
Payable to Federal Government		4,268		4,268
Due to Other Funds		615,901	1,971,916	2,587,817
Deferred Revenue	<u>10,292</u>	<u>463,125</u>	<u>8,070,670</u>	<u>8,544,087</u>
 Total Liabilities	 <u>1,956,248</u>	 <u>1,175,845</u>	 <u>15,506,506</u>	 <u>18,638,599</u>
Fund Balances:				
Restricted:				
Reserved Excess Surplus, Designated for Subsequent Year's Expenditures	654,608			654,608
Reserved Excess Surplus	867,976			867,976
Capital Reserve	866,991			866,991
Emergency Reserve	200,000			200,000
Capital Projects			1,353,087	1,353,087
Assigned:				
Designated for Subsequent Year's Expenditures	500,000			500,000
Year End Encumbrances	489,641			489,641
Unassigned:				
General Fund	<u>998,106</u>	<u>-</u>	<u>-</u>	<u>998,106</u>
 Total Fund Balances (Deficit)	 <u>4,577,322</u>	 <u>-</u>	 <u>1,353,087</u>	 <u>5,930,409</u>
 Total Liabilities and Fund Balances	 <u>\$ 6,533,570</u>	 <u>\$ 1,175,845</u>	 <u>\$ 16,859,593</u>	

**Amounts reported for governmental activities in the statement of net assets (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 \$70,798,236 and the accumulated depreciation is \$16,348,750.

\$ 54,449,486

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Compensated Absences (1,214,413)

**Net assets of governmental activities (Exhibit A-1)**

\$ 59,165,482

The accompanying Notes to the Basic Financial Statements are an integral part of this statement

**SUMMIT PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Local Tax Levy	\$ 59,646,434			\$ 59,646,434
Miscellaneous	379,644	\$ 564,009	\$ 5,274,590	6,218,243
Total - Local Sources	<u>60,026,078</u>	<u>564,009</u>	<u>5,274,590</u>	<u>65,864,677</u>
State Sources	4,758,541	219,168	1,861,272	6,838,981
Federal Sources	48,719	1,720,683	-	1,769,402
Total Revenues	<u>64,833,338</u>	<u>2,503,860</u>	<u>7,135,862</u>	<u>74,473,060</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	29,396,182	554,144		29,950,326
Special Education Instruction	9,022,676	749,615		9,772,291
Other Instruction	1,879,521	87,084		1,966,605
School Sponsored Activities and Athletics	1,538,322			1,538,322
Support Services				
Student & Instruction Related Services	4,501,924	998,200		5,500,124
Health Services	999,374			999,374
Educational Media/School Library	1,478,263			1,478,263
School Administrative Services	4,091,957			4,091,957
General Administrative Services	1,412,713			1,412,713
Plant Operations and Maintenance	5,957,139			5,957,139
Pupil Transportation	807,521			807,521
Central Services	1,469,616			1,469,616
Debt Service				
Principal	372,385			372,385
Interest	20,399			20,399
Capital Outlay	<u>816,265</u>	<u>114,817</u>	<u>6,943,474</u>	<u>7,874,556</u>
Total Expenditures	<u>63,764,257</u>	<u>2,503,860</u>	<u>6,943,474</u>	<u>73,211,591</u>
Net Change in Fund Balances	1,069,081	-	192,388	1,261,469
Fund Balance , Beginning of Year	<u>3,508,241</u>	<u>-</u>	<u>1,160,699</u>	<u>4,668,940</u>
Fund Balance, End of Year	<u>\$ 4,577,322</u>	<u>\$ -</u>	<u>\$ 1,353,087</u>	<u>\$ 5,930,409</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**SUMMIT PUBLIC SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Total net change in fund balances - governmental funds (Exhibit B-2)</b>	\$	1,261,469
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation.</p>		
Capital Outlay	\$ 7,874,556	
Loss of Disposal of Capital Assets	(75,249)	
Depreciation Expense	<u>(1,323,688)</u>	
		6,475,619
<p>Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources</p>		
		6,441
<p>In the statement of activities, certain operating expenses - compensated absences and claims and judgments for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):</p>		
Compensated Absences		178,693
<p>The issuance of long-term debt (leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets.</p>		
Reduction of Long-Term Debt		<u>372,385</u>
<b>Change in net assets of governmental activities (Exhibit A-2)</b>	<b>\$</b>	<b><u>8,294,607</u></b>

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>	<b>Business-Type Activities Enterprise Fund Summer Flash <u>Program</u></b>	<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 345,946	\$ 313,191	\$ 659,137
Intergovernmental Receivable			
State	669		669
Inventories	<u>17,936</u>	<u>-</u>	<u>17,936</u>
Total Current Assets	<u>364,551</u>	<u>313,191</u>	<u>677,742</u>
Noncurrent Assets			
Equipment	504,856	-	504,856
Less: Accumulated Depreciation	<u>(338,697)</u>	<u>-</u>	<u>(338,697)</u>
Total Noncurrent Assets	<u>166,159</u>	<u>-</u>	<u>166,159</u>
Total Assets	<u>530,710</u>	<u>313,191</u>	<u>843,901</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	18,434		18,434
Unearned Revenue	<u>1,111</u>	<u>182,665</u>	<u>183,776</u>
Total Current Liabilities	<u>19,545</u>	<u>182,665</u>	<u>202,210</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	166,159		166,159
Unrestricted	<u>345,006</u>	<u>130,526</u>	<u>475,532</u>
Total Net Assets	<u>\$ 511,165</u>	<u>\$ 130,526</u>	<u>\$ 641,691</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>	<b>Business-Type Activities Enterprise Fund Summer Flash <u>Program</u></b>	<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales	\$ 1,179,464		\$ 1,179,464
Special Functions	28,305		28,305
Program Fees	<u>-</u>	\$ 162,200	<u>162,200</u>
Total Operating Revenues	<u>1,207,769</u>	<u>162,200</u>	<u>1,369,969</u>
<b>OPERATING EXPENSES</b>			
Salaries and Employee Benefits	540,117	160,323	700,440
Cost of Sales	628,286		628,286
Depreciation	29,768		29,768
Other Purchased Services	121,092		121,092
Supplies and Materials	<u>134,592</u>	<u>10,188</u>	<u>144,780</u>
Total Operating Expenses	<u>1,453,855</u>	<u>170,511</u>	<u>1,624,366</u>
Operating Loss	<u>(246,086)</u>	<u>(8,311)</u>	<u>(254,397)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	12,914		12,914
Federal Sources			
School Breakfast Program	14,187		14,187
National School Lunch Program	<u>291,152</u>	<u>-</u>	<u>291,152</u>
Total Nonoperating Revenues	<u>318,253</u>	<u>-</u>	<u>318,253</u>
Net Income (Loss)	<u>72,167</u>	<u>(8,311)</u>	<u>63,856</u>
Change in Net Assets	72,167	(8,311)	63,856
Total Net Assets - Beginning of Year	<u>438,998</u>	<u>138,837</u>	<u>577,835</u>
Total Net Assets - End of Year	<u>\$ 511,165</u>	<u>\$ 130,526</u>	<u>\$ 641,691</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>	<b>Business-Type Activities Enterprise Fund Summer Flash <u>Program</u></b>	<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 1,207,769	\$ 192,300	\$ 1,400,069
Cash Payments for Employees' Salaries and Benefits	(540,117)	(160,323)	(700,440)
Cash Payments to Suppliers for Goods and Services	<u>(846,683)</u>	<u>(10,188)</u>	<u>(856,871)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(179,031)</u>	<u>21,789</u>	<u>(157,242)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimburseme	<u>287,117</u>	<u>-</u>	<u>287,117</u>
Net Cash Provided by Noncapital Financing Activities	<u>287,117</u>	<u>-</u>	<u>287,117</u>
<b>Cash Flows from Capital Financing Activities</b>			
Acquisition of Fixed Assets	<u>(58,777)</u>	<u>-</u>	<u>(58,777)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(58,777)</u>	<u>-</u>	<u>(58,777)</u>
Net Increase in Cash and Cash Equivalents	49,309	21,789	71,098
Cash and Cash Equivalents, Beginning of Year	<u>296,637</u>	<u>291,402</u>	<u>588,039</u>
Cash and Cash Equivalents, End of Year	<u>\$ 345,946</u>	<u>\$ 313,191</u>	<u>\$ 659,137</u>
<b>Reconciliation of Operating Loss to Net Cash Provided/ (Used) by Operating Activities</b>			
Operating Loss	<u>\$ (246,086)</u>	<u>\$ (8,311)</u>	<u>\$ (254,397)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	29,768		29,768
Food Distribution Program - Non-Cash Assistance	50,359		50,359
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable	6,365		6,365
Increase/(Decrease) in Accounts Payable	(16,832)		(16,832)
Increase/(Decrease) in Deferred Revenue	803	30,100	30,903
(Increase)/Decrease in Inventory	<u>(3,408)</u>	<u>-</u>	<u>(3,408)</u>
Total Adjustments	<u>67,055</u>	<u>30,100</u>	<u>97,155</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (179,031)</u>	<u>\$ 21,789</u>	<u>\$ (157,242)</u>
<b>Non-Cash Investing, Capital and Financial Activities</b>			
Value Received - Food Distribution Program	\$ 51,162	\$ -	\$ 51,162

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**SUMMIT PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Unemployment Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 107,492	\$ 86,007	\$ 629,344
Account Receivable	<u>-</u>	<u>40,000</u>	<u>-</u>
 Total Assets	 <u>107,492</u>	 <u>126,007</u>	 <u>\$ 629,344</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 5,097
Intergovernmental Accounts Payable	25,614		
Summer Net Pay			304,747
Due to Student Groups	<u>-</u>	<u>-</u>	<u>319,500</u>
 Total Liabilities	 <u>25,614</u>	 <u>-</u>	 <u>\$ 629,344</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 81,878</u>	<u>\$ 126,007</u>	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**SUMMIT PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Unemployment Trust Fund</u>	<u>Scholarship Trust Fund</u>
<b>ADDITIONS</b>		
Contributions		
Donations		\$ 100,000
Employer	\$ 150,312	
Employee	79,730	
Investment Earnings		
Interest	<u>564</u>	<u>203</u>
Total Additions	<u>230,606</u>	<u>100,203</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	170,854	
Payments to Current	564	
Scholarship Payments	<u>-</u>	<u>1,000</u>
Total Deductions	<u>171,418</u>	<u>1,000</u>
Change in Net Assets	59,188	99,203
Net Assets, Beginning of Year	<u>22,690</u>	<u>26,804</u>
Net Assets, End of Year	<u>\$ 81,878</u>	<u>\$ 126,007</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Summit Public Schools (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven elected officials 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Summit Public Schools this includes general operations, food service, summer flash program and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is considered a component unit of the City of Summit.

The accompanying basic financial statements present the activities of the School District. As a Type I School District, the City is responsible for the issuance of general obligation debt for the purpose of providing funds for the District's major capital expenditures. The City is also responsible for the payment of interest and principal on such debt and provides for these payments through appropriations in its annual budget.

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *summer flash program fund* accounts for the activities of the District's summer program which provides cultural and athletic programs for the students.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and of the summer flash program enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity**

**1. *Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

**2. *Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Tuition Revenues* - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

*Tuition Expenditures* - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-50
Heavy Equipment	10-20
Office Equipment and Furniture	5-15
Computer Equipment	5

**5. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**6. *Long-term obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Reserved Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

8. *Reclassifications*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original budget by \$2,359,736. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

**B. Capital Reserve**

A capital reserve account was established by the District on October 12, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, 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-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$ 16,991
Increased by:	
Deposits Approved by Board Resolution	<u>850,000</u>
Balance, June 30, 2011	<u>\$ 866,991</u>

**C. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve General Fund fund balance in excess of 2% of budget expenditures 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 excess fund balance at June 30, 2011 is \$1,522,584. Of this amount, \$654,608 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$867,976 will be appropriated in the 2011/2012 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Deposits**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$5,190,960 and bank balances of the Board's cash and deposits amounted to \$7,026,147. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 7,026,147</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2011, none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no outstanding investments:

**B. Receivables**

Receivables as of June 30, 2011 for the district's individual major funds and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Scholarship</u>	<u>Total</u>
Receivables:						
Accounts						
Intergovernmental	\$ 236,773	\$ 966,274	\$ 16,859,593	\$ 669		\$ 18,063,309
Other	-	209,571	-	-	\$ 40,000	249,571
	<u>236,773</u>	<u>1,175,845</u>	<u>16,859,593</u>	<u>669</u>	<u>40,000</u>	<u>18,312,880</u>
Gross Receivables	236,773	1,175,845	16,859,593	669	40,000	18,312,880
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 236,773</u>	<u>\$ 1,175,845</u>	<u>\$ 16,859,593</u>	<u>\$ 669</u>	<u>\$ 40,000</u>	<u>\$ 18,312,880</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables (Continued)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Tuition Charges Receivable	\$ 10,292
Special Revenue Fund	
Unencumbered grant draw downs	463,125
Capital Projects Fund	
Unrealized Revenue on Type 1 Projects	<u>8,070,670</u>
Total deferred revenue for governmental funds	<u>\$8,544,087</u>

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2011</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,758,661			\$ 1,758,661
Construction In Progress	4,594,806	\$ 6,923,245	-	11,518,051
Total capital assets, not being depreciated	<u>6,353,467</u>	<u>6,923,245</u>	<u>-</u>	<u>13,276,712</u>
Capital assets, being depreciated:				
Land Improvements	4,957,029	63,702		5,020,731
Buildings and Building Improvements	47,926,855	250,875		48,177,730
Machinery and Equipment	3,850,426	643,175	\$ (170,538)	4,323,063
Total capital assets being depreciated	<u>56,734,310</u>	<u>957,752</u>	<u>(170,538)</u>	<u>57,521,524</u>
Less accumulated depreciation for:				
Land Improvements	(1,670,578)	(218,811)		(1,889,389)
Buildings and Building Improvements	(11,577,054)	(796,260)		(12,373,314)
Machinery and Equipment	(1,872,719)	(308,617)	95,289	(2,086,047)
Total accumulated depreciation	<u>(15,120,351)</u>	<u>(1,323,688)</u>	<u>95,289</u>	<u>(16,348,750)</u>
Total capital assets, being depreciated, net	<u>41,613,959</u>	<u>(365,936)</u>	<u>(75,249)</u>	<u>41,172,774</u>
Government activities capital assets, net	<u>\$ 47,967,426</u>	<u>\$ 6,557,309</u>	<u>\$ (75,249)</u>	<u>\$ 54,449,486</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

	<u>Balance, July 1, 2010</u>	<u>Increases</u>	<u>Balance, June 30, 2011</u>
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Machinery and Equipment	\$ 446,079	\$ 58,777	\$ 504,856
Total capital assets being depreciated	<u>446,079</u>	<u>58,777</u>	<u>504,856</u>
Less accumulated depreciation for:			
Machinery and Equipment	<u>(308,929)</u>	<u>(29,768)</u>	<u>(338,697)</u>
Total accumulated depreciation	<u>(308,929)</u>	<u>(29,768)</u>	<u>(338,697)</u>
Total capital assets, being depreciated, net	<u>137,150</u>	<u>29,009</u>	<u>166,159</u>
Business-type activities capital assets, net	<u>\$ 137,150</u>	<u>\$ 29,009</u>	<u>\$ 166,159</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental activities:</b>	
Instruction	
Regular	\$ 681,875
Special	169,798
Other	44,987
School Sponsored/Other Instructional	<u>31,376</u>
Total Instruction	<u>928,036</u>
Support Services	
Student and Instruction Related Services	104,574
Health Services	20,908
Educational Media School Library	29,363
General Administration	19,089
School Administration	95,248
Operation and Plant Maintenance	92,707
Pupil Transportation	909
Central and Other Support Services	<u>32,854</u>
Total Support Services	<u>395,652</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,323,688</u>
<b>Business-type activities:</b>	
Food Service Fund	<u>\$ 29,768</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 29,768</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

**Construction commitments**

The District has the following active construction projects as of June 30, 2011:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
School Improvements	\$ 9,898,260	\$ 4,245,703
Windows/Doors	2,152,866	965,008
Painting/Window Replace/Mechanical/ Generator/HS Auditorium	<u>650,009</u>	<u>4,116,589</u>
Total	<u>\$ 12,701,135</u>	<u>\$ 9,327,300</u>

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2011, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,971,916
General Fund	Special Revenue Fund	<u>615,901</u>
Total		<u>\$ 2,587,817</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**E. Leases**

**Capital Leases**

The District was leasing technology totaling \$473,406 under capital leases. The leases were for terms of 5 years. As of June 30, 2011, the District has paid off their leases.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt**

**General Obligation Bonds – Type I School Debt**

The District is a Type I School District and as required by law, the City of Summit (“City”) authorizes and issues all general obligation debt of the District. Type I school debt service is included in the City’s budget and the outstanding bonds are reported on the City’s financial statements.

School bonds payable on the City of Summit’s financial statements at December 31, 2010 are comprised of the following issues:

\$4,700,000, School Improvement Bonds, 1998, due in annual installments of \$350,000 to \$375,000 through December 1, 2013, interest at various	\$1,340,000
\$13,155,000, School Refunding Bonds, 2001, due in annual installments of \$45,000 to \$1,370,000 through June 1, 2020, interest at various	11,710,000
\$5,465,000, School Improvement Bonds, 2003, due in annual installments of \$200,000 to \$290,000 through May 1, 2023, interest at 3.75%	4,040,000
\$12,500,000, School Improvement Bonds, 2006, due in annual installments of \$625,000 through November 1, 2026, interest at 4.00%	<u>10,000,000</u>
	<u>\$27,090,000</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

The City's schedule of principal and interest for long-term debt issued and outstanding on behalf of the District is as follows:

Calendar Year	School Bonds		Total
	Principal	Interest	
2011	\$ 2,395,000	\$ 1,151,639	\$ 3,546,639
2012	2,265,000	1,047,420	3,312,420
2013	2,320,000	941,183	3,261,183
2014	2,035,000	839,820	2,874,820
2015	2,095,000	744,095	2,839,095
2016	2,155,000	645,220	2,800,220
2017	2,210,000	547,421	2,757,421
2018	2,270,000	450,729	2,720,729
2019	2,335,000	350,469	2,685,469
2020	2,320,000	248,539	2,568,539
2021	950,000	179,156	1,129,156
2022	950,000	141,969	1,091,969
2023	915,000	105,438	1,020,438
2024	625,000	75,000	700,000
2025	625,000	50,000	675,000
2026	625,000	25,000	650,000
	<u>\$ 27,090,000</u>	<u>\$ 7,543,098</u>	<u>\$ 34,633,098</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 295,536,940
Less: Net Debt	<u>34,767,117</u>
Remaining Borrowing Power	<u>\$ 260,769,823</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	Additions	Reductions	Balance, June 30, 2011	Due Within One Year
<b>Governmental activities:</b>					
Capital Leases	\$ 372,385		\$ 372,385		
Compensated absences	1,393,106	-	178,693	\$ 1,214,413	-
Governmental activity Long-term liabilities	<u>\$ 1,765,491</u>	<u>\$ -</u>	<u>\$ 551,078</u>	<u>\$ 1,214,413</u>	<u>\$ -</u>

For the governmental activities, compensated absences and capital leases are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District has established a minimum premium health benefits plan for its employees. Pursuant to the State Department of Education transactions related to the plan are accounted for in the general fund. Under the plan the District pays the insurance carrier based upon actual claims plus an administration fee. As of June 30, 2011 all claims payable have been accrued as a liability. Additionally, an accrued liability for insurance claims in the amount of \$1,667,774 has been recorded as a liability in the general fund as of June 30, 2011. This estimate was based upon claim information provided by the District's insurance carrier and would be utilized for runout claims if the plan was discontinued.

The District is a member of the Diploma Joint Insurance Fund. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

Diploma Joint Insurance Fund provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 150,312	\$ 79,730	\$ 170,854	\$ 81,878
2010		92,640	151,157	22,690
2009		72,310	111,499	81,207

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2009	\$ 539,672	\$ 94,348
2010	543,419	101,052
2011	745,826	92,087

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$92,087, \$101,052 and \$94,348 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,284,254 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$1,955,932, \$1,897,889 and \$1,799,931, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISONS**

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 59,646,434		\$ 59,646,434	\$ 59,646,434	
Miscellaneous	259,368	-	259,368	379,644	\$ 120,276
<b>Total Local Sources</b>	<u>59,905,802</u>	<u>-</u>	<u>59,905,802</u>	<u>60,026,078</u>	<u>120,276</u>
<b>State Sources</b>					
Extraordinary Special Education Costs Aid	190,534		190,534	254,106	63,572
TPAF Pension and Annuity Fund- Post Ret. Medical (Non-Budget)				1,955,932	1,955,932
TPAF Pension and Annuity Fund (Non-Budget)				92,087	92,087
TPAF Social Security Contributions (Non-Budget)	-	-	-	2,284,254	2,284,254
<b>Total State Sources</b>	<u>190,534</u>	<u>-</u>	<u>190,534</u>	<u>4,586,379</u>	<u>4,395,845</u>
<b>Federal Sources</b>					
Medicaid Reimbursement	23,312	-	23,312	48,719	25,407
<b>Total Federal Sources</b>	<u>23,312</u>	<u>-</u>	<u>23,312</u>	<u>48,719</u>	<u>25,407</u>
<b>Total Revenues</b>	<u>60,119,648</u>	<u>-</u>	<u>60,119,648</u>	<u>64,661,176</u>	<u>4,541,528</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool/Kindergarten	573,695	\$ (96,536)	477,159	477,158	1
Grades 1-5	8,009,707	105,567	8,115,274	8,093,908	21,366
Grades 6-8	5,031,161	(284,523)	4,746,638	4,746,638	
Grades 9-12	6,744,785	(292,915)	6,451,870	6,440,639	11,231
<b>Home Instruction</b>					
Salaries and Wages	14,500	11,390	25,890	25,890	
Pur. Prof. and Ed. Svs.	10,000	56,495	66,495	66,495	
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	621,441	(43,735)	577,706	572,258	5,448
Purchased Technical Services	14,456		14,456	11,750	2,706
Other Purchased Services	204,019	(25,997)	178,022	157,254	20,768
General Supplies	809,498	116,667	926,165	782,504	143,661
Textbooks	232,672	(65,999)	166,673	134,490	32,183
<b>Total Regular Programs</b>	<u>22,265,934</u>	<u>(519,586)</u>	<u>21,746,348</u>	<u>21,508,984</u>	<u>237,364</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 215,322	\$ (43,321)	\$ 172,001	\$ 150,036	\$ 21,965
General Supplies	5,000	12	5,012	4,655	357
<b>Total Learning and/or Language Disabilities</b>	<u>220,322</u>	<u>(43,309)</u>	<u>177,013</u>	<u>154,691</u>	<u>22,322</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	3,176,942	1,214	3,178,156	3,165,233	12,923
Other Salaries for Instruction	1,150,764	151,864	1,302,628	1,265,015	37,613
General Supplies	20,832	-	20,832	12,169	8,663
<b>Total Resource Room/Resource Center</b>	<u>4,348,538</u>	<u>153,078</u>	<u>4,501,616</u>	<u>4,442,417</u>	<u>59,199</u>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	219,290	23,869	243,159	243,158	1
Other Salaries for Instruction	269,556	9,286	278,842	278,841	1
General Supplies	6,500	-	6,500	6,500	-
<b>Total Preschool Disabilities - Part-Time</b>	<u>495,346</u>	<u>33,155</u>	<u>528,501</u>	<u>528,499</u>	<u>2</u>
<b>Total Special Education</b>	<u>5,064,206</u>	<u>142,924</u>	<u>5,207,130</u>	<u>5,125,607</u>	<u>81,523</u>
<b>Basic Skills/Remedial Instruction</b>					
Salaries of Teachers	830,614		830,614	811,020	19,594
Other Purchased Services	2,200		2,200	199	2,001
General Supplies	5,835	-	5,835	4,874	961
<b>Total Basic Skills/Remedial Instruction</b>	<u>838,649</u>	<u>-</u>	<u>838,649</u>	<u>816,093</u>	<u>22,556</u>
<b>Bilingual Education</b>					
Salaries of Teachers	432,042	27,997	460,039	460,039	
Purchased Professional-Educational Services	1,200		1,200		1,200
General Supplies	2,600	-	2,600	1,824	776
<b>Total Bilingual Education</b>	<u>435,842</u>	<u>27,997</u>	<u>463,839</u>	<u>461,863</u>	<u>1,976</u>
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	200,011	48,334	248,345	229,836	18,509
Purchased Services	19,000		19,000	12,527	6,473
Supplies and Materials	15,000	-	15,000	12,445	2,555
<b>Total School Sponsored Co-Curricular Activities</b>	<u>234,011</u>	<u>48,334</u>	<u>282,345</u>	<u>254,808</u>	<u>27,537</u>
<b>School Sponsored Athletics</b>					
Salaries	707,450	5,525	712,975	712,975	
Purchased Services	158,383	(48,704)	109,679	89,702	19,977
Supplies and Materials	109,660	41,965	151,625	123,362	28,263
Other Objects	4,450	-	4,450	-	4,450
<b>Total School Sponsored Athletics</b>	<u>979,943</u>	<u>(1,214)</u>	<u>978,729</u>	<u>926,039</u>	<u>52,690</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Other Instructional Programs - Instruction					
Salaries	\$ 4,899	\$ 38,264	\$ 43,163	\$ 37,968	\$ 5,195
Purchased Services	3,000		3,000		3,000
Supplies and Materials	3,500		3,500		3,500
Other Objects	3,000	(284)	2,716	1,200	1,516
Total Community Service Programs	<u>14,399</u>	<u>37,980</u>	<u>52,379</u>	<u>39,168</u>	<u>13,211</u>
Summer School - Instruction					
Salaries of Teachers	48,277	9,244	57,521	42,802	14,719
General Supplies	2,192	444	2,636	2,635	1
Total Summer School - Instruction	<u>50,469</u>	<u>9,688</u>	<u>60,157</u>	<u>45,437</u>	<u>14,720</u>
Total Instruction	<u>29,883,453</u>	<u>(253,877)</u>	<u>29,629,576</u>	<u>29,177,999</u>	<u>451,577</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State- Special	537,446		537,446	415,104	122,342
Tuition to County Voc. School Dist.-Regular	66,000		66,000	51,600	14,400
Tuition to County Voc. School Dist.-Special	40,000	14,000	54,000	51,600	2,400
Tuition to CSSD & Reg. Day Schools	890,389	(182,652)	707,737	402,388	305,349
Tuition to Priv. Sch. For the Disabled W/ State	1,509,584	(166,730)	1,342,854	932,563	410,291
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S State	75,191	64,266	139,457	133,233	6,224
Total Undistributed Expenditures - Instruction	<u>3,118,610</u>	<u>(271,116)</u>	<u>2,847,494</u>	<u>1,986,488</u>	<u>861,006</u>
Health Services					
Salaries	658,333	(30,075)	628,258	628,257	1
Purchased Professional & Technical Services	31,000	(4,754)	26,246	26,246	
Other Purchased Services	1,200		1,200		1,200
Supplies and Materials	26,500	(7,245)	19,255	15,931	3,324
Total Health Services	<u>717,033</u>	<u>(42,074)</u>	<u>674,959</u>	<u>670,434</u>	<u>4,525</u>
Speech, OT/PT and Related Serv.					
Salaries	525,354	32,782	558,136	533,721	24,415
Purchased Professional/Educational Services	77,400	-	77,400	60,313	17,087
Total Other Supp.Serv. Student - Related Serv.	<u>602,754</u>	<u>32,782</u>	<u>635,536</u>	<u>594,034</u>	<u>41,502</u>
Guidance					
Salaries of Other Professional Staff	851,355	50,212	901,567	888,357	13,210
Salaries of Secretarial & Clerical Assistants	180,077	118	180,195	180,195	
Other Purchased Services	500		500	64	436
Supplies and Materials	14,650	(118)	14,532	11,481	3,051
Total Guidance	<u>1,046,582</u>	<u>50,212</u>	<u>1,096,794</u>	<u>1,080,097</u>	<u>16,697</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	\$ 1,229,323	\$ (34,667)	\$ 1,194,656	\$ 1,194,655	\$ 1
Salaries of Secretarial & Clerical Assistants	154,528		154,528	154,528	
Purchased Professional- Educat. Services	8,000	550	8,550	8,550	
Other Purchased Professional and Technical Svcs.	6,500		6,500	3,992	2,508
Miscellaneous Purchased Services	20,000	(2,079)	17,921	12,691	5,230
Supplies and Materials	500	1,195	1,695	1,695	-
<b>Total Child Study Teams</b>	<u>1,418,851</u>	<u>(35,001)</u>	<u>1,383,850</u>	<u>1,376,111</u>	<u>7,739</u>
<b>Improvement of Instruction Services</b>					
Salaries of Supervisors of Instruction	135,577	1,013	136,590	119,631	16,959
Other Salaries	72,401		72,401	71,252	1,149
Purchased Professional - Educational Services	5,000		5,000		5,000
Supplies and Materials	29,000	7,000	36,000	25,220	10,780
Other Objects	-	-	-	-	-
<b>Total Improvement of Instruction Services</b>	<u>241,978</u>	<u>8,013</u>	<u>249,991</u>	<u>216,103</u>	<u>33,888</u>
<b>Educational Media/School Library</b>					
Salaries	884,860	(102)	884,758	882,322	2,436
Supplies and Materials	139,608	(1,249)	138,359	133,979	4,380
<b>Total Educational Media/School Library</b>	<u>1,024,468</u>	<u>(1,351)</u>	<u>1,023,117</u>	<u>1,016,301</u>	<u>6,816</u>
<b>Instructional Staff Training Services</b>					
Salaries of Other Professional Staff					
Other Objects	62,250	-	62,250	33,899	28,351
<b>Total Instructional Staff Training Services</b>	<u>62,250</u>	<u>-</u>	<u>62,250</u>	<u>33,899</u>	<u>28,351</u>
<b>Support Services General Administration</b>					
Salaries	578,002	(4,169)	573,833	573,596	237
Legal Services	121,800	50,000	171,800	152,939	18,861
Audit Fees	38,000	39,716	77,716	77,716	
Other Purchased Professional Services	15,000	19,455	34,455	27,655	6,800
Communications/Telephone	280,000		280,000	240,412	39,588
BOE Other Purchased Services	12,500		12,500	677	11,823
Other Purchased Services	49,625	5,521	55,146	54,486	660
General Supplies	29,975	-	29,975	18,149	11,826
BOE In-House Training/Meeting Supplies	5,500	-	5,500	92	5,408
Judgements Against the School District		33,152	33,152		33,152
Miscellaneous Expenditures		5,856	5,856	5,856	-
BOE Membership Dues and Fees	42,000	1,652	43,652	43,651	1
<b>Total Support Services General Administration</b>	<u>1,172,402</u>	<u>151,183</u>	<u>1,323,585</u>	<u>1,195,229</u>	<u>128,356</u>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	1,562,750		1,562,750	1,562,749	1
Salaries of Other Professional Staff	348,016	133,260	481,276	480,076	1,200
Salaries of Secretarial and Clerical Assistants	967,529	(9,427)	958,102	952,554	5,548
Other Purchased Services	5,000	896	5,896	1,364	4,532
General Supplies	2,500	-	2,500		2,500
Other Objects	1,276	14,429	15,705	10,017	5,688
<b>Total Support Services School Administration</b>	<u>2,887,071</u>	<u>139,158</u>	<u>3,026,229</u>	<u>3,006,760</u>	<u>19,469</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Central Services</b>					
Salaries	\$ 853,909	\$ (8,251)	\$ 845,658	\$ 844,359	\$ 1,299
Purchased Prof. Services	-	450	450	450	-
Miscellaneous Purchased Services	18,700	-	18,700	6,067	12,633
Supplies and Materials	30,000	7,918	37,918	35,816	2,102
Interest on Lease Purchase Agreements	40,654	(10,390)	30,264	20,399	9,865
Other Objects	47,200	-	47,200	42,061	5,139
<b>Total Central Services</b>	<b>990,463</b>	<b>(10,273)</b>	<b>980,190</b>	<b>949,152</b>	<b>31,038</b>
<b>Admin. Info. Tech.</b>					
Salaries	146,984	(4,123)	142,861	142,861	-
Other Purchased Services	2,500	718	3,218	3,218	-
Supplies and Materials	-	-	-	-	-
<b>Total Admin. Info. Tech.</b>	<b>149,484</b>	<b>(3,405)</b>	<b>146,079</b>	<b>146,079</b>	<b>-</b>
<b>Required Maintenance for School Facilities</b>					
Salaries	687,518	3,288	690,806	690,687	119
Cleaning, Repair and Maintenance Services	61,450	127,015	188,465	183,617	4,848
Travel	-	3,150	3,150	3,058	92
General Supplies	67,647	22,377	90,024	88,074	1,950
Other Objects	2,000	(2,000)	-	-	-
<b>Total Required Maintenance for School Facilities</b>	<b>818,615</b>	<b>153,830</b>	<b>972,445</b>	<b>965,436</b>	<b>7,009</b>
<b>Custodial Services</b>					
Salaries	2,010,473	(14,547)	1,995,926	1,964,080	31,846
Purchased Professional & Technical Services	95,000	5,968	100,968	98,573	2,395
Cleaning, Repair and Maintenance Services	270,000	(62,871)	207,129	158,434	48,695
Other Purchased Property Services	57,802	5,024	62,826	62,825	1
Travel	-	3,698	3,698	3,697	1
Insurance	249,749	-	249,749	240,199	9,550
Miscellaneous Purchased Services	3,000	(3,000)	-	-	-
General Supplies	195,000	41,075	236,075	184,547	51,528
Energy (Heat and Electricity)	645,679	8,000	653,679	653,137	542
Other Objects	45,250	-	45,250	40,297	4,953
Energy (Natural Gas)	675,000	(278,667)	396,333	265,649	130,684
<b>Total Custodial Services</b>	<b>4,246,953</b>	<b>(295,320)</b>	<b>3,951,633</b>	<b>3,671,438</b>	<b>280,195</b>
<b>Care &amp; Upkeep of Grounds</b>					
Cleaning, Repair and Maintenance Services	55,000	-	55,000	41,385	13,615
General supplies	10,000	-	10,000	9,785	215
<b>Total Care &amp; Upkeep of Grounds</b>	<b>65,000</b>	<b>-</b>	<b>65,000</b>	<b>51,170</b>	<b>13,830</b>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Security					
Salaries	\$ 154,885	\$ (23,892)	\$ 130,993	\$ 130,993	
Other Objects	8,000	16,090	24,090	24,090	-
Total Security	<u>162,885</u>	<u>(7,802)</u>	<u>155,083</u>	<u>155,083</u>	<u>-</u>
Student Transportation Services					
Salaries for Pupil Transport ( Between Home and School)- Spec. Ed.	73,901	(41,776)	32,125	27,323	\$ 4,802
Cleaning Repair and Maint. Serv.	8,500		8,500		8,500
Contracted Services (Oth. Than Bet. Home & Sch)- Vendors	229,170	(400)	228,770	172,593	56,177
Contracted Services (Special Ed. Students) - Vendors		2,222	2,222	2,222	
Contracted Services (Special Ed. Students) - Joint Agreements					
Contracted Services (Special Ed. Students) - ESCs & CTAs	775,389	(43,294)	732,095	590,843	141,252
Miscellaneous Purchased Services - Transportation		200	200	200	
Supplies and Materials	6,000	1,272	7,272	7,271	1
Total Student Transportation Services	<u>1,092,960</u>	<u>(81,776)</u>	<u>1,011,184</u>	<u>800,452</u>	<u>210,732</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	697,949	76,927	774,876	774,875	1
Other Retirement Contributions - Regular	536,723	209,103	745,826	745,826	
Unemployment Compensation		150,312	150,312	150,312	
Workers' Compensation	327,606	(22,777)	304,829	304,828	1
Health Benefits	9,057,810	(22,052)	9,035,758	8,883,248	152,510
Tuition Reimbursement	105,000	(2,099)	102,901	102,901	
Other Employee Benefits	128,450	49,640	178,090	178,090	-
Total Unallocated Benefits	<u>10,853,538</u>	<u>439,054</u>	<u>11,292,592</u>	<u>11,140,080</u>	<u>152,512</u>
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Post Retirement Medical				1,955,932	(1,955,932)
Pension & Annuity Fund				92,087	(92,087)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
	-	-	-	2,284,254	(2,284,254)
Total Undistributed Expenditures	<u>30,671,897</u>	<u>226,114</u>	<u>30,898,011</u>	<u>33,386,619</u>	<u>(2,488,608)</u>
Total Current Expenditures	<u>60,555,350</u>	<u>(27,763)</u>	<u>60,527,587</u>	<u>62,564,618</u>	<u>(2,037,031)</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5		\$ 37,798	\$ 37,798	\$ 37,798	
Grades 6-8		44,013	44,013	39,772	\$ 4,241
Grades 9-12		8,483	8,483	4,242	4,241
Undistributed					
Instruction		396,606	396,606	396,605	1
General Administration		290,531	290,531		290,531
Required Maintenance of School Facilities		67,583	67,583	43,500	24,083
Custodial Services	-	-	-	-	-
Total Equipment	-	845,014	845,014	521,917	323,097
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Svcs.	\$ 19,064	(19,063)	1		1
Construction Services	321,722	68,473	390,195	294,348	95,847
Lease Purchase Agreements-Principal	195,033	177,352	372,385	372,385	-
Other Objects	633,793	(633,793)	-	-	-
Total Facilities Acq. And Construction Services	1,169,612	(407,031)	762,581	666,733	95,848
Assets Acquired Under Capital Leases (Non-Budget)					
Technology Equipment	-	-	-	-	-
Total Assets Acquired Under Capital Leases (Non-Budget)	-	-	-	-	-
Total Capital Outlay	1,169,612	437,983	1,607,595	1,188,650	418,945
Transfer Funds To Charter School	-	10,989	10,989	10,989	-
Total General Fund	61,724,962	421,209	62,146,171	63,764,257	(1,618,086)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,605,314)	(421,209)	(2,026,523)	896,919	2,923,442
Other Financing Sources (Uses)					
Transfer In					-
Transfer Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	\$ (1,605,314)	\$ (421,209)	\$ (2,026,523)	\$ 896,919	\$ 2,923,442
Fund Balance, Beginning of Year	<u>3,934,509</u>	-	<u>3,934,509</u>	<u>3,934,509</u>	-
Fund Balance, End of Year	<u>\$ 2,329,195</u>	<u>\$ (421,209)</u>	<u>\$ 1,907,986</u>	<u>\$ 4,831,428</u>	<u>\$ 2,923,442</u>

**Recapitulation of Fund Balance:****Restricted Fund Balance:**

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	\$ 654,608
Reserve for Excess Surplus	867,976
Capital Reserve	866,991
Emergency Reserve	200,000

**Assigned Fund Balance:**

Designated for Subsequent Year's Expenditures	500,000
Year-end Encumbrances	489,641
<b>Unassigned Fund Balance</b>	<u>1,252,212</u>

4,831,428

Reconciliation to Governmental Fund Statements (GAAP)  
Extraordinary Aid Payment

(254,106)

Fund Balances per Governmental Funds (GAAP)

\$ 4,577,322

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 180,361	\$ 44,528	\$ 224,889	\$ 219,168	\$ (5,721)
Federal	881,739	1,113,571	1,995,310	1,720,683	(274,627)
Local Sources					
Miscellaneous	-	780,428	780,428	564,009	(216,419)
Total Revenues	<u>1,062,100</u>	<u>1,938,527</u>	<u>3,000,627</u>	<u>2,503,860</u>	<u>(496,767)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	827,847	(144,321)	683,526	601,942	81,584
Purchased Professional/Educational Services	49,754	16,726	66,480	60,261	6,219
Purchased Professional/Technical Services	47,801	(27,239)	20,562	8,781	11,781
Other Purchased Services	6,091	498,922	505,013	502,705	2,308
General Supplies	25,779	251,873	277,652	139,737	137,915
Textbooks	36,155	14,888	51,043	50,613	430
Other Objects	3,641	110,293	113,934	87,065	26,869
Total Instruction	<u>997,068</u>	<u>721,142</u>	<u>1,718,210</u>	<u>1,451,104</u>	<u>267,106</u>
<b>Support Services</b>					
Salaries of Other Professional Staff		121,924	121,924	89,860	32,064
Personal Services-Employee Benefits		101,915	101,915	82,700	19,215
Purchased Professional/Educational Services	63,174	245,385	308,559	222,161	86,398
Purchased Professional/Tech Services		529,969	529,969	495,696	34,273
Other Purchased Services	1,858	45,014	46,872	19,901	26,971
Supplies and Materials	-	36,947	36,947	27,621	9,326
Total Support Services	<u>65,032</u>	<u>1,081,154</u>	<u>1,146,186</u>	<u>937,939</u>	<u>208,247</u>
<b>Facilities Acquisition and Construction</b>					
Building Improvements		-			-
Instructional Equipment	-	81,392	81,392	60,477	20,915
Non Instructional Equipment	-	54,839	54,839	54,340	499
Total Facilities Acq. & Construction	<u>-</u>	<u>136,231</u>	<u>136,231</u>	<u>114,817</u>	<u>21,414</u>
Total Expenditures	<u>1,062,100</u>	<u>1,938,527</u>	<u>3,000,627</u>	<u>2,503,860</u>	<u>496,767</u>
Deficiency of Revenues Under Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUMMIT PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds 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 revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund C-1</b>	<b>Special Revenue Fund C-2</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 64,661,176	(C-2) \$ 2,503,860
Difference - Budget to GAAP:		
State Aid and Extraordinary Aid payments (2009/2010) recognized for GAAP purposes not recognized for Budgetary statements	426,268	
Extraordinary Aid payment (2010/2011) recognized for budgetary purposes not recognized for GAAP statements	<u>(254,106)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 64,833,338</u>	(B-2) <u>\$ 2,503,860</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) <u>\$ 63,764,257</u>	(C-2) <u>\$ 2,503,860</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 63,764,257</u>	(B-2) <u>\$ 2,503,860</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>EXHIBIT E-1A</u>	<u>EXHIBIT E-1B</u>	<u>EXHIBIT E-1C</u>	<u>Total</u>
<b>REVENUES</b>				
Intergovernmental				
State	-	-	\$ 219,168	\$ 219,168
Federal	\$ 209,854	\$ 1,510,829	-	1,720,683
Local Sources				
Miscellaneous	-	564,009	-	564,009
Total Revenues	<u>209,854</u>	<u>2,074,838</u>	<u>219,168</u>	<u>2,503,860</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers	60,307	\$ 541,635	-	601,942
Purchased Professional/Ed Services	-	-	60,261	60,261
Purchased Professional/Tech Services	-	8,781	-	8,781
Other Purchased Services	1,960	500,745	-	502,705
General Supplies	21,280	118,457	-	139,737
Textbooks	-	-	50,613	50,613
Other Objects	3,537	83,528	-	87,065
Total Instruction	<u>87,084</u>	<u>1,253,146</u>	<u>110,874</u>	<u>1,451,104</u>
Support Services				
Salaries of Other Professional Staff	-	89,860	-	89,860
Personal Services-Employee Benefits	5,597	77,103	-	82,700
Purchased Professional/Educational Services	53,198	63,403	104,451	221,052
Purchased Professional/Tech Services	57,702	439,103	-	496,805
Other Purchased Services	2,778	13,280	3,843	19,901
Supplies and Materials	3,495	24,126	-	27,621
Miscellaneous Expenditures	-	-	-	-
Total Support Services	<u>122,770</u>	<u>706,875</u>	<u>108,294</u>	<u>937,939</u>
Facilities Acquisition and Construction				
Building Improvements	-	-	-	-
Instructional Equipment	-	60,477	-	60,477
Non-Instructional Equipment	-	54,340	-	54,340
Total Facilities Acq. & Construction	<u>-</u>	<u>114,817</u>	<u>-</u>	<u>114,817</u>
Total Expenditures	<u>209,854</u>	<u>2,074,838</u>	<u>219,168</u>	<u>2,503,860</u>
Deficiency of Revenues Under Expenditures	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	NCLB Title I	NCLB Title I Carryover	NCLB Title IIA	NCLB Title IIA Carryover	NCLB Title III	NCLB Title III Carryover	NCLB Title IV	NCLB Title IV Carryover	Subtotal E-1A
<b>REVENUES</b>									
Intergovernmental									
State	\$ 39,461	\$ 61,248	\$ 57,702	\$ 20,510	\$ 13,947	\$ 15,880	\$ 1,106	\$ 209,854	
Federal									
Miscellaneous- Local									
<b>Total Revenues</b>	<b>\$ 39,461</b>	<b>\$ 61,248</b>	<b>\$ 57,702</b>	<b>\$ 20,510</b>	<b>\$ 13,947</b>	<b>\$ 15,880</b>	<b>\$ 1,106</b>	<b>\$ 209,854</b>	
<b>EXPENDITURES</b>									
Instruction									
Salaries of Teachers	\$ 21,175	\$ 33,493			\$ 3,240	\$ 2,399			\$ 60,307
Purchased Professional-Ed Services									
Purchased Professional/Tech Services					1,960				1,960
Other Purchased Services					3,602	9,483		458	21,280
General Supplies	2,651	5,086							
Textbooks									
Other Objects					2,228	1,309			3,537
<b>Total Instruction</b>	<b>23,826</b>	<b>38,579</b>			<b>11,030</b>	<b>13,191</b>		<b>458</b>	<b>87,084</b>
Support Services									
Salaries Other Professional Staff									
Personal Services-Employee Benefits	4,903	174			425	95		500	5,597
Purchased Professional-Ed Services	9,693	22,495	\$ 57,702	\$ 20,510					53,198
Purchased Professional/Tech Services									57,702
Other Purchased Services	1,039				1,263	1,367		148	2,778
Supplies and Materials					1,229	1,227			3,495
<b>Total Support Services</b>	<b>15,635</b>	<b>22,669</b>	<b>57,702</b>	<b>20,510</b>	<b>2,917</b>	<b>2,689</b>		<b>648</b>	<b>122,770</b>
Facilities Acquisition and Construction									
Instructional Equipment									
Non-Instructional Equipment									
<b>Total Facilities Acq. &amp; Construction</b>									
<b>Total Expenditures</b>	<b>\$ 39,461</b>	<b>\$ 61,248</b>	<b>\$ 57,702</b>	<b>\$ 20,510</b>	<b>\$ 13,947</b>	<b>\$ 15,880</b>	<b>\$ 1,106</b>	<b>\$ 209,854</b>	

SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	IDEA Part B Basic	IDEA Part B Basic Carryover	IDEA Part B Basic ARRA	IDEA Preschool Carryover	IDEA Preschool ARRA	Subtotal E-1B
<b>REVENUES</b>						
Intergovernmental						
State						
Federal	\$ 743,984	\$ 93,036	\$ 602,657	\$ 30,400	\$ 37,611	\$ 1,510,829
Miscellaneous- Local						564,009.00
	\$ 564,009					\$ 2,074,838
<b>Total Revenues</b>	\$ 743,984	\$ 93,036	\$ 602,657	\$ 30,400	\$ 37,611	\$ 2,074,838
<b>EXPENDITURES</b>						
Instruction						
Salaries of Teachers	\$ 329,922	\$ 2,162	\$ 209,551			\$ 541,635
Purchased Professional-Ed Services	8,781					8,781
Purchased Professional/Tech Services	10,980		93,407			500,745
Other Purchased Services	70,321	32,002	15,819			118,457
General Supplies						
Textbooks						
Other Objects	83,528					83,528
	503,532	34,164	318,777			1,253,146
<b>Total Instruction</b>	\$ 503,532	\$ 34,164	\$ 318,777			\$ 1,253,146
Support Services						
Salaries Other Professional Staff		19,518	70,342			89,860
Personal Services-Employee Benefits		4,069	73,034			77,103
Purchased Professional-Ed Services	22,692		3,100		37,611	63,403
Purchased Professional/Tech Services	318,509	16,934	70,119	30,400		439,103
Other Purchased Services	195	9,331	3,754			13,280
Supplies and Materials	5,915	9,020	9,191			24,126
	347,311	58,872	229,540	30,400	37,611	706,875
<b>Total Support Services</b>	\$ 347,311	\$ 58,872	\$ 229,540	\$ 30,400	\$ 37,611	\$ 706,875
Facilities Acquisition and Construction						
Instructional Equipment	60,477					60,477
Non-Instructional Equipment			54,340			54,340
	60,477		54,340			114,817
<b>Total Facilities Acq. &amp; Construction</b>	\$ 60,477	\$ -	\$ 54,340	\$ -	\$ -	\$ 114,817
<b>Total Expenditures</b>	\$ 743,984	\$ 93,036	\$ 602,657	\$ 30,400	\$ 37,611	\$ 2,074,838

SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Non Public Chapter 192/193									
	NonPublic Textbooks	NonPublic Home Instr.	NonPublic Nursing	Comp. Education	Transportation	Supplemental Instruction	Examination & Classification	Corrective Speech	Subtotal E-1C	
REVENUES										
Intergovernmental										
State	\$ 50,613	\$ 4,288	\$ 60,261	\$ 2,512	\$ 3,843	\$ 22,375	\$ 59,934	\$ 15,342	\$ 219,168	
Federal										
Miscellaneous- Local										
Total Revenues	\$ 50,613	\$ 4,288	\$ 60,261	\$ 2,512	\$ 3,843	\$ 22,375	\$ 59,934	\$ 15,342	\$ 219,168	
EXPENDITURES										
Instruction										
Salaries of Teachers			\$ 60,261						\$ 60,261	
Purchased Professional-Ed Services										
Purchased Professional/Tech Services										
Other Purchased Services										
General Supplies										
Textbooks	\$ 50,613								50,613	
Other Objects										
Total Instruction	50,613		60,261						110,874	
Support Services										
Salaries Other Professional Staff										
Personal Services-Employee Benefits										
Purchased Professional-Ed Services	\$ 4,288	\$ 4,288	\$ -	\$ 2,512	\$ -	\$ 22,375	\$ 59,934	\$ 15,342	104,451	
Purchased Professional/Tech Services										
Other Purchased Services					\$ 3,843				3,843	
Supplies and Materials										
Total Support Services		4,288		2,512	3,843	22,375	59,934	15,342	108,294	
Facilities Acquisition and Construction										
Instructional Equipment										
Non-Instructional Equipment										
Total Facilities Acq. & Construction										
Total Expenditures	\$ 50,613	\$ 4,288	\$ 60,261	\$ 2,512	\$ 3,843	\$ 22,375	\$ 59,934	\$ 15,342	\$ 219,168	

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Modified Appropriations</u>	<u>Prior Years</u>	<u>Expenditures to Date Current Year</u>	<u>Cancel</u>	<u>Unexpended Appropriations June 30, 2011</u>
<b>Type I School District Projects</b>						
Various Type I School District Projects	1995-1999	\$ 32,152,363	\$ 31,957,568			\$ 194,795
Jefferson Elementary School Addition, Wilson Primary School Renovations and Middle School Rehabilitation	3/21/2006	16,842,766	16,748,184			-
High School Synthetic Turf Field and Franklin Field Improvements	6/6/2007	2,420,990	2,342,678	\$ 14,363		63,949
School Improvements	4/7/2009	14,143,963	5,628,219	4,270,041		4,245,703
Windows/Doors	12/15/2009	3,117,874	149,671	2,003,195		965,008
Windows, Boilers and Emergency Generators, Upgrade of Mech. Systems and Renovation of Auditoriums	1/17/2011	4,766,598		650,009		4,116,589
<b>Local Projects-</b>						
Lincoln-Hubbard Elementary School Windows	7/8/04	124,635	105,981			18,654
Jefferson Elementary School Windows	7/8/04	36,454	20,728			15,726
Washington Elementary School SGI	7/8/04	133,838	48,910		\$ (84,928)	
Jefferson Elementary School Façade	7/12/04	255,680	177,318			78,362
Washington Elementary School Roof Phase II	4/25/05	273,438	250,877		(22,561)	
Franklin Roof and Elementary Improvements	2007/08	300,000	260,423			39,577
Media Literacy Center	2009/10	333,010	322,046	5,866		5,098
		<u>\$ 74,901,609</u>	<u>\$ 58,012,603</u>	<u>\$ 6,943,474</u>	<u>\$ (107,489)</u>	<u>\$ 9,838,043</u>
Project Balances						\$ 9,838,043
Less: Unrealized Revenue on Type I Projects						(8,357,578)
Less: Unrealized Revenue on Local Projects						(127,378)
Fund Balance, June 30, 2011						<u>\$ 1,353,087</u>
Analysis of Restricted Fund Balance						
Year End Encumbrances						\$ 5,858,839
Reserve for Capital Projects						<u>(4,505,752)</u>
						<u>\$ 1,353,087</u>

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Revenues and Other Financing Sources</b>	
State Sources - SDA Grants	\$ 1,861,272
Funded by City of Summit	<u>5,274,590</u>
Total Revenues	<u>7,135,862</u>
<b>Expenditures and Other Financing Uses</b>	
Salaries	27,412
Other Purchased and Technical Services	1,321,038
Construction Services	<u>5,595,024</u>
Total Expenditures	<u>6,943,474</u>
Excess (deficiency) or Revenues over (under) Expenditures	192,388
Fund Balance- Beginning	<u>1,160,699</u>
Fund Balance- Ending	<u><u>\$ 1,353,087</u></u>

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
VARIOUS TYPE I SCHOOL DISTRICT PROJECTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 569,874		\$ 569,874	\$ 569,874
Funded by City of Summit	31,297,489		31,297,489	31,297,489
Transfer from Capital Outlay	285,000		285,000	285,000
	<u>32,152,363</u>	<u>-</u>	<u>32,152,363</u>	<u>32,152,363</u>
<b>Expenditures and Other Financing Uses</b>				
Equipment (73X)	3,992,117		3,992,117	3,992,117
Other Purchased and Technical Services (390)	4,759,758		4,759,758	4,759,758
Construction Services (450)	22,967,825		22,967,825	23,162,620
Other Objects (800)	237,868	-	237,868	237,868
	<u>31,957,568</u>	<u>-</u>	<u>31,957,568</u>	<u>32,152,363</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 194,795</u>	<u>\$ -</u>	<u>\$ 194,795</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	(City)			
Grant Date	N/A			
Bond Authorization Date	Various			
Bonds Authorized	\$ 30,896,490			
Bonds Issued	\$ 30,789,000			
Original Authorized Cost	\$ 32,154,515			
Cancelled	\$ 2,152			
Revised Authorized Cost	\$ 32,152,363			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/00			
Revised Target Completion Date	9/1/00			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
LINCOLN-HUBBARD ELEMENTARY SCHOOL WINDOWS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 49,854		\$ 49,854	\$ 49,854
Transfer from Capital Outlay	74,781		74,781	74,781
	<hr/>		<hr/>	
Total Revenues	124,635	-	124,635	124,635
	<hr/>		<hr/>	
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	1,612		1,612	2,000
Construction Services (450)	93,894		93,894	110,635
Other Objects (800)	10,475	-	10,475	12,000
	<hr/>		<hr/>	
Total Expenditures	105,981	-	105,981	124,635
	<hr/>		<hr/>	
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 18,654</u>	<u>\$ -</u>	<u>\$ 18,654</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	5090-100-03-1008			
Grant Date	7/8/04			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 124,635			
Additional Authorized Cost				
Revised Authorized Cost	\$ 124,635			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/05			
Revised Target Completion Date	9/1/05			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
JEFFERSON ELEMENTARY SCHOOL WINDOWS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 14,582		\$ 14,582	\$ 14,582
Transfer from Capital Outlay	21,872		21,872	21,872
	<hr/>		<hr/>	<hr/>
Total Revenues	36,454	-	36,454	36,454
	<hr/>		<hr/>	<hr/>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	1,697		1,697	2,000
Construction Services (450)	19,031		19,031	34,454
	<hr/>		<hr/>	<hr/>
Total Expenditures	20,728	-	20,728	36,454
	<hr/>		<hr/>	<hr/>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 15,726</u>	<u>\$ -</u>	<u>\$ 15,726</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	5090-090-03-1010			
Grant Date	7/8/04			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 36,454			
Additional Authorized Cost				
Revised Authorized Cost	\$ 36,454			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/05			
Revised Target Completion Date	9/1/05			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
WASHINGTON ELEMENTARY SCHOOL SGI  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 53,535		\$ 53,535	\$ 53,535
Transfer from Capital Outlay	80,303		80,303	80,303
	<u>133,838</u>	<u>-</u>	<u>133,838</u>	<u>133,838</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	2,007		2,007	3,000
Construction Services (450)	46,903		46,903	130,838
	<u>48,910</u>	<u>-</u>	<u>48,910</u>	<u>133,838</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 84,928</u>	<u>\$ -</u>	<u>\$ 84,928</u>	<u>\$ -</u>
		Balance Cancelled	<u>(84,928)</u>	
		Adjusted Balance	<u>\$ -</u>	
<b>Additional project information:</b>				
Project Number	5090-120-04-1000			
Grant Date	7/8/04			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 133,838			
Additional Authorized Cost				
Revised Authorized Cost	\$ 133,838			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/05			
Revised Target Completion Date	9/1/05			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
JEFFERSON ELEMENTARY SCHOOL FAÇADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 102,272		\$ 102,272	\$ 102,272
Transfer from Capital Outlay	153,408		153,408	153,408
	<u>255,680</u>	<u>-</u>	<u>255,680</u>	<u>255,680</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	22,650		22,650	23,000
Construction Services (450)	154,668		154,668	232,680
	<u>177,318</u>	<u>-</u>	<u>177,318</u>	<u>255,680</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 78,362</u>	<u>\$ -</u>	<u>\$ 78,362</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	5090-090-03-1004			
Grant Date	7/12/04			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 255,680			
Additional Authorized Cost				
Revised Authorized Cost	\$ 255,680			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/05			
Revised Target Completion Date	9/1/05			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
WASHINGTON ELEMENTARY SCHOOL ROOF PHASE II  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 109,375		\$ 109,375	\$ 109,375
Transfer from Capital Outlay	164,063		164,063	164,063
	<u>273,438</u>	<u>-</u>	<u>273,438</u>	<u>273,438</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	28,827		28,827	35,000
Construction Services (450)	222,050		222,050	238,438
	<u>250,877</u>	<u>-</u>	<u>250,877</u>	<u>273,438</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 22,561</u>	<u>\$ -</u>	<u>\$ 22,561</u>	<u>\$ -</u>
		Balance Cancelled	<u>(22,561)</u>	
		Adjusted Balance	<u>\$ -</u>	
<b>Additional project information:</b>				
Project Number	5090-120-04-2000			
Grant Date	4/25/05			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 273,438			
Additional Authorized Cost				
Revised Authorized Cost	\$ 273,438			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/07			
Revised Target Completion Date	9/1/07			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
JEFFERSON ELEMENTARY SCHOOL ADDITION, WILSON PRIMARY SCHOOL RENOVATIONS AND  
MIDDLE SCHOOL REHABILITATION  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Funded by City of Summit	\$ 16,842,766		\$ 16,842,766	\$ 16,842,766
Total Revenues	<u>16,842,766</u>	<u>-</u>	<u>16,842,766</u>	<u>16,842,766</u>
<b>Expenditures and Other Financing Uses</b>				
Equipment (73X)	384,217		384,217	384,217
Other Purchased and Technical Services (390)	1,910,230		1,910,230	1,910,230
Construction Services (450)	14,452,534		14,452,534	14,547,116
Other Objects (800)	<u>1,203</u>		<u>1,203</u>	<u>1,203</u>
Total Expenditures	<u>16,748,184</u>	<u>-</u>	<u>16,748,184</u>	<u>16,842,766</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 94,582</u>	<u>\$ -</u>	<u>\$ 94,582</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	(City)			
Grant Date	N/A			
Bond Authorization Date	03/21/06			
Bonds Authorized	\$ 16,842,766			
Bonds Issued	\$ 12,500,000			
Original Authorized Cost	\$ 16,842,766			
Additional Authorized Cost				
Revised Authorized Cost	\$ 16,842,766			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	6/30/08			
Revised Target Completion Date	6/30/08			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
HIGH SCHOOL SYNTHETIC TURF FIELD AND FRANKLIN FIELD IMPROVEMENTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Funded by City of Summit	\$ 2,420,990		\$ 2,420,990	\$ 2,420,990
Total Revenues	<u>2,420,990</u>	<u>-</u>	<u>2,420,990</u>	<u>2,420,990</u>
<b>Expenditures and Other Financing Uses</b>				
Equipment (73X)	14,461		14,461	14,461
Other Purchased and Technical Services (390)	148,861	\$ 14,363	163,224	177,587
Construction Services (450)	2,179,356		2,179,356	2,257,668
Total Expenditures	<u>2,342,678</u>	<u>14,363</u>	<u>2,357,041</u>	<u>2,449,716</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 78,312</u>	<u>\$ (14,363)</u>	<u>\$ 63,949</u>	<u>\$ (28,726)</u>
<b>Additional project information:</b>				
Project Number	(City)			
Grant Date	N/A			
Bond Authorization Date	6/6/07			
Bonds Authorized	\$ 2,420,990			
Bonds Issued	N/A			
Original Authorized Cost	\$ 2,420,990			
Additional Authorized Cost				
Revised Authorized Cost	\$ 2,420,990			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	9/1/2008			
Revised Target Completion Date	9/1/2008			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
FRANKLIN ROOF AND ELEMENTARY IMPROVEMENTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Outlay	\$ 300,000	_____	\$ 300,000	\$ 300,000
Total Revenues	300,000	-	300,000	300,000
<b>Expenditures and Other Financing Uses</b>				
Construction Services (450)	260,423	_____	260,423	300,000
Total Expenditures	260,423	-	260,423	300,000
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 39,577</u>	<u>\$ -</u>	<u>\$ 39,577</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	Local			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 300,000			
Additional Authorized Cost				
Revised Authorized Cost	\$ 300,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	100.00%			
Original Target Completion Date	12/31/07			
Revised Target Completion Date	12/31/07			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
SCHOOL IMPROVEMENTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 5,657,585		\$ 5,657,585	\$ 5,657,585
Funded by City of Summit	8,486,378		8,486,378	8,486,378
Total Revenues	<u>14,143,963</u>	<u>-</u>	<u>14,143,963</u>	<u>14,143,963</u>
<b>Expenditures and Other Financing Uses</b>				
Salaries (10X)	47,325	\$ 27,412	74,737	47,325
Other Purchased and Technical Services (390)	1,150,319	891,914	2,042,233	1,650,319
Construction Services (450)	4,430,575	3,350,715	7,781,290	12,446,319
Total Expenditures	<u>5,628,219</u>	<u>4,270,041</u>	<u>9,898,260</u>	<u>14,143,963</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 8,515,744</u>	<u>\$ (4,270,041)</u>	<u>\$ 4,245,703</u>	<u>\$ -</u>

**Additional project information:**

Project Number	Multiple
Grant Date	Final Eligibility Cost Only
Bond Authorization Date	4/7/09&5/7/09
Bonds Authorized	\$ 14,143,963
Bonds Issued	\$ -
Original Authorized Cost	\$ 14,143,963
Additional Authorized Cost	
Revised Authorized Cost	\$ 14,143,963
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	12/31/2010
Revised Target Completion Date	12/31/2010

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS  
BUDGETARY BASIS  
WINDOWS/DOORS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 1,247,149		\$ 1,247,149	\$ 1,247,149
Funded by City of Summit	1,870,725		1,870,725	1,870,725
	<u>3,117,874</u>	<u>-</u>	<u>3,117,874</u>	<u>3,117,874</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	149,671	\$ 75,200	224,871	169,671
Construction Services (450)		1,927,995	1,927,995	2,948,203
	<u>149,671</u>	<u>2,003,195</u>	<u>2,152,866</u>	<u>3,117,874</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 2,968,203</u>	<u>\$ (2,003,195)</u>	<u>\$ 965,008</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	Multiple			
Grant Date	Final Eligibility Cost Only			
Bond Authorization Date	12/15/2009			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 3,117,874			
Additional Authorized Cost				
Revised Authorized Cost	\$ 3,117,874			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion				
Original Target Completion Date	6/30/2011			
Revised Target Completion Date	6/30/2011			

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
MEDIA LITERACY CENTER  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 333,010		\$ 333,010	\$ 333,010
Total Revenues	<u>333,010</u>	<u>-</u>	<u>333,010</u>	<u>333,010</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	<u>322,046</u>	<u>\$ 5,866</u>	<u>327,912</u>	<u>333,010</u>
Total Expenditures	<u>322,046</u>	<u>5,866</u>	<u>327,912</u>	<u>333,010</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 10,964</u>	<u>\$ (5,866)</u>	<u>\$ 5,098</u>	<u>\$ -</u>

**Additional project information:**

Project Number	Multiple
Grant Date	Final Eligibility Cost Only
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 333,010
Additional Authorized Cost	
Revised Authorized Cost	\$ 333,010
Percentage Increase over Original Authorized Cost	
Percentage Completion	100.00%
Original Target Completion Date	12/31/2010
Revised Target Completion Date	12/31/2010

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
WINDOWS, BOILERS AND EMERGENCY GENERATORS AND UPGRADE OF MECHANICAL SYSTEMS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants		\$ 1,906,639	\$ 1,906,639	\$ 1,906,639
Funded by City of Summit		2,859,959	2,859,959	2,859,959
Total Revenues	-	4,766,598	4,766,598	4,766,598
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)		333,695	333,695	916,221
Construction Services (450)		316,314	316,314	3,850,377
Total Expenditures	-	650,009	650,009	4,766,598
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 4,116,589	\$ 4,116,589	\$ -

**Additional project information:**

Project Number	10-2931
Grant Date	Final Eligibility Cost Only
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 333,010
Additional Authorized Cost	
Revised Authorized Cost	\$ 333,010
Percentage Increase over Original Authorized Cost	
Percentage Completion	100.00%
Original Target Completion Date	12/31/2010
Revised Target Completion Date	12/31/2010

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**EXHIBIT G-4**

**SUMMIT PUBLIC SCHOOLS  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-5**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

THIS STATEMENT IS NOT APPLICABLE

**FIDUCIARY FUNDS**

**SUMMIT PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY FUND NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 319,500	\$ 309,844	\$ 629,344
Total Assets	<u>\$ 319,500</u>	<u>\$ 309,844</u>	<u>\$ 629,344</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 5,097	\$ 5,097
Summer Net Payroll		304,747	304,747
Due to Student Groups	<u>\$ 319,500</u>	<u>-</u>	<u>319,500</u>
Total Liabilities	<u>\$ 319,500</u>	<u>\$ 309,844</u>	<u>\$ 629,344</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**SUMMIT PUBLIC SCHOOLS  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>School</u>	<u>Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
<b>ELEMENTARY SCHOOLS</b>				
Brayton	\$ 9,150	\$ 29,506	\$ 30,178	\$ 8,478
Franklin	2,242	16,892	18,102	1,032
Jefferson	2,469	13,616	14,511	1,574
Lincoln - Hubbard	2,473	5,857	5,772	2,558
Washington	2,038	2,952	2,565	2,425
<b>JUNIOR HIGH SCHOOLS</b>				
Lawton C Johnson Middle School	174,764	261,472	239,992	196,244
<b>SENIOR HIGH SCHOOL</b>				
Summit High School	117,235	414,031	424,077	107,189
<b>ATHLETICS</b>				
High School Athletics	-	109,720	109,720	-
<b>Total</b>	<u>\$ 310,371</u>	<u>\$ 854,046</u>	<u>\$ 844,917</u>	<u>\$ 319,500</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2011</u>
Payroll Deductions and Withholdings	\$ 53,609	\$ 18,768,416	\$ 18,816,928	\$ 5,097
Accrued Summer Salaries and Wages	305,169	304,263	304,685	304,747
Accrued Salaries and Wages	-	26,129,052	26,129,052	-
<b>Total</b>	<u>\$ 358,778</u>	<u>\$ 45,201,731</u>	<u>\$ 45,250,665</u>	<u>\$ 309,844</u>

**LONG-TERM DEBT**

**SUMMIT PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

SUMMIT PUBLIC SCHOOLS  
 LONG-TERM DEBT  
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Series</u>	Interest Rate <u>Payable</u>	Amount of Original <u>Issue</u>	Balance <u>July 1, 2010</u>	Issued Current <u>Year</u>	Payments	Balance <u>June 30, 2011</u>
Technology Equipment	3.35%	\$ 473,406	\$ 372,385	-	\$ 372,385	\$ -

LONG-TERM DEBT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOT APPLICABLE

## STATISTICAL SECTION

This part of the SUMMIT Board of Education'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 government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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

**SUMMIT PUBLIC SCHOOLS  
NET ASSETS BY COMPONENT  
LAST NINE FISCAL YEARS**  
*(Unaudited)*  
*(accrual basis of accounting)*

	Restated								
	2003	2004	2005	2006	Fiscal Year Ended June 30, 2007	2008	2009	2010	2011
<b>Governmental Activities</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 27,183,844	\$ 29,424,869	\$ 30,071,643	\$ 32,295,645	\$ 40,112,283	\$ 50,945,383	\$ 40,894,131	\$ 47,595,041	\$ 54,449,486
Restricted	254,915	1,047,696	605,350	1,050,981	30,731	70,308	3,374,302	1,177,690	2,220,078
Unrestricted	728,190	241,376	(216,186)	508,162	(686,348)	(963,673)	1,130,566	2,098,144	2,495,918
<b>Total Governmental Activities Net Assets</b>	<b>\$ 28,166,949</b>	<b>\$ 30,713,941</b>	<b>\$ 30,460,807</b>	<b>\$ 33,854,788</b>	<b>\$ 39,456,666</b>	<b>\$ 50,052,018</b>	<b>\$ 45,398,999</b>	<b>\$ 50,870,875</b>	<b>\$ 59,165,482</b>
<b>Business-Type Activities</b>									
Invested In Capital Assets, Net Of Related Debt		\$ 21,392	\$ 19,447	\$ 22,483	\$ 42,225	\$ 56,217	\$ 136,139	\$ 137,150	\$ 166,159
Restricted		144,387	201,897	199,442	493,523	225,859	371,155	440,685	475,532
Unrestricted	\$ 152,210								
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 152,210</b>	<b>\$ 165,779</b>	<b>\$ 221,344</b>	<b>\$ 221,925</b>	<b>\$ 535,748</b>	<b>\$ 282,076</b>	<b>\$ 507,294</b>	<b>\$ 577,835</b>	<b>\$ 641,691</b>
<b>District-Wide</b>									
Invested In Capital Assets, Net Of Related Debt	\$ 27,183,844	\$ 29,446,261	\$ 30,091,090	\$ 32,318,128	\$ 40,154,508	\$ 51,001,600	\$ 41,030,270	\$ 47,732,191	\$ 54,615,645
Restricted	254,915	1,047,696	605,350	1,050,981	30,731	70,308	3,374,302	1,177,690	2,220,078
Unrestricted	880,400	385,763	(14,289)	707,605	(192,825)	(737,814)	1,501,721	2,538,829	2,971,450
<b>Total District Net Assets</b>	<b>\$ 28,319,159</b>	<b>\$ 30,879,720</b>	<b>\$ 30,682,151</b>	<b>\$ 34,076,714</b>	<b>\$ 39,992,414</b>	<b>\$ 50,334,094</b>	<b>\$ 45,906,293</b>	<b>\$ 51,448,710</b>	<b>\$ 59,807,173</b>

Source: District financial records

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**SUMMIT PUBLIC SCHOOLS  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**  
(Unaudited)  
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>									
<b>Governmental Activities</b>									
<b>Instruction</b>									
Regular	\$ 20,632,002	\$ 22,459,128	\$ 23,863,851	\$ 25,439,644	\$ 29,149,306	\$ 30,506,819	\$ 29,380,082	\$ 30,266,224	\$ 30,453,508
Special Education	3,051,560	3,956,654	4,861,824	5,259,782	6,518,307	8,572,883	8,711,060	9,655,370	9,942,089
Other Instruction	2,039,525	2,226,558	2,718,845	3,012,868	3,192,560	1,944,729	1,920,361	1,862,999	2,011,592
School Sponsored Activities & Athletics						1,740,836	1,583,790	1,508,797	1,569,698
Support Services:									
Tuition	1,399,765	1,512,262	1,767,281	1,752,393	1,622,870	4,264,899	4,741,485	5,287,762	5,604,698
Student and Instruction Related Services	5,077,473	5,297,583	5,143,335	5,401,643	6,043,994	758,553	914,710	974,556	1,020,282
Health Services						1,295,886	1,558,835	1,393,968	1,507,626
Educational Media/School Library	2,380,743	2,495,990	3,043,955	3,171,450	3,624,973	3,723,390	3,940,227	3,911,979	4,187,205
School Administrative Services	2,062,415	2,027,946	2,657,477	2,493,439	-	1,356,768	1,470,247	1,375,967	1,431,802
General Administrative Services	4,194,323	4,627,658	4,806,519	4,748,296	1	5,703,195	6,200,892	6,217,401	6,049,846
Plant Operations And Maintenance	484,611	477,584	751,486	705,410	1,622,870	818,562	871,795	971,030	808,430
Pupil Transportation						1,363,041	1,397,147	1,402,625	1,502,470
Central Services						56,542	52,905	64,027	20,399
Interest in Long Term Debt				4,153	8,609				
Charter Schools									
Total Governmental Activities Expenses	41,322,417	45,081,363	49,614,573	51,989,078	51,783,490	62,106,503	62,543,534	64,892,705	66,109,645
<b>Business-Type Activities:</b>									
Food Service	916,905	1,049,233	1,043,553	1,144,124	1,144,674	1,252,461	1,155,810	1,304,953	1,453,855
Summer Flash Program	120,186	141,627	145,941	153,210	157,610	181,139	193,999	186,868	170,511
Total Business-Type Activities	1,037,091	1,190,860	1,189,494	1,277,334	1,302,284	1,433,600	1,349,809	1,491,821	1,624,366
Total District-Wide Expenses	\$ 42,359,508	\$ 46,272,223	\$ 50,804,067	\$ 53,266,412	\$ 53,085,774	\$ 63,540,103	\$ 63,893,343	\$ 66,384,526	\$ 67,734,011
<b>Program Revenues</b>									
<b>Governmental Activities:</b>									
Operating Grants And Contributions	\$ 5,717,248	\$ 6,292,096	\$ 6,620,616	\$ 7,034,541	\$ 9,041,147	\$ 9,624,296	\$ 8,301,900	\$ 16,449,795	\$ 14,453,423
Total Governmental Activities Program Revenues	5,717,248	6,292,096	6,620,616	7,034,541	9,041,147	9,624,296	8,301,900	16,449,795	14,453,423
<b>Business-Type Activities:</b>									
Charges For Services									
Food Service	788,324	838,315	870,486	907,953	937,966	966,889	1,021,014	1,079,175	1,207,769
Summer Flash Program	135,525	151,003	159,602	148,317	171,090	202,480	194,167	194,291	162,200
Operating Grants And Contributions	198,362	215,111	214,971	221,644	237,312	261,110	266,505	288,896	318,253
Total Business Type Activities Program Revenues	1,122,211	1,204,429	1,245,059	1,277,914	1,346,368	1,430,479	1,481,686	1,562,362	1,688,222
Total District-Wide Program Revenues	\$ 6,839,459	\$ 7,496,525	\$ 7,865,675	\$ 8,312,455	\$ 10,387,515	\$ 11,054,775	\$ 9,783,586	\$ 18,012,157	\$ 16,141,645

**SUMMIT PUBLIC SCHOOLS  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (35,605,169)	\$ (38,789,267)	\$ (42,993,957)	\$ (44,954,537)	\$ (42,742,343)	\$ (52,482,207)	\$ (54,241,634)	\$ (48,442,910)	\$ (51,656,222)
Business-Type Activities	85,120	13,569	55,565	580	44,084	(3,121)	131,877	70,541	63,856
<b>Total District-Wide Net Expense</b>	<b>\$ (35,320,049)</b>	<b>\$ (38,775,698)</b>	<b>\$ (42,938,392)</b>	<b>\$ (44,953,957)</b>	<b>\$ (42,698,259)</b>	<b>\$ (52,485,328)</b>	<b>\$ (54,109,757)</b>	<b>\$ (48,372,369)</b>	<b>\$ (51,592,366)</b>
<b>General Revenues And Other Changes In Net Assets</b>									
Governmental Activities:									
Taxes:									
Property Taxes Levied For General Purposes	\$ 35,633,160	\$ 38,861,386	\$ 41,816,382	\$ 46,034,566	\$ 49,248,088	\$ 51,641,731	\$ 55,419,648	\$ 56,808,725	\$ 59,646,434
State Aid not Restricted	74,079	160,789	726,948	555,134	164,354	353,756	15,828		
Tuition (Other than Special Schools)	4,400			71,310	99,942				
Investment Earnings	116,292	77,018	163,240	173,962	224,821				
Miscellaneous Income	1,145,359	2,094,622	257,242	1,513,748	7,344,306	10,305,852	4,598,021	380,261	379,644
N.J. Economic Development Authority Grants					(29,619)				(75,249)
Loss on Disposal of Assets					(300,003)				
Adjustment to Amount Due from City									
<b>Total Governmental Activities</b>	<b>36,973,290</b>	<b>41,193,815</b>	<b>42,963,812</b>	<b>48,348,520</b>	<b>56,751,889</b>	<b>62,301,339</b>	<b>60,033,497</b>	<b>57,188,986</b>	<b>59,950,829</b>
Business-Type Activities:									
Investment Earnings									
Transfers									
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide General Revenues</b>	<b>\$ 36,973,290</b>	<b>\$ 41,193,815</b>	<b>\$ 42,963,812</b>	<b>\$ 48,348,520</b>	<b>\$ 56,751,889</b>	<b>\$ 62,301,339</b>	<b>\$ 60,033,497</b>	<b>\$ 57,188,986</b>	<b>\$ 59,950,829</b>
<b>Change in Net Assets</b>									
Governmental Activities	\$ 1,368,121	\$ 2,404,548	\$ (30,145)	\$ 3,393,983	\$ 14,009,546	\$ 9,819,132	\$ 5,791,863	\$ 8,746,076	\$ 8,294,607
Business-Type Activities	85,120	13,569	55,565	580	44,084	(3,121)	131,877	70,541	63,856
<b>Total District-Wide Change in Net Assets</b>	<b>\$ 1,453,241</b>	<b>\$ 2,418,117</b>	<b>\$ 25,420</b>	<b>\$ 3,394,563</b>	<b>\$ 14,053,630</b>	<b>\$ 9,816,011</b>	<b>\$ 5,923,740</b>	<b>\$ 8,816,617</b>	<b>\$ 8,358,463</b>

Source: District financial records

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**SUMMIT PUBLIC SCHOOLS  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST NINE FISCAL YEARS  
(Unaudited)  
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 101,821	\$ 737,304	\$ 204,467	\$ 494,351	\$ 503,475	\$ 100,111	\$ 2,109,638	\$ 2,698,122	\$ 2,589,575
Unreserved	1,355,217	787,047	314,829	856,430	2,111	218,980	737,061	810,119	989,641
Restricted									998,106
Assigned									
Unassigned									
<b>Total General Fund</b>	<b>1,457,038</b>	<b>1,524,351</b>	<b>519,296</b>	<b>1,350,781</b>	<b>505,586</b>	<b>319,091</b>	<b>2,846,699</b>	<b>3,508,241</b>	<b>4,577,322</b>
All Other Governmental Funds									
Reserved	76,504	222,989	26,757		7,757,479	630,363	3,684,040	5,980,934	
Unreserved, reported in:									
Special Revenue Fund	(11,260)	(4,189)	(3,920)	(3,825)	(4,191)	(4,191)	(659,739)	(4,820,235)	
Capital Projects Fund			338,006	560,454	(7,726,749)	(560,056)			
Permanent Fund	87,849	91,592	40,039						
Restricted, reported in:									
Capital Projects Fund									1,353,087
<b>Total All Other Governmental Funds</b>	<b>153,093</b>	<b>310,392</b>	<b>400,882</b>	<b>556,629</b>	<b>26,539</b>	<b>66,116</b>	<b>3,024,301</b>	<b>1,160,699</b>	<b>1,353,087</b>
<b>Total Fund Balances</b>	<b>\$ 1,610,131</b>	<b>\$ 1,834,743</b>	<b>\$ 920,178</b>	<b>\$ 1,907,410</b>	<b>\$ 532,125</b>	<b>\$ 385,207</b>	<b>\$ 5,871,000</b>	<b>\$ 4,668,940</b>	<b>\$ 5,930,409</b>

Source: District financial records

Note:

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Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**SUMMIT PUBLIC SCHOOLS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
(Unaudited)  
(modified accrual basis of accounting)

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>									
Tax Levy	\$ 35,633,160	\$ 38,861,386	\$ 41,816,382	\$ 46,034,366	\$ 49,248,088	\$ 51,641,731	\$ 55,419,648	\$ 56,808,725	\$ 59,646,434
Tuition Charges	4,400			71,310	99,942				
Interest Earnings	116,292	77,018	163,240	173,962	224,821				
Miscellaneous	491,591	201,057	284,941	262,482	329,977	10,569,602	5,195,800	883,187	6,218,243
Amount Due from City of Summit	749,847	1,893,565	138,323	1,251,266	7,014,329				
State Sources	4,896,501	5,554,200	6,252,565	6,729,085	8,273,744	8,409,350	6,680,924	14,294,085	6,838,981
Federal Sources	798,747	898,686	928,977	860,590	931,756	1,304,952	1,039,025	1,640,824	1,769,402
<b>Total Revenue</b>	<b>42,690,538</b>	<b>47,485,912</b>	<b>49,584,428</b>	<b>55,383,061</b>	<b>66,122,657</b>	<b>71,925,635</b>	<b>68,335,397</b>	<b>73,626,821</b>	<b>74,473,060</b>
<b>Expenditures</b>									
<b>Instruction</b>									
Regular Instruction	16,387,067	17,478,384	18,281,845	19,649,124	20,772,430	29,841,914	28,560,379	29,577,110	29,950,326
Special Education Instruction	2,277,844	3,044,673	3,832,660	4,166,589	4,539,342	8,446,774	8,524,375	9,497,973	9,772,291
Other Instruction	1,731,725	1,850,000	2,154,083	2,403,456	2,564,720	1,908,397	1,868,355	1,823,941	1,966,605
School Sponsored Activities & Athletics						1,707,992	1,548,066	1,480,123	1,538,322
<b>Support Services:</b>									
Tuition	1,399,765	1,512,262	1,767,281	1,752,393	1,622,870				
Student & Inst. Related Services	4,080,294	4,140,975	4,092,587	4,332,268	4,484,227	4,188,446	4,626,186	5,188,632	5,500,124
Health Services						741,952	890,606	954,394	999,374
Educational Media / School Library						1,269,450	1,325,412	1,367,268	1,478,263
School Administrative Services	1,866,910	1,879,202	2,391,758	2,454,334	2,546,012	3,637,987	3,822,430	3,821,668	4,091,957
General and Business Adm. Svs.	1,758,148	1,690,550	2,066,854	2,048,185	2,183,982	1,334,967	1,449,268	1,358,012	1,412,713
Plant Operations And Maintenance	3,622,518	3,952,952	4,092,323	4,053,167	4,522,199	5,616,668	6,087,234	6,125,214	5,957,139
Pupil Transportation	471,226	455,900	731,180	688,886	711,080	818,129	871,795	969,126	807,521
Central Services						1,330,426	1,358,031	1,371,704	1,469,616
Employee Benefits	7,431,879	8,896,986	9,895,833	10,290,018	15,056,404				
Charter Schools				4,153	8,609				
<b>Debt Service</b>									
Principal						666,531	676,965	1,430,833	372,385
Interest						56,542	52,905	64,027	20,399
Capital Outlay	1,858,669	2,771,180	2,092,629	3,028,476	8,908,447	10,956,378	1,740,873	6,998,062	7,874,556
<b>Total Expenditures</b>	<b>42,886,045</b>	<b>47,673,064</b>	<b>51,399,033</b>	<b>54,871,049</b>	<b>67,920,322</b>	<b>72,522,553</b>	<b>63,402,880</b>	<b>72,028,087</b>	<b>73,211,591</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(195,507)</b>	<b>(187,152)</b>	<b>(1,814,605)</b>	<b>512,012</b>	<b>(1,797,665)</b>	<b>(596,918)</b>	<b>4,932,517</b>	<b>1,598,734</b>	<b>1,261,469</b>

**SUMMIT PUBLIC SCHOOLS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
(Unaudited)  
*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Other Financing Sources (Uses)</b>									
Capital Leases (Non-Budgeted)	\$ 442,914	\$ 265,278	\$ 1,123,029	\$ 475,221	\$ 752,000 (29,619)	\$ 450,000	\$ 553,276	\$ 473,406	
N.J. Economic Development Auth. Grants					(300,003)				
Adjustment to Amount Due from City			216,741	300,000	200,000	300,000		333,010	
Transfers In			(216,741)	(300,000)	(200,000)	(300,000)		(333,010)	
Transfers Out									
<b>Total Other Financing Sources (Uses)</b>	<u>442,914</u>	<u>265,278</u>	<u>1,123,029</u>	<u>475,221</u>	<u>422,378</u>	<u>450,000</u>	<u>553,276</u>	<u>473,406</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<u>\$ 247,407</u>	<u>\$ 78,126</u>	<u>\$ (691,576)</u>	<u>\$ 987,233</u>	<u>\$ (1,375,287)</u>	<u>\$ (146,918)</u>	<u>\$ 5,485,793</u>	<u>\$ 2,072,140</u>	<u>\$ 1,261,469</u>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	0.00%	0.00%	0.00%	0.00%	0.00%	1.17%	1.18%	2.30%	0.60%

Source: District financial records

**Note:**

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Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest</u>	<u>Gate Receipts</u>	<u>Summer School Fees</u>	<u>Rentals</u>	<u>E-Rate</u>	<u>Miscellaneous</u>	<u>Donations</u>	<u>Total</u>
2002	\$ 3,104	\$ 133,796	\$ 9,546	\$ 59,912	\$ 13,246		\$ 45,288	\$ 199,955	\$ 464,847
2003	4,400	111,833	18,555	101,955	10,522		81,874	176,405	505,544
2004		73,275	29,176	960	21,001		100,556	500	225,468
2005	69,855	161,557	9,620				39,445		280,477
2006	71,310	173,962	8,146				21,058		274,476
2007	99,942	224,821	7,408				7,970		340,141
2008		70,857							70,857
2009	95,832	47,390					382,083		525,305
2010	159,927	16,108	14,588			\$ 45,019	144,619		380,261
2011	148,108	57,864	9,381		34,845		129,446		379,644

Source: District financial records

**SUMMIT PUBLIC SCHOOLS**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	Total Assessed Value					Net Valuation Taxable		Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
	Vacant Land	Residential	Commercial	Industrial	Apartment	Public Utilities			
2002	\$ 12,926,900	\$ 2,347,939,300	\$ 335,472,800	\$ 229,390,400	\$ 72,202,700	\$ 5,217,805	\$ 3,003,149,905	\$ 4,488,818,556	\$ 1.133
2003	11,815,200	2,371,544,700	332,564,500	239,265,900	71,757,900	5,429,738	3,032,377,938	5,104,864,197	1.229
2004	12,783,300	2,396,025,800	328,688,200	239,048,600	71,141,400	4,810,102	3,052,497,402	5,505,894,641	1.322
2005	15,387,600	2,415,514,900	322,967,000	238,177,900	70,877,100	4,124,987	3,067,049,487	5,576,453,613	1.432
2006	13,506,500	2,447,199,800	319,448,300	238,250,400	70,877,100	3,655,417	3,092,937,517	5,623,522,758	1.540
2007	10,419,600	2,481,875,600	322,466,600	234,816,200	71,195,700	2,982,124	3,123,755,824	5,953,058,928	1.615
2008	12,135,200	2,513,876,375	312,300,700	238,271,000	63,700,200	2,990,262	3,143,273,737	7,371,310,103	1.704
2009	12,452,000	2,516,055,800	314,123,600	238,271,000	61,705,200	3,052,456	3,145,660,056	7,470,379,510	1.784
2010	15,096,700	2,506,422,500	301,353,500	238,271,000	61,490,800	3,262,000	3,125,896,500	7,259,889,345	1.863
2011	17,732,400	2,502,405,600	297,766,600	238,161,000	61,315,800	3,448,141	3,120,829,541	7,284,699,926	1.912

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

**SUMMIT PUBLIC SCHOOLS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Unaudited)**  
*(rate per \$100 of assessed value)*

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2002	\$ 1.133	\$ 0.619	\$ 0.646	\$ 2.398
2003	1.229	0.668	0.721	2.618
2004	1.322	0.709	0.727	2.758
2005	1.432	0.747	0.736	2.915
2006	1.540	0.805	0.758	3.103
2007	1.615	0.786	0.795	3.196
2008	1.704	0.941	0.790	3.435
2009	1.784	0.967	0.838	3.589
2010	1.863	0.987	0.889	3.739
2011	1.912	0.994	0.923	3.829

Source: County Abstract of Ratables

**SUMMIT PUBLIC SCHOOLS  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND TEN YEARS AGO  
(Unaudited)**

Taxpayer	2011		2001	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
The Summit Property Company (Schering-Plough)	\$ 225,888,004	7.18%		
Atlantic Health System	18,297,500	0.58%		Not Available
Celgene Corporation	16,541,000	0.53%		
Bouras Properties, LLC	14,140,600	0.45%		
1st Union National Bank	14,000,000	0.45%		
Bassett Associates	9,835,000	0.31%		
The Maple Group, L.L.C.	8,241,400	0.26%		
Canoe Brook County Club	8,040,500	0.26%		
SHPI/CSL Summit, LLC	7,000,000	0.22%		
E. Coast Constantine Village	6,800,000	0.22%		
	\$ 328,784,004	10.45%	\$ -	0.00%

Source: Municipal Tax Assessor

EXHIBIT J-9

SUMMIT PUBLIC SCHOOLS  
 PROPERTY 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		Collections in Subsequent Years	Total Collections to Date
	Year	Amount	Percentage of Levy		
2002	\$ 72,315,592	\$ 71,773,750	99.25%	\$ 541,842	\$ 72,315,592
2003	79,622,865	79,052,069	99.28%	543,341	79,595,410
2004	84,530,763	83,962,398	99.33%	499,747	84,462,145
2005	89,802,833	89,070,381	99.18%	670,933	89,741,314
2006	46,034,366	46,034,366	100.00%	-	46,034,366
2007	42,248,088	42,248,088	100.00%	-	42,248,088
2008	51,641,731	51,641,731	100.00%	-	51,641,731
2009	55,419,648	55,419,648	100.00%	-	55,419,648
2010	56,808,725	56,808,725	100.00%	-	56,808,725
2011	59,646,434	59,646,434	100.00%	-	59,646,434

Source: District financial records

**SUMMIT PUBLIC SCHOOLS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST FIVE FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2007			\$ 1,670,032			\$ 1,670,032	20,522	\$ 81	
2008			1,453,501			1,453,501	20,522	70	
2009			1,329,812			1,329,812	20,696	64	
2010			372,385			372,385	20,696	18	
2011			NONE			NONE			

Source: District financial records

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only five years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**SUMMIT PUBLIC SCHOOLS  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			

**NOT APPLICABLE**

Source: District financial records

Note: The district is a Type 1 District; all bonded debt is issued by the City.

**SUMMIT PUBLIC SCHOOLS**  
**COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT**  
**FOR YEAR ENDED DECEMBER 31, 2010**  
**(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
City of Summit	\$ 34,767,117
City of Summit School District - Type I	<u>54,277,915</u>
	89,045,032
Overlapping debt Apportioned to the Municipality:	
Union County (2);(A):	
County of Union (A)	<u>42,309,983</u>
 Total Direct and Overlapping Debt	 <u>\$ 131,355,015</u>

(A) The debt for this entity was apportioned to the City of Summit by dividing the Municipality's 2010 equalized value by the total 2010 equalized value for Union County.

Sources:

- (1) City of Summit 2010 Annual Debt Statement
- (2) Union County 2010 Annual Debt Statement



**SUMMIT PUBLIC SCHOOLS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2001	21,163	\$ 856,657,077	\$ 40,479	2.3%
2002	21,156	864,180,288	40,848	3.2%
2003	21,099	879,005,439	41,661	3.2%
2004	20,938	901,276,210	43,045	2.5%
2005	20,827	928,592,622	44,586	2.5%
2006	20,681	1,014,651,222	49,062	2.5%
2007	20,522	1,047,730,188	51,054	2.3%
2008	20,522	1,063,347,430	51,815	3.0%
2009	20,696	1,014,931,840	49,040	5.3%
2010	21,457	N/A	N/A	5.4%

Source: New Jersey State Department of Education

SUMMIT PUBLIC SCHOOLS  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)

Employer	2011		2002	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

NOT AVAILABLE

SUMMIT PUBLIC SCHOOLS  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	258.17	266.64	272.08	287.09	303.81	304.32	284.29	290.19	300.32	300.95
Special education	78.51	81.09	82.74	87.30	92.39	109.07	107.68	119.88	124.11	125.06
School sponsored/other instructional	0.85	0.88	0.90	0.94	1.00	1.00	1.00	1.00	1.00	1.00
Support Services:										
Student & instruction related services	39.94	41.25	42.09	44.41	47.00	52.27	44.83	47.70	52.70	49.70
School administrative services	21.24	21.94	22.39	23.62	25.00	32.00	32.50	32.00	31.00	31.00
General administrative services	5.95	6.14	6.27	6.61	7.00	7.00	7.00	7.00	6.00	6.00
Central services	9.35	9.65	9.85	10.39	11.00	11.00	11.00	11.00	11.00	11.00
Administrative Information Technology	1.10	1.14	1.16	1.23	1.30	1.27	1.30	1.30	1.30	1.30
Plant operations and maintenance	34.50	35.63	36.36	38.37	40.60	43.01	43.50	44.83	48.83	48.03
Pupil transportation	1.19	1.23	1.25	1.32	1.40	1.16	1.16	0.90	0.90	0.70
<b>Total</b>	<b>450.80</b>	<b>465.59</b>	<b>475.09</b>	<b>501.28</b>	<b>530.50</b>	<b>562.10</b>	<b>534.26</b>	<b>555.80</b>	<b>577.16</b>	<b>574.74</b>

Source: District Personnel Records

SUMMIT PUBLIC SCHOOLS  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>b</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	3,299	\$ 37,158,635	\$ 11,258	-0.83%	266	1:18	1:21	1:19	3,307.1	3,162.5	4.85%	95.63%
2003	3,349	41,027,376	12,251	8.82%	270	1:19	1:12	1:10	3,349.0	3,215.4	1.27%	96.01%
2004	3,505	44,901,883	12,811	4.57%	288	1:15	1:15	1:20	3,488.5	3,351.7	4.17%	96.08%
2005	3,632	49,306,403	13,576	5.97%	296	1:19	1:15	1:21	3,619.6	3,462.2	3.76%	95.65%
2006	3,670	51,842,573	14,126	4.06%	333	1:19	1:12	1:12	3,673.4	3,511.8	1.49%	95.60%
2007	3,732	59,011,874	15,812	11.94%	359	1:15	1:12	1:13	3,750.0	3,576.0	1.54%	95.87%
2008	3,794	60,843,102	16,037	1.42%	322	1:14	1:12	1:11	3,791.0	3,629.0	1.64%	95.73%
2009	3,804	60,932,137	16,018	-0.12%	374	1:11	1:10	1:10	3,815.0	3,642.7	0.63%	95.48%
2010	3,887	63,533,165	15,037	-6.12%	373	1:12	1:10	1:10	3,900.9	3,730.8	2.25%	95.64%
2011	3,982	64,944,251	16,309	8.46%	377	1:11	1:11	1:10	3,953.0	3,782.7	1.34%	95.69%

Sources: District records

- a. Enrollment based on annual October district count.
- b. Operating expenditures equal total expenditures (modified accrual) less debt service and capital outlay
- c. Cost per pupil represents operating expenditures divided by enrollment

**SUMMIT PUBLIC SCHOOLS  
SCHOOL BUILDING INFORMATION  
LAST SEVEN FISCAL YEARS  
(Unaudited)**

	2005	2006	2007	2008	2009	2010	2011
<b><u>District Building</u></b>							
<b><u>Elementary</u></b>							
Brayton Elementary (1911)							
Square Feet	53,737	53,737	53,737	53,737	53,737	53,737	53,737
Capacity (students)	415	415	415	415	415	415	415
Enrollment <sup>a</sup>	474	489	457	465	407	398	389
Franklin Elementary (1927)							
Square Feet	44,118	44,118	44,118	44,118	44,118	48,280	48,280
Capacity (students)	349	349	349	349	349	349	349
Enrollment	384	400	410	409	376	378	377
Jefferson Elementary (1931)							
Square Feet	38,851	38,851	38,851	38,851	38,851	44,890	44,890
Capacity (students)	263	263	263	263	263	263	263
Enrollment	225	233	241	230	215	211	219
Jefferson Primary Center (2008)							
Square Feet					17,453	21,000	21,000
Capacity (students)					137	137	137
Enrollment					130	160	156
Lincoln Elementary (1953)							
Square Feet	55,132	55,132	55,132	55,132	55,132	74,600	74,600
Capacity (students)	401	401	401	401	401	401	401
Enrollment	404	382	398	384	321	333	338
Washington Elementary (1922)							
Square Feet	48,093	48,093	48,093	48,093	48,093	53,340	53,340
Capacity (students)	373	373	373	373	373	373	373
Enrollment	340	350	356	408	325	323	324
Wilson Primary Center (2008)							
Square Feet					21,770	32,000	32,000
Capacity (students)					175	175	175
Enrollment					152	172	153
<b><u>Middle School</u></b>							
LCJ Summit Middle School (1922)							
Square Feet	143,029	143,029	143,029	143,029	143,029	149,720	149,720
Capacity (students)	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Enrollment	849	843	826	849	843	867	950
<b><u>High School</u></b>							
Summit High School (1962)							
Square Feet	190,097	190,097	190,097	190,097	190,097	206,690	206,690
Capacity (students)	1,247	1,247	1,247	1,247	1,247	1,247	1,247
Enrollment	943	966	1,044	1,049	1,035	1,035	1,025

Number of Schools at June 30, 2011

Elementary = 7

Middle School = 1

Senior High School = 1

Source: District Records, ASSA

SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES	Project #(s)	Gross Building Area (SF)									
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
School Facilities											
Summit High School	N/A	\$ 154,275	\$ 243,889	\$ 301,051	\$ 269,310	\$ 241,574	\$ 263,677	\$ 308,273	\$ 260,504	\$ 265,976	\$ 311,025
Lawton C. Johnson Middle School	5090-060-04-1000 5090-060-05-1000	154,275	160,084	218,072	183,842	173,468	188,759	193,309	192,636	192,117	201,740
Brayton Elementary School	N/A	50,154	56,343	70,890	63,185	53,840	80,474	80,474	74,882	60,421	73,261
Franklin Elementary School	N/A	49,743	66,965	70,322	63,201	56,434	63,781	63,698	57,714	71,714	72,678
Jefferson Elementary School	5090-090-03-1010 5090-090-03-1004 5090-090-04-2000 5090-090-04-3000	46,282	73,183	65,384	55,106	50,820	59,770	59,770	76,138	92,824	95,086
Lincoln-Hubbard Elementary School	5090-100-03-1008	76,903	73,606	108,658	89,990	84,296	93,140	98,423	74,632	93,633	99,835
Washington Elementary School	5090-120-04-1000 5090-120-03-1028 5090-120-04-2000	54,964	63,533	77,692	70,022	63,696	70,066	70,373	70,243	64,683	69,389
Wilson Primary Center	N/A	-	-	-	-	-	-	4,232	23,372	25,204	27,253
Total School Facilities		<u>586,596</u>	<u>737,603</u>	<u>912,069</u>	<u>794,656</u>	<u>724,128</u>	<u>819,667</u>	<u>878,552</u>	<u>830,121</u>	<u>866,572</u>	<u>950,267</u>
Other Facilities											
Stadium Administration		-	-	2,909	2,915	3,654	4,244	4,244	4,414	4,591	4,775
		-	-	10,486	12,827	14,252	11,758	11,758	10,553	10,232	10,394
Total Other Facilities		<u>-</u>	<u>-</u>	<u>13,395</u>	<u>15,742</u>	<u>17,906</u>	<u>16,002</u>	<u>16,002</u>	<u>14,967</u>	<u>14,823</u>	<u>15,169</u>
Grand Total		<u>\$ 586,596</u>	<u>\$ 737,603</u>	<u>\$ 925,464</u>	<u>\$ 810,398</u>	<u>\$ 742,034</u>	<u>\$ 835,669</u>	<u>\$ 894,554</u>	<u>\$ 845,088</u>	<u>\$ 881,395</u>	<u>\$ 965,436</u>

Source: School District's Financial Statements

**SUMMIT PUBLIC SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2011  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy - Diploma JIF		
Commercial General Liability		
Each Occurrence	\$ 5,000,000	
General Aggregate	50,000,000	
Products/Completed Operations Agg.	Incl. in each occurrence	
Personal & Advertising Injury	Incl. in each occurrence	
Fire Damage	2,500,000	
Medical Expense	5,000	
Employee Benefits Liability	5,000,000	\$ 1,000
Property - Diploma JIF		
Blanket Building	146,852,990	1,000
Blanket Personal Property	9,486,947	1,000
Blanket EDP	2,094,241	1,000
Blanket Miscellaneous Property	1,118,135	1,000
Employee Dishonesty	500,000	1,000
Business Automobile - Diploma JIF		
Liability	5,000,000	
Uninsured Motorist	\$15,000/30,000/5,000	
Underinsured Motorist	\$15,000/30,000/5,000	
Personal Injury Protection	Basic Statutory	
Comprehensive Deductible		1,000
Collision Deductible		1,000
Boiler and Machinery - DIPLOMA JIF		
Blanket Property Damage - Inc. in Property Limit		
Extra Expense - Actual Loss Sustained: 12 Consecutive Months		
Hazardous Substance Limitation	1,000,000	
Board of Education Liability - Diploma JIF		
Each Claim	5,000,000	
Annual Aggregate	5,000,000	
Excess Umbrella Policy - Diploma JIF		
Per Occurrence	5,000,000	
Annual Aggregate	5,000,000	
Workers Compensation Policy - Diploma JIF		
Employers Liability	5,000,000	
Excess Umbrella Policy - Fireman's Fund		
Per Occurrence	50,000,000	
Annual Aggregate	50,000,000	
**Excess Over Primary Limit of \$10,000,00		
Bonds - Selective Insurance Co.		
Louis J. Pepe, Board Secretary/Business Administrator	150,000	
Scott Olsen, Treasurer of School Moneys	325,000	

Source: District records

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

## 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

Honorable President and Members  
of the Board of Trustees  
City of Summit Public Schools  
Summit, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools as of and for the fiscal year ended June 30, 2011, which collectively comprise the Summit Public Schools' basic financial statements and have issued our report thereon dated November 3, 2011. 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 Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Summit Public Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Summit Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Summit Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Summit Public Schools' internal control over financial reporting.

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 Summit Public Schools' financial statements will not be prevented, or detected and corrected on a timely basis.

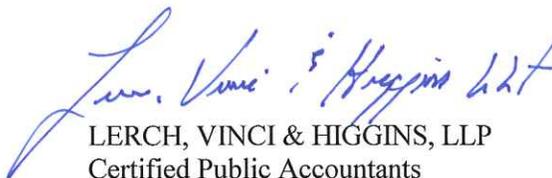
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Summit Public Schools' 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 and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Summit Public Schools in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 3, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 3, 2011

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, CPA

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

### Independent Auditor's Report

Honorable President and Members  
of the Board of Trustees  
City of Summit Public Schools  
Summit, New Jersey

### Compliance

We have audited the Summit Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Summit Public Schools' major federal and state programs for the fiscal year ended June 30, 2011. Summit Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Summit Public Schools' management. Our responsibility is to express an opinion on Summit Public Schools' compliance based on our audit.

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; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars 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 Summit Public Schools' 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. Our audit does not provide a legal determination on Summit Public Schools' compliance with those requirements.

In our opinion, Summit Public Schools complied, in all material respects, with the 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, 2011.

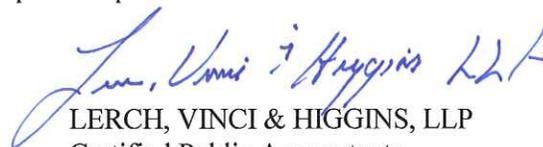
### Internal Control Over Compliance

Management of Summit Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Summit Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

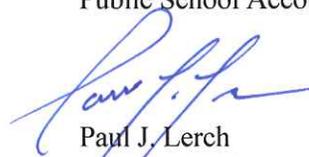
A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 3, 2011

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2011		Memo Only GAAP Receivable
											(Accounts Receivable)	Deferred Revenue/ Grantor	
U.S. Department of Education General Fund	93.778	N/A	7/1/09-6/30/10	\$ 61,342	\$ (11,273)		\$ 11,273						\$ (8,571)
Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/10-6/30/11	48,719			40,148	48,719					\$ (8,571)
					(11,273)		51,421	48,719					(8,571)
U.S. Department of Agriculture Passed-through State Department of Education	10.555	N/A	7/1/09-6/30/10	47,443	308		51,162	308					
Food Distribution Program - Non Cash Assistance	10.555	N/A	7/1/10-6/30/11	51,162			18,357	50,051			\$ 1,111		
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	220,106	(18,357)		240,793	240,793					
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	240,793			308						
School Breakfast Program	10.555	N/A	7/1/09-6/30/10	3,408	(308)		14,187	14,187					
School Breakfast Program	10.555	N/A	7/1/10-6/30/11	14,187									
					(18,357)		324,807	305,339			1,111		
Total U.S. Department of Agriculture													
Special Revenue Fund I.A.S.A. Consolidated Grant/NCLB	84.010A	NCLB219009	09/1/08-8/31/09	152,187	(3,342)		9,782	2,321			4,119		(31,338)
Title I, Carryover	84.010A	NCLB219010	09/1/08-8/31/10	98,757	(28,344)		57,049	58,927			1,116		(86,616)
Title I, Carryover	84.010A	NCLB219011	09/1/10-8/31/11	105,043			18,427	39,461					(12,218)
Title IA, Carryover	84.367A	NCLB219009	09/1/08-8/31/09	63,633	(39,873)		39,873	20,510					(20,510)
Title IA, Carryover	84.367A	NCLB219010	09/1/09-8/31/10	63,579	(43,068)		43,068	57,702			5,114		(43,992)
Title IA	84.367A	NCLB219011	09/1/10-8/31/11	62,816			18,824						(101)
Title II D, Carryover	84.318X	NCLB219009	09/1/08-8/31/09	753	50						\$ 50		(101)
Title II D	84.318X	NCLB219011	09/1/10-8/31/11	101							101		(1,135)
Title III, Carryover	84.365A	NCLB219009	09/1/08-8/31/09	36,504	(6,136)		15,228	10,206			22		(663)
Title III, Carryover	84.365A	NCLB219010	09/1/09-8/31/10	26,184	(7,122)		12,133	5,674					(27,247)
Title III	84.365A	NCLB219011	09/1/10-8/31/11	29,377			2,130	13,947			15,430		(425)
Title IV, Carryover	84.186A	NCLB219009	09/1/08-8/31/09	8,726	(2,426)		3,696	1,106			12		(425)
Title IV, Carryover	84.186A	NCLB219010	09/1/09-8/31/10	7,149	(3,630)		5,705				1,394		(950)
Title V, Carryover	84.298A	NCLB219009	09/1/08-8/31/09	5,204	950								(2,400)
I.D.E.A. Part B Basic Regular, Carryover	84.027	IDEA219009	9/1/08-8/31/09	787,058	(2,400)		371,615	93,036			1,988		(53,628)
Basic Regular, Carryover	84.027	IDEA219010	9/1/09-8/31/10	856,236	(330,219)		460,030	743,984			140,578		(424,532)
Basic Regular	84.027	IDEA219011	9/1/10-8/31/11	884,562			632,500	602,657			74,731		(246,961)
Basic Regular - ARRA	84.591	IDEA219010	9/1/09-8/31/10	1,114,436	(202,073)								(3,141)
Preschool, Carryover	84.173	IDEA219009	9/1/08-8/31/09	29,841	(5,274)		28,688	3,141	\$ 5,274		2,049		(2,049)
Preschool, Carryover	84.173	IDEA219010	9/1/09-8/31/10	30,737	(3,688)		30,400	30,400			2,252		(2,252)
Preschool	84.173	IDEA219011	9/1/10-8/31/11	32,652			37,611	37,611			2,686		(2,686)
Preschool - ARRA	84.392	IDEA219010	9/1/08-8/31/10	40,297									(92)
Self Assessment, Carryover	84.027A	IDEA219010	9/1/09-8/31/10	14,000	(92)								(92)
Total U.S. Department of Education				(701,687)			1,786,759	1,720,683	5,274		327,382		(961,986)
Total				\$ (731,317)			\$ 2,162,987	\$ 2,074,741	\$ 5,274		\$ 328,493		\$ (970,557)

Adjustments represent cancellation of prior year orders.

**SUMMIT PUBLIC SCHOOLS**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2011		Memo Only	
										(Accounts Receivable)	Deferred Revenue	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>													
<b>General Fund</b>													
Special Education Aid	10-495-034-5120-011	7/1/09-6/30/10	2,113,935	\$ (200,374)		\$ 200,374							
Transportation Aid	10-100-034-5120-014	7/1/09-6/30/10	101,692	(9,429)		9,429							
Extraordinary Special Education Cost Ai	10-495-034-5120-044	7/1/09-6/30/10	190,534	(190,534)		190,534							
Extraordinary Special Education Cost Ai	11-495-034-5120-044	7/1/10-6/30/11	254,106				\$ 254,106						\$ 254,106
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	284,306	(25,931)		25,931							
T.P.A.F. - Pension- Post Ret. Medical	11-495-034-5095-001	7/1/10-6/30/11	1,955,932			1,955,932							1,955,932
T.P.A.F. Pension & Annuity Fund	11-495-034-5095-006	7/1/10-6/30/11	92,087			92,087							92,087
T.P.A.F. - Social Security	10-495-034-5095-002	7/1/09-6/30/10	2,508,463	(229,621)		229,621							
T.P.A.F. - Social Security	11-495-034-5095-002	7/1/10-6/30/11	2,284,254			2,056,052					(228,202)		\$ (228,202)
<b>Total General Fund</b>				(655,889)		4,759,960	4,586,379				(482,308)		(228,202)
<b>Special Revenue Fund</b>													
New Jersey Nonpublic Aid:													
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	51,043			51,043	50,613			\$ 430			50,613
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	58,330	923					\$ 923				
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	60,480			60,480	60,261			219			60,261
Auxiliary Services:													
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	7,678	960					960				
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	3,349			3,349	2,512			837			2,512
Transportation	11-100-034-5120-067	7/1/10-6/30/11	3,843			3,843	3,843						3,843
Home Instruction	N/A	7/1/09-6/30/10	4,630	(4,630)		4,630							
Home Instruction	N/A	7/1/10-6/30/11	4,288								(4,288)		(4,288)
Handicapped Services:													
Examination and Classification	10-100-034-5120-066	7/1/09-6/30/10	37,291	4,397					4,397				
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	61,049			61,049	59,934			1,115			59,934
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	27,170	465					465				
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	18,462			18,462	15,342			3,120			15,342
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	22,375			22,375	22,375						22,375
<b>Total Special Revenue Fund</b>				2,115		225,231	219,168		6,745		(4,288)		(4,288)
										5,721			219,168

See Accompanying Notes to the Schedule of Expenditures of Federal Awards and Expenditures of State Financial Assistance

SUMMIT PUBLIC SCHOOLS  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2011 (Accounts Receivable)	Deferred Revenue	Due to Grantor June 30, 2011	Memo Only	
													GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Agriculture</b>														
<b>Enterprise Fund</b>														
School Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	\$ 228	\$ (228)	\$ -	228	-	-	-	-	-	-	-	-
National School Lunch Program	10-100-010-3350-023	7/1/09-6/30/10	14,828	(999)	-	999	-	-	-	(669)	-	-	-	(669)
National School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	12,914	-	-	12,245	12,914	-	-	-	-	-	-	-
<b>Total Enterprise Fund</b>				<b>(1,227)</b>		<b>13,472</b>	<b>12,914</b>			<b>(669)</b>				<b>(669)</b>
<b>State of New Jersey- School Development Authority</b>														
<b>Capital Projects Fund</b>														
	5090-100-03-1008		49,854	(49,854)						(49,854)				(49,854)
	5090-090-03-1010		14,582	(5,034)						(5,034)				(5,034)
	5090-120-04-1000		53,535	(31,490)		20,388		\$ 33,147						
	5090-090-03-1004		102,272	(31,490)						(31,490)				(31,490)
	5090-120-03-1028		51,850	(51,850)		51,850								
	5090-120-04-2000		109,375	(109,375)		97,155		12,220						
	5090-060-04-1000		148,495	(132,903)		132,903								
	5090-060-05-1000		319,315	(34,014)						(34,014)				(34,014)
School Improvements Ord. #2847/2853	Various	N/A	5,657,585	(5,657,585)		1,422,337				(4,235,248)				(4,235,248)
School Improvements Ord. #2838	Various	N/A	1,247,149	(1,247,149)						(1,247,149)				(1,247,149)
School Improvements Ord. #2931	Various	N/A	1,906,640	-		-	650,009			(1,906,640)	1,256,630			(1,906,640)
<b>Total Capital Projects Fund</b>				<b>(7,372,789)</b>		<b>1,724,633</b>	<b>650,009</b>	<b>45,367</b>		<b>(7,509,429)</b>	<b>1,256,630</b>			<b>(7,509,429)</b>
<b>Grand Total</b>				<b>(8,027,790)</b>		<b>6,723,296</b>	<b>5,468,470</b>	<b>45,367</b>	<b>6,745</b>	<b>(7,996,694)</b>	<b>1,256,630</b>	<b>5,721</b>		<b>(7,742,588)</b>
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>														
T.P.A.F. - Pension- Post Ret. Medical	11-495-034-5095-001	7/1/10-6/30/11	1,955,932	-	-	1,955,932	1,955,932	-	-	-	-	-	-	-
T.P.A.F. Pension & Annuity Fund	11-495-034-5095-006	7/1/10-6/30/11	92,087	-	-	92,087	92,087	-	-	-	-	-	-	-
<b>Total for State Financial Assistance Determination</b>				<b>(8,027,790)</b>		<b>4,675,277</b>	<b>3,420,451</b>	<b>45,367</b>	<b>6,745</b>	<b>(7,996,694)</b>	<b>1,256,630</b>	<b>5,721</b>		<b>(7,742,588)</b>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Summit Public Schools. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using 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 Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund 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 a modified accrual basis with the exception of the revenue recognition of the delayed 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 year due to the state deferral and recording of certain 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 revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$172,162 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 48,719	\$ 4,758,541	\$ 4,807,260
Special Revenue Fund	1,720,683	219,168	1,939,851
Capital Projects Fund		1,861,272	1,861,272
Food Service Fund	<u>305,339</u>	<u>12,914</u>	<u>318,253</u>
Total Financial Assistance	<u>\$ 2,074,741</u>	<u>\$ 6,851,895</u>	<u>\$ 8,926,636</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$2,284,254 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$92,087 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,955,923 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.



**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditor's report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? \_\_\_\_\_ yes      X   none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
495-034-5095-002	Reimbursed TPAF Social Security
100-034-5120-473	Extraordinary Aid

Dollar threshold used to distinguish between Type A and Type B Programs    \$ 300,000

Auditee qualified as low-risk auditee?      X   yes    \_\_\_\_\_ no

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.

**SUMMIT PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

There are none.