

**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, 2012**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**City of Summit**

**Summit Public Schools**

**Summit, New Jersey**

**For The Fiscal Year Ended June 30, 2012**

**Prepared by**

**Business Office**

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**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

October 29, 2012

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 - 2012***

Dear Board Members:

The comprehensive annual financial report of the City of Summit Board of Education for the fiscal year ended June 30, 2012 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 2011-2012 fiscal year with an enrollment of 4,133 students, representing continuous ADE growth with 108 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 39 Out of District Placements, down from 45 the previous year accounting for the return to district plan in Special Education. However, the overall cost of special education continues to grow in large part due to the private schools ability to increase tuition beyond the 2% CAP imposed on Public Schools.

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>
2011/12	4,060.5	2.702%
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%

**(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.

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

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.

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 2012, 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.

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

- ✚ College placements continued to be diverse with students accessing admission to many highly selective institutions. Two hundred twenty-two students attended one hundred twenty-nine different four year colleges.
- ✚ The percent of students pursuing further education (94.3%).
- ✚ 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: 60% of the graduates began their Summit education in Kindergarten.

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. The 2011-12 year focused on major projects that supported expanded education learning opportunities in the fine and performing arts department with a million dollar renovation of the Summit High School auditorium.

**(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, 2012.

**(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 and the School Alliance Insurance Fund (SAIF) 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. Consistent with the pooling concept, the Diploma Joint Insurance Fund program allows the Board to benefit from reduced risk in the Board's overall protection.

Additionally new lines of coverage were added at the direction of the School Business Administrator 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:**

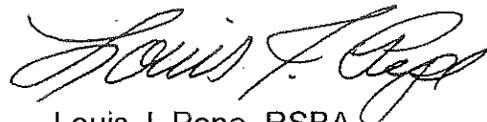
A) Independent Audit - State statutes require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting in this capacity. In addition to meeting the requirements of the Single Audit 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,



Louis J. Pepe, RSBA  
Business Administrator/  
Board Secretary





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

**ROSTER OF OFFICIALS  
JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. George Lucaci, President	2012
Ms. Gloria Ron-Fornes, Vice President	2012
Ms. Anne Burton	2015
Ms. Celia Colbert	2014
Mr. David Dietze	2015
Ms. Katherine Kalin	2012
Mr. Ed Mokuvos	2014

**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.

**Summit  
Public  
Schools**



**Board of Education**  
Administrative Offices  
14 Beekman Terrace  
Summit, New Jersey 07901-1702

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

## **ROSTER OF CONSULTANTS AND ADVISORS JUNE 30, 2012**

### **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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PAUL J. LERCH, CPA, RMA, PSA  
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CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITOR'S 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, 2012, 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.

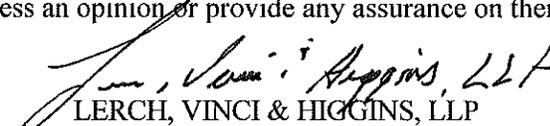
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2012, and the respective changes in financial position and, where applicable, cash flows 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 October 29, 2012 on our consideration of the Summit Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 School's 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have 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 combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are 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  
October 29, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## THE CITY OF SUMMIT PUBLIC SCHOOLS

### Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

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, 2012. 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 2012 are as follows:

- District-Wide - General revenues for governmental activities accounted for \$59,903,197 or 81 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$13,287,268 or 18 percent of all total revenues. Charges for services accounted for \$184,733 or 1 percent of total revenues \$73,375,198.
- District-Wide - The governmental activities had \$67,959,952 in expenses; only \$13,472,001 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$59,903,197 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$66,701,726 in revenues and \$65,480,009 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$5,374,226 an increase of \$796,904 from 2011. This is a result of the District's sound fiscal management.
- Fund Financials - At the end of June 30, 2012, the District's unassigned fund balance for the General Fund was \$919,828 a decrease from 2011 of \$78,278.

#### 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 basic 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, 2012**

**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 there after; 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, 2012

### 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 one type of Proprietary Fund, 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, 2012**

**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 2012 and 2011.

**Net assets.** The District's combined net assets for 2012 and 2011 were \$65,341,787 and \$59,807,173, 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, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Current and Other Assets	\$ 18,939,626	\$ 21,981,191	\$ 791,326	\$ 677,742	\$ 19,730,952	\$ 22,658,933
Capital Assets	<u>59,918,722</u>	<u>54,449,486</u>	<u>201,851</u>	<u>166,159</u>	<u>60,120,573</u>	<u>54,615,645</u>
<b>Total Assets</b>	<u>78,858,348</u>	<u>76,430,677</u>	<u>993,177</u>	<u>843,901</u>	<u>79,851,525</u>	<u>77,274,578</u>
Current Liabilities	13,091,708	16,050,782	232,118	202,210	13,323,826	16,252,992
Non-Current Liabilities	<u>1,185,912</u>	<u>1,214,413</u>	<u>-</u>	<u>-</u>	<u>1,185,912</u>	<u>1,214,413</u>
<b>Total Liabilities</b>	<u>14,277,620</u>	<u>17,265,195</u>	<u>232,118</u>	<u>202,210</u>	<u>14,509,738</u>	<u>17,467,405</u>
Net Assets:						
Invested in capital assets, net of related debt	59,918,722	54,449,486	201,851	166,159	60,120,573	54,615,645
Restricted	2,415,870	2,220,078			2,415,870	2,220,078
Unrestricted	<u>2,246,136</u>	<u>2,495,918</u>	<u>559,208</u>	<u>475,532</u>	<u>2,805,344</u>	<u>2,971,450</u>
<b>Total Net Assets</b>	<u>\$ 64,580,728</u>	<u>\$ 59,165,482</u>	<u>\$ 761,059</u>	<u>\$ 641,691</u>	<u>\$ 65,341,787</u>	<u>\$ 59,807,173</u>

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012**

**Governmental activities.** Governmental activities increased the District's net assets by \$5,415,246. Key elements of this increase are as follows:

**Table A-2  
Changes in Net Assets  
For the Fiscal Years Ended June 30, 2012 and 2011**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 184,733		\$ 1,501,907	\$ 1,369,969	\$ 1,686,640	\$ 1,369,969
Operating Grants and Contributions	8,473,403	\$ 7,196,304	349,914	318,253	8,823,317	7,514,557
Capital Grants and Contributions	4,813,865	7,257,119			4,813,865	7,257,119
<b>General Revenues</b>						
Property Taxes	59,644,537	59,646,434			59,644,537	59,646,434
Other General Revenues	258,660	379,644			258,660	379,644
Loss on Disposal of Assets	-	(75,249)	-	-	-	(75,249)
<b>Total Revenues</b>	<u>73,375,198</u>	<u>74,404,252</u>	<u>1,851,821</u>	<u>1,688,222</u>	<u>75,227,019</u>	<u>76,092,474</u>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	30,780,236	30,453,508			30,780,236	30,453,508
Special Education	10,200,882	9,942,089			10,200,882	9,942,089
Other Instruction	1,783,671	2,011,592			1,783,671	2,011,592
School Sponsored Activities and Athletics	1,693,314	1,569,698			1,693,314	1,569,698
<b>Support Services</b>						
Student and Instruction Related Serv.	5,647,971	5,604,698			5,647,971	5,604,698
Health Services	1,045,437	1,020,282			1,045,437	1,020,282
Educational Media/School Library	1,474,330	1,507,626			1,474,330	1,507,626
School Administrative Services	5,071,401	4,187,205			5,071,401	4,187,205
General Administrative Services	1,760,134	1,431,802			1,760,134	1,431,802
Plant Operations and Maintenance	6,128,905	6,049,846			6,128,905	6,049,846
Pupil Transportation	835,282	808,430			835,282	808,430
Central Services	1,521,391	1,502,470			1,521,391	1,502,470
Interest and Other Charges	16,998	20,399			16,998	20,399
Food Services			1,572,080	1,453,855	1,572,080	1,453,855
Summer Flash Program	-	-	160,373	170,511	160,373	170,511
<b>Total Expenses</b>	<u>67,959,952</u>	<u>66,109,645</u>	<u>1,732,453</u>	<u>1,624,366</u>	<u>69,692,405</u>	<u>67,734,011</u>
Increase in Net Assets	5,415,246	8,294,607	119,368	63,856	5,534,614	8,358,463
Net Assets, Beginning 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>
Net Assets - End of Year	<u>\$ 64,580,728</u>	<u>\$ 59,165,482</u>	<u>\$ 761,059</u>	<u>\$ 641,691</u>	<u>\$ 65,341,787</u>	<u>\$ 59,807,173</u>

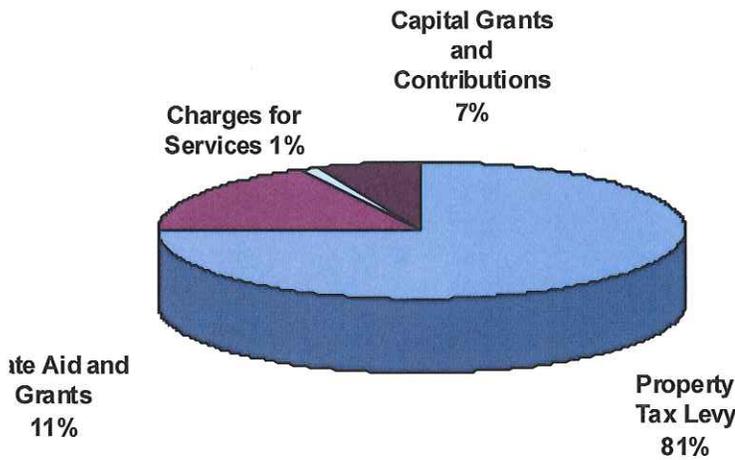
Table A-2 shows the changes in net assets for fiscal years ended June 30, 2012 and 2011.

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012**

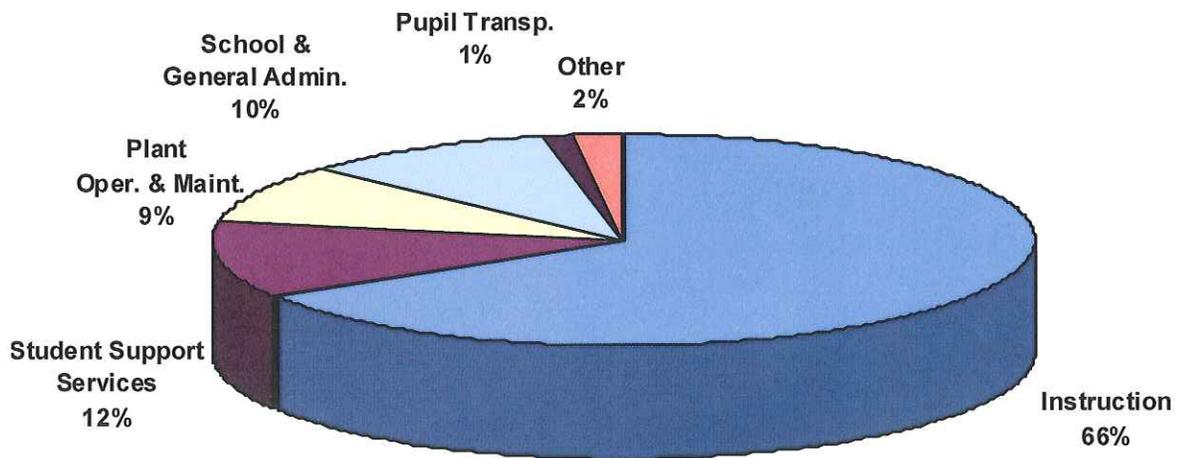
**Governmental activities.** The District's total governmental revenues were \$73,375,198. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$59,903,197 or 81% of total revenues. Funding from state and federal sources amounted to \$8,473,403 or 11%. Capital grants and contributions amounted to \$4,813,865 or 7%. Charges for services amounted to \$184,733 or 1 percent.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2012



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$44,458,103 (66%) student support services totaled \$23,484,851 (34%) and interest and other charges total \$16,998.

Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2012



**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
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Table A-5 shows the net cost of governmental activities for fiscal years ended June 30, 2012 and 2011.

**Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2012 and 2011**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Governmental Activities				
Instruction				
Regular	\$ 30,780,236	\$ 30,453,508	\$ 22,469,530	\$ 20,289,613
Special Education	10,200,882	9,942,089	7,642,290	8,023,595
Other Instruction	1,783,671	2,011,592	1,499,905	1,761,716
School Sponsored Activities and Athletics	1,693,314	1,569,698	1,560,762	1,456,161
Support Services				
Tuition				
Student and Instruction Related Svcs.	5,647,971	5,604,698	4,252,004	4,228,086
Health Services	1,045,437	1,020,282	954,137	944,625
Educational Media/School Library	1,474,330	1,507,626	1,354,882	1,401,374
General Administrative Services	1,760,134	1,431,802	4,575,067	1,362,728
School Administrative Services	5,071,401	4,187,205	1,676,798	3,842,539
Plant Operations and Maintenance	6,128,905	6,049,846	6,128,905	6,023,915
Pupil Transportation	835,282	808,430	835,282	799,001
Central Services	1,521,391	1,502,470	1,521,391	1,502,470
Interest and Other Charges	16,998	20,399	16,998	20,399
	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	<u>\$ 67,959,952</u>	<u>\$ 66,109,645</u>	<u>\$ 54,487,951</u>	<u>\$ 51,656,222</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2012 was \$1,732,453. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in an increase in net assets of \$119,368.

**THE CITY OF SUMMIT PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
for the Fiscal Year Ended June 30, 2012**

**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 \$5,847,918. In 2010-2011 the fund balance was \$5,930,409, a decrease of \$82,491.

**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 \$73,409,257 and expenditures were \$73,444,170.

**General Fund**

The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2012 and 2011.

**Revenues**

	<u>Fiscal</u>		<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>Years Ended</u>			
	<u>2012</u>	<u>2011</u>		
Local Sources	\$ 60,087,930	\$ 60,026,078	\$ 61,852	0.10%
State Sources	6,490,271	4,758,541	1,731,730	36.39%
Federal Sources	<u>123,525</u>	<u>48,719</u>	<u>74,806</u>	153.55%
 Total Revenues	 <u>\$ 66,701,726</u>	 <u>\$ 64,833,338</u>	 <u>\$ 1,868,388</u>	 2.88%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2012 and 2011.

**Expenditures**

	<u>Fiscal</u>		<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
	<u>Years Ended</u>			
	<u>2012</u>	<u>2011</u>		
Current				
Instruction	\$ 42,449,787	\$ 41,836,701	\$ 613,086	1.47%
Undistributed Expenditures	22,179,799	20,718,507	1,461,292	7.05%
Capital Outlay	833,425	816,265	17,160	2.10%
Debt Service				
Principal		372,385	(372,385)	-100.00%
Interest	<u>16,998</u>	<u>20,399</u>	<u>(3,401)</u>	-16.67%
 Total Expenditures	 <u>\$ 65,480,009</u>	 <u>\$ 63,764,257</u>	 <u>\$ 1,715,752</u>	 2.69%

# THE CITY OF SUMMIT PUBLIC SCHOOLS

## Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

### 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 2011-12 school budget requiring budgetary cuts and further reductions in order to meet the 4% CAP on budgetary tax levy. Although there was a return of State Aid in the fiscal year 2012 totaling \$1,121,353 (after deductions of \$57,272 for State facilities – Special Ed.), it represents only 43% of the original state aid received by the district in FY 2010. 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 Teacher and Principal Evaluation Model 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 2011-12 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. *The district continues its newly formed relations with 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 in FY 2011; and purchasing activities related to commercial carpet and flooring at bid prices below state contract in the current year.*
- 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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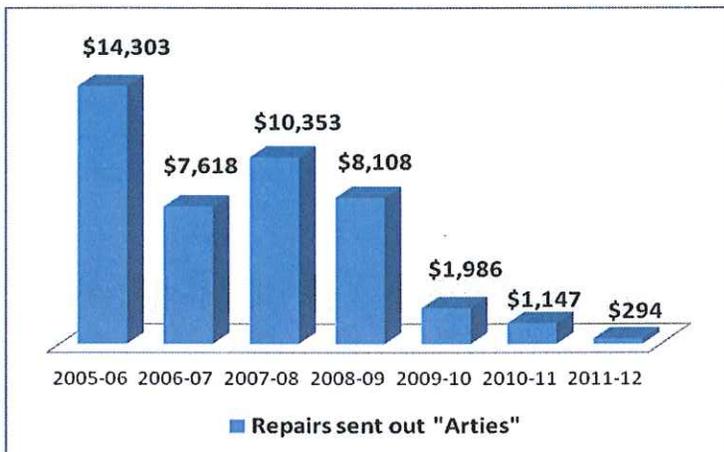
<sup>1</sup> The DOE uses DFG data to analyze the relationship between student achievement and the socioeconomic status of the communities in which they reside.

## THE CITY OF SUMMIT PUBLIC SCHOOLS

### Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2012

➔ 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 year's budgets.* The commitment to our students continued with the direct purchase in the amount of \$334,658.00 and installment of a new phone system in the amount of \$290,531.00.

➔ 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 thirteen vehicles during the same five year period.*



As a direct result of the program we have seen a marked reduction in the area of repairs with 2011-12 reporting under \$300 expended compared to over \$43,500 over the prior six years with a major fall off after implementation in the 2009-10 school years.

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."*

➔ 2009-10 marked a major achievement in the area of Food Service Management with the RFP process introducing Pomptonian Food Service to the district replacing Chartwells. This move was further underscored by an impressive performance turned in for FY 2011; 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. *This trend continued in the FY 2012 year with a closing year to date profit of \$147,000.00 giving the district the ability to purchase new ergonomic table with seating at all elementary schools in the amount \$66,366.00 and providing a state of the art café style dining area at the Summit High School in the amount of \$54,658.00.* Of note, the continuous gain was driven by an over 9% increase in cafeteria revenue district wide for the 2011-12 school year.

<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, 2012

#### Budgetary Highlights (Continued)

The 2011-2012 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>, 2012 as follows:

1. The existence of and amount of the June 30, 2012 balance in the bank accounts in the district's name held in our behalf by the carrier was \$129,987 representing a significant increase of over \$100,000 from the prior year.
2. The District's liability for claims that were filed but unpaid as of June 30<sup>th</sup>, 2012 was \$68,207. IBNR (Incurred but not reported) amounted to \$564,548.
3. The District's liability for termination as of June 30<sup>th</sup>, 2012 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, 2012 Regular Meeting. *As a direct result of their detailed analysis and market plan option review, the District's renewal of 7.4% was in line with our experience and well below the current trend of 12% - 15%. This continues the beneficial trend of cost containment in the area of health care through effective planning, oversight and negotiations through the partnership and steward of Brown & Brown and the Business Office.*

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 **\$9.68 million** as follows:

➤ Special Education Instruction	= 5,302,987
➤ <i>Tuition (Out of District Special Ed.)</i>	= 2,282,423
➤ Child Study Team Services	= 1,493,057
➤ Related Services	= 597,913

*One significant improvement in the delivery of instruction for special education students has been the expansion of in house programs allowing the continued return of out of district students with the formation of special needs programs that has also garnered additional revenue of over \$60,000.00 that is expected to grow to more than \$150,00 by the 2012-13 school year.*

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, 2012 and June 30, 2011 amounts to \$60,120,573 and \$54,615,645, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, 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, 2012**

Table A-6

**Capital Assets as of June 30, 2012 and 2011  
(Net of Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,758,661	\$ 1,758,661			\$ 1,758,661	\$ 1,758,661
Construction In Progress	17,424,618	11,518,051			17,424,618	11,518,051
Land Improvements	5,157,436	5,020,731			5,157,436	5,020,731
Buildings and Building Improvements	48,340,872	48,177,730			48,340,872	48,177,730
Machinery and Equipment	<u>5,068,147</u>	<u>4,323,063</u>	<u>\$ 574,051</u>	<u>\$ 504,856</u>	<u>5,642,198</u>	<u>4,827,919</u>
Total	77,749,734	70,798,236	574,051	504,856	78,323,785	71,303,092
Less: Accumulated Depreciation	<u>17,831,012</u>	<u>16,348,750</u>	<u>372,200</u>	<u>338,697</u>	<u>18,203,212</u>	<u>16,687,447</u>
Total	<u>\$ 59,918,722</u>	<u>\$ 54,449,486</u>	<u>\$ 201,851</u>	<u>\$ 166,159</u>	<u>\$ 60,120,573</u>	<u>\$ 54,615,645</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, 2012 and 2011, had outstanding long-term liabilities of \$1,185,912 and \$1,214,413, respectively, as stated in Table A-7.

**Table A-7  
Long-Term Debt  
Outstanding Long-Term Liabilities  
as of June 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Compensated Absences Payable	<u>\$ 1,185,912</u>	<u>\$ 1,214,413</u>
Total	<u>\$ 1,185,912</u>	<u>\$ 1,214,413</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, 2012

#### 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 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, 2012**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,757,891	\$ 755,726	\$ 6,513,617
Receivables, net			
Receivables from Other Governments	12,921,305	19,603	12,940,908
Other	260,430		260,430
Inventory		15,997	15,997
Capital Assets, net:			
Being Depreciated	40,735,443	201,851	40,937,294
Not Being Depreciated	<u>19,183,279</u>	<u>-</u>	<u>19,183,279</u>
Total Assets	<u>78,858,348</u>	<u>993,177</u>	<u>79,851,525</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	3,212,632	23,021	3,235,653
Payable to Other Governments	5,799,784		5,799,784
Unearned Revenue	4,079,292	209,097	4,288,389
Noncurrent Liabilities			
Due Beyond One Year	<u>1,185,912</u>	<u>-</u>	<u>1,185,912</u>
Total Liabilities	<u>14,277,620</u>	<u>232,118</u>	<u>14,509,738</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	59,918,722	201,851	60,120,573
Restricted for:			
Capital Projects	2,415,870		2,415,870
Unrestricted	<u>2,246,136</u>	<u>559,208</u>	<u>2,805,344</u>
Total Net Assets	<u>\$ 64,580,728</u>	<u>\$ 761,059</u>	<u>\$ 65,341,787</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, 2012**

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	\$ 30,780,236	\$ 184,733	\$ 3,312,108	\$ 4,813,865	\$ (22,469,530)	\$	\$ (22,469,530)
Special Education	10,200,882		2,558,592		(7,642,290)		(7,642,290)
Other Instruction	1,783,671		283,766		(1,499,905)		(1,499,905)
School Sponsored Activities and Athletics	1,693,314		132,552		(1,560,762)		(1,560,762)
Support Services:							
Student & Instruction Related Services	5,647,971		1,395,967		(4,252,004)		(4,252,004)
Health Services	1,045,437		91,300		(954,137)		(954,137)
Educational Media/School Library	1,474,330		119,448		(1,354,882)		(1,354,882)
School Administrative Services	5,071,401		496,334		(4,575,067)		(4,575,067)
General Administrative Services	1,760,134		83,336		(1,676,798)		(1,676,798)
Plant Operations and Maintenance	6,128,905				(6,128,905)		(6,128,905)
Pupil Transportation	835,282				(835,282)		(835,282)
Central Services	1,521,391				(1,521,391)		(1,521,391)
Interest and Other Charges	16,998				(16,998)		(16,998)
<b>Total Governmental Activities</b>	<b>67,959,952</b>	<b>184,733</b>	<b>8,473,403</b>	<b>4,813,865</b>	<b>(54,487,951)</b>	<b>-</b>	<b>(54,487,951)</b>
Business-Type Activities:							
Food Service	1,572,080	1,308,842	349,914			\$ 86,676	86,676
Summer Flash Program	160,373	193,065				32,692	32,692
<b>Total Business-Type Activities</b>	<b>1,732,453</b>	<b>1,501,907</b>	<b>349,914</b>	<b>-</b>	<b>-</b>	<b>119,368</b>	<b>119,368</b>
<b>Total Primary Government</b>	<b>\$ 69,692,405</b>	<b>\$ 1,686,640</b>	<b>\$ 8,823,317</b>	<b>\$ 4,813,865</b>	<b>(54,487,951)</b>	<b>119,368</b>	<b>(54,368,583)</b>
General Revenues:							
Property Taxes, levied for general purposes, net					59,644,537		59,644,537
Miscellaneous Income					258,660		258,660
<b>Total General Revenues and Other Items</b>					<b>59,903,197</b>	<b>-</b>	<b>59,903,197</b>
Change in Net Assets					5,415,246	119,368	5,534,614
Net Assets—Beginning of Year					59,165,482	641,691	59,807,173
Net Assets—End of Year					\$ 64,580,728	\$ 761,059	\$ 65,341,787

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, 2012**

	<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	\$ 5,757,891			\$ 5,757,891
Receivables, Net				
Intergovernmental- State	109,622	\$ 1,369	\$ 6,264,429	6,375,420
Intergovernmental- Federal	12,972	862,334		875,306
Intergovernmental- Local		-	5,670,579	5,670,579
Other		260,430		260,430
Due from Other Funds	<u>2,590,099</u>	<u>-</u>	<u>-</u>	<u>2,590,099</u>
 Total Assets	 <u>\$ 8,470,584</u>	 <u>\$ 1,124,133</u>	 <u>\$ 11,935,008</u>	 <u>\$ 21,529,725</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Other Liabilities	\$ 1,419,909	\$ 124,949		\$ 1,544,858
Accrued Liability for Insurance Claims	1,667,774			1,667,774
Payable to Local Government			\$ 5,774,255	5,774,255
Payable to State Government		23,721		23,721
Payable to Federal Government		1,808		1,808
Due to Other Funds		511,647	2,078,452	2,590,099
Deferred Revenue	<u>8,675</u>	<u>462,008</u>	<u>3,608,609</u>	<u>4,079,292</u>
 Total Liabilities	 <u>3,096,358</u>	 <u>1,124,133</u>	 <u>11,461,316</u>	 <u>15,681,807</u>
Fund Balances:				
Restricted:				
Reserved Excess Surplus, Designated for Subsequent Year's Expenditures	867,976			867,976
Reserved Excess Surplus	717,678			717,678
Capital Reserve	1,942,178			1,942,178
Emergency Reserve	400,000			400,000
Capital Projects			473,692	473,692
Assigned:				
Year End Encumbrances	526,566		-	526,566
Unassigned:				
General Fund	<u>919,828</u>	<u>-</u>	<u>-</u>	<u>919,828</u>
 Total Fund Balances	 <u>5,374,226</u>	 <u>-</u>	 <u>473,692</u>	 <u>5,847,918</u>
 Total Liabilities and Fund Balances	 <u>\$ 8,470,584</u>	 <u>\$ 1,124,133</u>	 <u>\$ 11,935,008</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 \$77,749,734 and the accumulated depreciation is \$17,831,012.

\$ 59,918,722

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

(1,185,912)

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

\$ 64,580,728

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, 2012**

	<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	\$ 59,644,537			\$ 59,644,537
Miscellaneous	443,393	\$ 613,529	\$ 4,649,937	5,706,859
Total - Local Sources	<u>60,087,930</u>	<u>613,529</u>	<u>4,649,937</u>	<u>65,351,396</u>
State Sources	6,490,271	195,919		6,686,190
Federal Sources	123,525	1,248,146	-	1,371,671
Total Revenues	<u>66,701,726</u>	<u>2,057,594</u>	<u>4,649,937</u>	<u>73,409,257</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	29,591,659	459,195		30,050,854
Special Education Instruction	9,571,736	440,423		10,012,159
Other Instruction	1,626,967	113,062		1,740,029
School Sponsored Activities and Athletics	1,659,425			1,659,425
Support Services				
Student & Instruction Related Services	4,683,286	846,927		5,530,213
Health Services	1,022,095			1,022,095
Educational Media/School Library	1,443,792			1,443,792
School Administrative Services	4,944,508			4,944,508
General Administrative Services	1,738,829			1,738,829
Plant Operations and Maintenance	6,027,914			6,027,914
Pupil Transportation	834,232			834,232
Central Services	1,485,143			1,485,143
Debt Service				
Interest and Other Charges	16,998			16,998
Capital Outlay	833,425	197,987	5,906,567	6,937,979
Total Expenditures	<u>65,480,009</u>	<u>2,057,594</u>	<u>5,906,567</u>	<u>73,444,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,221,717	-	(1,256,630)	(34,913)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In			424,813	424,813
Transfer Out	(424,813)			(424,813)
Prior Year Adjustment	-	-	(47,578)	(47,578)
Total Other Financing Sources and (Uses)	<u>(424,813)</u>	<u>-</u>	<u>377,235</u>	<u>(47,578)</u>
Net Change in Fund Balances	796,904	-	(879,395)	(82,491)
Fund Balance , Beginning of Year	4,577,322	-	1,353,087	5,930,409
Fund Balance, End of Year	<u>\$ 5,374,226</u>	<u>\$ -</u>	<u>\$ 473,692</u>	<u>\$ 5,847,918</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, 2012**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (82,491)

Amounts reported for governmental activities in the statement of activities are different because:

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.

Capital Outlay	\$ 6,937,979	
Depreciation Expense	<u>(1,482,262)</u>	
		5,455,717

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		13,519
--	--	--------

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):

Compensated Absences		<u>28,501</u>
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**Change in net assets of governmental activities (Exhibit A-2)** \$ 5,415,246

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

	<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	\$ 383,632	\$ 372,094	\$ 755,726
Intergovernmental Receivable			
State	809		809
Federal	18,794		18,794
Inventories	<u>15,997</u>	<u>-</u>	<u>15,997</u>
Total Current Assets	<u>419,232</u>	<u>372,094</u>	<u>791,326</u>
Noncurrent Assets			
Equipment	574,051	-	574,051
Less: Accumulated Depreciation	<u>(372,200)</u>	<u>-</u>	<u>(372,200)</u>
Total Noncurrent Assets	<u>201,851</u>	<u>-</u>	<u>201,851</u>
Total Assets	<u>621,083</u>	<u>372,094</u>	<u>993,177</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	23,021		23,021
Unearned Revenue	<u>221</u>	<u>208,876</u>	<u>209,097</u>
Total Current Liabilities	<u>23,242</u>	<u>208,876</u>	<u>232,118</u>
<b>NET ASSETS</b>			
Invested in Capital Assets	201,851		201,851
Unrestricted	<u>395,990</u>	<u>163,218</u>	<u>559,208</u>
Total Net Assets	<u>\$ 597,841</u>	<u>\$ 163,218</u>	<u>\$ 761,059</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, 2012**

	<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	\$ 1,253,653		\$ 1,253,653
Special Functions	54,299		54,299
Program Fees	-	\$ 193,065	193,065
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	1,307,952	193,065	1,501,017
<b>OPERATING EXPENSES</b>			
Salaries and Employee Benefits	561,039	146,356	707,395
Cost of Sales	763,821		763,821
Depreciation	33,503		33,503
Other Purchased Services	128,774		128,774
Supplies and Materials	84,943	14,017	98,960
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,572,080	160,373	1,732,453
Operating Income (Loss)	<hr/> (264,128)	<hr/> 32,692	<hr/> (231,436)
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	12,296		12,296
Federal Sources			
School Breakfast Program	24,106		24,106
National School Lunch Program	314,402	-	314,402
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	350,804	-	350,804
Change in Net Assets	86,676	32,692	119,368
Total Net Assets - Beginning of Year	<hr/> 511,165	<hr/> 130,526	<hr/> 641,691
Total Net Assets - End of Year	<u>\$ 597,841</u>	<u>\$ 163,218</u>	<u>\$ 761,059</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, 2012**

	<b>Business-Type Activities Enterprise Fund Food Services</b>	<b>Business-Type Activities Enterprise Fund Summer Flash Program</b>	<b>Business-Type Activities Enterprise Fund Totals</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 1,307,952	\$ 219,276	\$ 1,527,228
Cash Payments for Employees' Salaries and Benefits	(561,039)	(146,356)	(707,395)
Cash Payments to Suppliers for Goods and Services	(909,358)	(14,017)	(923,375)
Net Cash Provided/(Used) by Operating Activities	(162,445)	58,903	(103,542)
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimburseme	269,326	-	269,326
Net Cash Provided by Noncapital Financing Activities	269,326	-	269,326
<b>Cash Flows from Capital Financing Activities</b>			
Acquisition of Fixed Assets	(69,195)	-	(69,195)
Net Cash (Used) by Noncapital Financing Activities	(69,195)	-	(69,195)
Net Increase in Cash and Cash Equivalents	37,686	58,903	96,589
Cash and Cash Equivalents, Beginning of Year	345,946	313,191	659,137
Cash and Cash Equivalents, End of Year	\$ 383,632	\$ 372,094	\$ 755,726
<b>Reconciliation of Operating Loss to Net Cash Provided/ (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ (264,128)	\$ 32,692	\$ (231,436)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	33,503		33,503
Food Distribution Program - Non-Cash Assistance	62,543		62,543
Change in Assets and Liabilities			
Increase/(Decrease) in Accounts Payable	4,588		4,588
Increase/(Decrease) in Unearned Revenue	(890)	26,211	25,321
(Increase)/Decrease in Inventory	1,939	-	1,939
Total Adjustments	101,683	26,211	127,894
Net Cash Provided/(Used) by Operating Activities	\$ (162,445)	\$ 58,903	\$ (103,542)
<b>Non-Cash Investing, Capital and Financial Activities</b>			
Value Received - Food Distribution Program	\$ 61,653		

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  
JUNE 30, 2012**

	<u>Unemployment Trust Fund</u>	<u>Scholarship Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 168,791	\$ 134,678	\$ 693,779
Total Assets	<u>168,791</u>	<u>134,678</u>	<u>\$ 693,779</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 15,003
Intergovernmental Accounts Payable	26,441		
Summer Net Pay			326,685
Scholarships Payable		11,500	
Due to Student Groups	<u>-</u>	<u>-</u>	<u>352,091</u>
Total Liabilities	<u>26,441</u>	<u>11,500</u>	<u>\$ 693,779</u>
<b>NET ASSETS</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 142,350</u>	<u>\$ 123,178</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, 2012**

	<u>Unemployment Trust Fund</u>	<u>Scholarship Trust Fund</u>
<b>ADDITIONS</b>		
Contributions		
Donations		\$ 8,500
Employer	\$ 150,000	
Employee	81,014	
Investment Earnings		
Interest	<u>285</u>	<u>465</u>
Total Additions	<u>231,299</u>	<u>8,965</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	170,542	
Other Expenses	285	294
Scholarship Payments	<u>-</u>	<u>11,500</u>
Total Deductions	<u>170,827</u>	<u>11,794</u>
Change in Net Assets	60,472	(2,829)
Net Assets, Beginning of Year	<u>81,878</u>	<u>126,007</u>
Net Assets, End of Year	<u>\$ 142,350</u>	<u>\$ 123,178</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, 2012**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Summit Public School (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 School 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. However, the District is considered a component unit of the City of Summit.

The accompanying 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 (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

The district-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. 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.

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 fund financial statements are provided for governmental, proprietary and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

Property taxes, tuition 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. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. 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.

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 capital facilities and other capital assets, other than those financed by the proprietary funds.

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 types:

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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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 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.

**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 2010-2011 and 2011-2012 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.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**2. *Receivables and Payables (Continued)***

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.

**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.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

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

SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused and 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.

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District 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, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

*Reserved Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 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.)

*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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**7. Fund Equity (Continued)**

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

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.

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 restricted, committed or assigned to specific purposes within the governmental funds.

**8. Reclassifications**

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

**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 for review and approval prior to adoption and is approved by the Board of School Estimates in a Type I District. 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 2011/2012. During 2011/2012 the Board increased the original budget by \$2,363,206. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**A. Budgetary Information (Continued)**

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. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Unallocated Benefits – Employee Benefits			
Social Security Contributions	\$797,987	\$807,153	\$(9,166)
Other Retirement Contributions	10,992	11,052	(60)

The above variances were caused by an audit adjustment and were offset with other available resources.

**C. 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, 2012**

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

**C. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	\$ 866,991
Increased by:	
Deposits Approved by Board Resolution	1,500,000
Withdrawals:	
Transfer to Capital Projects	<u>424,813</u>
Balance, June 30, 2012	<u>\$ 1,942,178</u>

**D. Transfers to Capital Outlay**

During the 2011/2012 school year, the district transferred \$424,813 to the capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project previously approved by the Board of School Estimate in the budget certified for taxes pursuant to N.J.A.C. 6A:23-8.4. This transfer from capital reserve to capital outlay is shown as a transfer in the financial statements.

**E. 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, 2012 is \$1,585,654. Of this amount, \$867,976 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$717,678 will be appropriated in the 2013/2014 original budget certified for taxes.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

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, 2012, the book value of the Board's deposits was \$7,510,865 and bank balances of the Board's cash and deposits amounted to \$8,594,567. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 8,594,567</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, 2012 the Board's bank balance was not exposed to custodial credit risk as follow:

**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, 2012, the Board had no outstanding investments.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**B. Receivables**

Receivables as of June 30, 2012 for the district's individual major 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>Total</u>
Receivables:					
Accounts					
Intergovernmental	\$ 122,594	\$ 863,703	\$ 11,935,008	\$ 19,603	\$ 12,940,908
Other	<u>-</u>	<u>260,430</u>	<u>-</u>	<u>-</u>	<u>260,430</u>
Gross Receivables	122,594	1,124,133	11,935,008	19,603	13,201,338
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 122,594</u>	<u>\$ 1,124,133</u>	<u>\$ 11,935,008</u>	<u>\$ 19,603</u>	<u>\$ 13,201,338</u>

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 Receivables	\$ 8,675
Special Revenue Fund	
Unencumbered Grant Draw Downs	462,008
Capital Projects Fund	
Unrealized Revenue on Type I Projects	3,420,733
Unrealized School Facilities Grants	<u>187,876</u>
Total Deferred Revenue for Governmental Funds	<u>\$ 4,079,292</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance, July 1, 2011	Increases	Decreases	Balance, June 30, 2012
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,758,661			\$ 1,758,661
Construction In Progress	11,518,051	\$ 5,906,567	-	17,424,618
Total capital assets, not being depreciated	<u>13,276,712</u>	<u>5,906,567</u>	<u>-</u>	<u>19,183,279</u>
Capital assets, being depreciated:				
Land Improvements	5,020,731	136,705		5,157,436
Buildings and Building Improvements	48,177,730	163,142		48,340,872
Machinery and Equipment	4,323,063	745,084	-	5,068,147
Total capital assets being depreciated	<u>57,521,524</u>	<u>1,044,931</u>	<u>-</u>	<u>58,566,455</u>
Less accumulated depreciation for:				
Land Improvements	(1,889,389)	(243,830)		(2,133,219)
Buildings and Building Improvements	(12,373,314)	(830,049)		(13,203,363)
Machinery and Equipment	(2,086,047)	(408,383)	-	(2,494,430)
Total accumulated depreciation	<u>(16,348,750)</u>	<u>(1,482,262)</u>	<u>-</u>	<u>(17,831,012)</u>
Total capital assets, being depreciated, net	<u>41,172,774</u>	<u>(437,331)</u>	<u>-</u>	<u>40,735,443</u>
Governmental activities capital assets, net	<u>\$ 54,449,486</u>	<u>\$ 5,469,236</u>	<u>\$ -</u>	<u>\$ 59,918,722</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**C. Capital Assets (Continued)**

	Balance, <u>July 1, 2011</u>	<u>Increases</u>	Balance, <u>June 30, 2012</u>
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Machinery and Equipment	\$ 504,856	\$ 69,195	\$ 574,051
Total capital assets being depreciated	<u>504,856</u>	<u>69,195</u>	<u>574,051</u>
Less accumulated depreciation for:			
Machinery and Equipment	<u>(338,697)</u>	<u>(33,503)</u>	<u>(372,200)</u>
Total accumulated depreciation	<u>(338,697)</u>	<u>(33,503)</u>	<u>(372,200)</u>
Total capital assets, being depreciated, net	<u>166,159</u>	<u>35,692</u>	<u>201,851</u>
Business-type activities capital assets, net	<u>\$ 166,159</u>	<u>\$ 35,692</u>	<u>\$ 201,851</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**C. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction	
Regular	\$ 743,679
Special	192,423
Other	44,498
School Sponsored/Other Instructional	<u>34,553</u>
Total Instruction	<u>1,015,153</u>
Support Services	
Student and Instruction Related Services	120,067
Health Services	23,800
Educational Media School Library	31,137
General Administration	21,723
School Administration	129,381
Operation and Plant Maintenance	102,971
Pupil Transportation	1,071
Central and Other Support Services	<u>36,959</u>
Total Support Services	<u>467,109</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,482,262</u>
<b>Business-type activities:</b>	
Food Service Fund	<u>\$ 33,503</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 33,503</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

The composition of interfund balances as of June 30, 2012, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,078,452
General Fund	Special Revenue Fund	<u>511,647</u>
Total		<u>\$ 2,590,099</u>

The above balances are to cover cash balances which were in an overdraft position.

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

**Interfund Transfers**

	Transfer In:	
	<u>Capital Projects</u>	
Transfer Out:		
General Fund		<u>\$ 424,813</u>

The above transfer is the result of revenues earned in one fund to finance expenditures in another fund.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**E. Long-Term Debt**

**General Obligation Bonds**

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, 2011 are comprised of the following issues:

\$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	\$ 5,445,000
\$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%	300,000
\$12,500,000, School Improvement Bonds, 2006, due in annual installments of \$625,000 through November 1, 2026, interest at 4.00%	9,375,000
\$2,625,000, School Refunding Bonds, 2008, due in annual installments of \$40,000 to \$625,000 through April 1, 2018, interest at 4.50%	725,000
\$8,620,000, School Refunding Bonds, 2011 due in annual Installments of \$300,000 to \$1,650,000 At an interest rate of 2% - 5%.	8,620,000
\$19,545,000 School Improvement Bonds, 2011, due in annual Installments of \$1,085,000 to \$1,580,000 at an interest Rate of 2% - 4%	<u>19,545,000</u>
	<u>\$44,010,000</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**E. 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:

**Governmental Activities:**

Calendar Year	School Bonds		Total
	Principal	Interest	
2012	\$ 3,350,000	\$ 1,542,468	\$ 4,892,468
2013	3,475,000	1,453,325	4,928,325
2014	3,200,000	1,334,581	4,534,581
2015	3,270,000	1,217,994	4,487,994
2016	3,345,000	1,094,906	4,439,906
2017	3,410,000	1,001,575	4,411,575
2018	3,470,000	899,125	4,369,125
2019	3,545,000	788,775	4,333,775
2020	3,550,000	659,675	4,209,675
2021	2,280,000	524,200	2,804,200
2022	2,325,000	436,550	2,761,550
2023	2,335,000	347,325	2,682,325
2024	2,100,000	258,200	2,358,200
2025	2,150,000	174,200	2,324,200
2026	2,205,000	88,200	2,293,200
	<u>\$ 44,010,000</u>	<u>\$ 11,821,099</u>	<u>\$ 55,831,099</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at December 31, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 283,373,443
Less: Net Debt	<u>35,062,307</u>
Remaining Borrowing Power	<u>\$ 248,311,136</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance, July 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2012</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,214,413	\$ 156,349	\$ 184,850	\$ 1,185,912	-
Governmental activity					
Long-term liabilities	<u>\$ 1,214,413</u>	<u>\$ 156,349</u>	<u>\$ 184,850</u>	<u>\$ 1,185,912</u>	<u>\$ -</u>

The liabilities for compensated absences is 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 requirements from 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 administrative fee. As of June 30, 2012 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, 2012, this estimate was based upon claim information provided by the District's insurance carrier and would be utilized for run-out 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.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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.

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>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 150,000	\$ 81,014	\$ 170,542	\$ 142,350
2011	150,312	79,730	170,854	81,878
2010		92,640	151,157	22,690

**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, 2012, 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 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, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Investment Valuation (Continued)**

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.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 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.

**Actuarial Methods and Assumptions**

In the July 1, 2010 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 5.91 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 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the 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. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP 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:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2012	\$ 744,145	\$ 981,265	\$ 11,052
2011	745,826	92,087	
2010	543,419	101,052	

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$981,265 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$92,087 and \$101,032, 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 \$2,191,506 during the year ended June 30, 2012 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.

**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 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**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 July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funded Status and Funding Progress (Continued)**

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 July 1, 2010, 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, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

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, 2012, 2011 and 2010 were \$1,972,598, \$1,955,932 and \$1,897,889, 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, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 59,644,537		\$ 59,644,537	\$ 59,644,537	
Miscellaneous	244,184	-	244,184	443,393	\$ 199,209
Total Local Sources	<u>59,888,721</u>	<u>-</u>	<u>59,888,721</u>	<u>60,087,930</u>	<u>199,209</u>
State Sources					
Extraordinary Special Education Costs Aid	190,534		190,534	287,165	96,631
Special Educational Aid	597,811		597,811	1,195,623	597,812
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				886,167	886,167
NCGI Premium				95,098	95,098
Post-Retirement Medical Contribution				1,972,598	1,972,598
TPAF Social Security Contributions (Non-Budget)	-	-	-	2,191,506	2,191,506
Total State Sources	<u>788,345</u>	<u>-</u>	<u>788,345</u>	<u>6,628,157</u>	<u>5,839,812</u>
Federal Sources					
Education Jobs	85,750	\$ 2,686	88,436	88,436	-
Medicaid Reimbursement	27,532	-	27,532	35,089	7,557
Total Federal Sources	<u>113,282</u>	<u>2,686</u>	<u>115,968</u>	<u>123,525</u>	<u>7,557</u>
Total Revenues	<u>60,790,348</u>	<u>2,686</u>	<u>60,793,034</u>	<u>66,839,612</u>	<u>6,046,578</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	485,510	(8,359)	477,151	476,510	641
Grades 1-5	8,101,672	41,468	8,143,140	8,142,326	814
Grades 6-8	4,938,208	(92,516)	4,845,692	4,845,692	
Grades 9-12	6,750,420	(386,667)	6,363,753	6,363,751	2
Home Instruction					
Salaries and Wages	14,500	20,140	34,640	34,639	1
Pur. Prof. and Ed. Svs.	20,000	77,523	97,523	97,522	1
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	557,957	(16,699)	541,258	541,228	30
Purchased Technical Services	14,456	(2,600)	11,856	11,790	66
Other Purchased Services	202,469	24,507	226,976	225,243	1,733
General Supplies	873,607	(34,162)	839,445	821,093	18,352
Textbooks	132,264	(31,871)	100,393	98,986	1,407
Total Regular Programs	<u>22,091,063</u>	<u>(409,236)</u>	<u>21,681,827</u>	<u>21,658,780</u>	<u>23,047</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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	\$ 153,037	\$ 57,135	\$ 210,172	\$ 210,172	
General Supplies	5,000	(2,053)	2,947	885	\$ 2,062
<b>Total Learning and/or Language Disabilities</b>	<u>158,037</u>	<u>55,082</u>	<u>213,119</u>	<u>211,057</u>	<u>2,062</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	3,176,162	(28,231)	3,147,931	3,147,930	1
Other Salaries for Instruction	1,326,417	(22,075)	1,304,342	1,304,342	-
General Supplies	20,000	(3,916)	16,084	16,084	-
<b>Total Resource Room/Resource Center</b>	<u>4,522,579</u>	<u>(54,222)</u>	<u>4,468,357</u>	<u>4,468,356</u>	<u>1</u>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	252,115	38,107	290,222	290,220	2
Other Salaries for Instruction	248,839	77,974	326,813	326,813	-
General Supplies	6,500	100	6,600	6,543	57
<b>Total Preschool Disabilities - Part-Time</b>	<u>507,454</u>	<u>116,181</u>	<u>623,635</u>	<u>623,576</u>	<u>59</u>
<b>Total Special Education</b>	<u>5,188,070</u>	<u>117,041</u>	<u>5,305,111</u>	<u>5,302,989</u>	<u>2,122</u>
<b>Basic Skills/Remedial Instruction</b>					
Salaries of Teachers	845,796	(163,752)	682,044	682,044	-
Other Purchased Services	1,700	(1,700)			-
General Supplies	5,000	(2,982)	2,018	2,017	1
<b>Total Basic Skills/Remedial Instruction</b>	<u>852,496</u>	<u>(168,434)</u>	<u>684,062</u>	<u>684,061</u>	<u>1</u>
<b>Bilingual Education</b>					
Salaries of Teachers	469,240	1,045	470,285	470,285	
Purchased Professional-Educational Services	500	(200)	300		300
General Supplies	2,000	200	2,200	2,183	17
<b>Total Bilingual Education</b>	<u>471,740</u>	<u>1,045</u>	<u>472,785</u>	<u>472,468</u>	<u>317</u>
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	217,495	20,470	237,965	237,965	-
Purchased Services	10,000	(6,577)	3,423	3,422	1
Supplies and Materials	10,000	(4,394)	5,606	5,606	-
<b>Total School Sponsored Co-Curricular Activities</b>	<u>237,495</u>	<u>9,499</u>	<u>246,994</u>	<u>246,993</u>	<u>1</u>
<b>School Sponsored Athletics</b>					
Salaries	707,450	2,605	710,055	710,054	1
Purchased Services	155,284	(42,838)	112,446	103,093	9,353
Supplies and Materials	103,660	62,772	166,432	166,431	1
Other Objects	4,450	(4,450)	-	-	-
<b>Total School Sponsored Athletics</b>	<u>970,844</u>	<u>18,089</u>	<u>988,933</u>	<u>979,578</u>	<u>9,355</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Other Instructional Programs - Instruction</b>					
Salaries	\$ 4,899	\$ 104	\$ 5,003	\$ 5,002	\$ 1
Purchased Services	2,000	(2,000)			-
Supplies and Materials	2,000	(2,000)			-
Other Objects	2,200	(1,600)	600	600	-
<b>Total Community Service Programs</b>	<b>11,099</b>	<b>(5,496)</b>	<b>5,603</b>	<b>5,602</b>	<b>1</b>
<b>Summer School - Instruction</b>					
Salaries of Teachers	59,235	4,314	63,549	63,549	-
General Supplies	2,100	(451)	1,649	1,648	1
<b>Total Summer School - Instruction</b>	<b>61,335</b>	<b>3,863</b>	<b>65,198</b>	<b>65,197</b>	<b>1</b>
<b>Total Instruction</b>	<b>29,884,142</b>	<b>(433,629)</b>	<b>29,450,513</b>	<b>29,415,668</b>	<b>34,845</b>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs Within the State- Special	478,658	155,160	633,818	633,616	202
Tuition to County Voc. School Dist.-Regular	63,000	(13,079)	49,921	48,000	1,921
Tuition to County Voc. School Dist.-Special	56,700	23,300	80,000	76,250	3,750
Tuition to CSSD & Reg. Day Schools	570,952	(152,698)	418,254	366,484	51,770
Tuition to Priv. Sch. For the Disabled W/I State	1,247,856	(167,417)	1,080,439	1,078,119	2,320
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S State	192,000	(129,902)	62,098	40,955	21,143
Tuition - Other	-	39,000	39,000	39,000	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>2,609,166</b>	<b>(245,636)</b>	<b>2,363,530</b>	<b>2,282,424</b>	<b>81,106</b>
<b>Health Services</b>					
Salaries	662,110	(9,127)	652,983	652,982	1
Purchased Professional & Technical Services	31,000	-	31,000	18,023	12,977
Other Purchased Services	1,200	-	1,200	260	940
Supplies and Materials	24,500	(3,846)	20,654	7,452	13,202
<b>Total Health Services</b>	<b>718,810</b>	<b>(12,973)</b>	<b>705,837</b>	<b>678,717</b>	<b>27,120</b>
<b>Speech, OT/PT and Related Serv.</b>					
Salaries	561,773	2,489	564,262	562,685	1,577
Purchased Professional/Educational Services	75,000	(18,463)	56,537	35,228	21,309
<b>Total Speech, OT/PT and Related Serv.</b>	<b>636,773</b>	<b>(15,974)</b>	<b>620,799</b>	<b>597,913</b>	<b>22,886</b>
<b>Guidance</b>					
Salaries of Other Professional Staff	921,860	-	921,860	920,025	1,835
Salaries of Secretarial & Clerical Assistants	183,778	1	183,779	183,283	496
Other Purchased Services	500	-	500		500
Supplies and Materials	14,600	-	14,600	12,788	1,812
<b>Total Guidance</b>	<b>1,120,738</b>	<b>1</b>	<b>1,120,739</b>	<b>1,116,096</b>	<b>4,643</b>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 1,200,979	\$ 99,038	\$ 1,300,017	\$ 1,300,016	\$ 1
Salaries of Secretarial & Clerical Assistants	157,618	2,242	159,860	159,859	1
Purchased Professional- Educat. Services	8,000	(1,711)	6,289	6,288	1
Miscellaneous Purchased Services	5,250	1,000	6,250	6,246	4
Supplies and Materials	20,000	-	20,000	18,924	1,076
Other Objects	1,729	-	1,729	1,725	4
<b>Total Child Study Teams</b>	<b>1,393,576</b>	<b>100,569</b>	<b>1,494,145</b>	<b>1,493,058</b>	<b>1,087</b>
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	125,254	(48,004)	77,250	77,250	-
Other Salaries	71,640	-	71,640	67,681	3,959
Purchased Professional - Educational Services	5,000	25,130	30,130	26,100	4,030
Supplies and Materials	12,000	365	12,365	12,364	1
<b>Total Improvement of Instruction Services</b>	<b>213,894</b>	<b>(22,509)</b>	<b>191,385</b>	<b>183,395</b>	<b>7,990</b>
Educational Media/School Library					
Salaries	894,313	(17,845)	876,468	854,297	22,171
Supplies and Materials	145,104	90	145,194	140,254	4,940
<b>Total Educational Media/School Library</b>	<b>1,039,417</b>	<b>(17,755)</b>	<b>1,021,662</b>	<b>994,551</b>	<b>27,111</b>
Instructional Staff Training Services					
Salaries of Other Professional Staff		106,754	106,754	23,459	83,295
Other Objects	106,754	(106,754)	-	-	-
<b>Total Instructional Staff Training Services</b>	<b>106,754</b>	<b>-</b>	<b>106,754</b>	<b>23,459</b>	<b>83,295</b>
Support Services General Administration					
Salaries	584,425	11,833	596,258	596,021	237
Legal Services	170,000	75,537	245,537	245,536	1
Audit Fees	46,500	(823)	45,677	44,943	734
Other Purchased Professional Services	15,000	121,775	136,775	118,840	17,935
Communications/Telephone	247,000	(7,343)	239,657	236,988	2,669
BOE Other Purchased Services	12,500	(5,000)	7,500	7,242	258
Other Purchased Services	53,518	3,655	57,173	57,173	-
General Supplies	16,000	(6,000)	10,000	8,740	1,260
BOE In-House Training/Meeting Supplies	2,500	(2,500)	-	-	-
Judgements Against the School District		140,000	140,000	140,000	-
Miscellaneous Expenditures		118	118	24	94
BOE Membership Dues and Fees	35,000	20,698	55,698	55,697	1
<b>Total Support Services General Administration</b>	<b>1,182,443</b>	<b>351,950</b>	<b>1,534,393</b>	<b>1,511,204</b>	<b>23,189</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,594,005	98,940	1,692,945	1,688,794	4,151
Salaries of Other Professional Staff	354,834	547,954	902,788	902,787	1
Salaries of Secretarial and Clerical Assistants	961,727	-	961,727	958,220	3,507
Other Purchased Services	32,500	(722)	31,778	20,213	11,565
General Supplies	2,500	-	2,500	1,000	1,500
Other Objects	27,000	(710)	26,290	17,800	8,490
<b>Total Support Services School Administration</b>	<b>2,972,566</b>	<b>645,462</b>	<b>3,618,028</b>	<b>3,588,814</b>	<b>29,214</b>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 853,031	\$ 13,564	\$ 866,595	\$ 866,594	\$ 1
Miscellaneous Purchased Services	13,700	(1,406)	12,294	9,976	2,318
Supplies and Materials	26,000	12,701	38,701	36,933	1,768
Interest on Lease Purchase Agreements	9,509	(9,508)	1		1
Other Objects	47,200	(11,250)	35,950	35,550	400
Total Central Services	<u>949,440</u>	<u>4,101</u>	<u>953,541</u>	<u>949,053</u>	<u>4,488</u>
Admin. Info. Tech.					
Salaries	147,453	-	147,453	147,430	23
Other Purchased Services	2,200	-	2,200	673	1,527
Total Admin. Info. Tech.	<u>149,653</u>	<u>-</u>	<u>149,653</u>	<u>148,103</u>	<u>1,550</u>
Required Maintenance for School Facilities					
Salaries	704,623	97	704,720	704,719	1
Cleaning, Repair and Maintenance Services	70,250	185,708	255,958	244,470	11,488
Travel		2,575	2,575	2,275	300
General Supplies	68,750	78,656	147,406	143,884	3,522
Other Objects	2,000	(2,000)	-	-	-
Total Required Maintenance for School Facilities	<u>845,623</u>	<u>265,036</u>	<u>1,110,659</u>	<u>1,095,348</u>	<u>15,311</u>
Custodial Services					
Salaries	2,035,459	(5,927)	2,029,532	1,985,983	43,549
Purchased Professional & Technical Services	95,000	128,988	223,988	197,178	26,810
Cleaning, Repair and Maintenance Services	262,000	(77,763)	184,237	170,062	14,175
Other Purchased Property Services	60,114	8,996	69,110	68,278	832
Travel		3,358	3,358	3,358	-
Insurance	262,394	1	262,395	246,703	15,692
Miscellaneous Purchased Services	3,200	(3,200)	-	-	-
General Supplies	197,000	59,686	256,686	222,871	33,815
Energy (Heat and Electricity)	674,881	(107,821)	567,060	550,687	16,373
Other Objects	45,250	(5,000)	40,250	36,110	4,140
Energy (Natural Gas)	540,000	(330,927)	209,073	188,582	20,491
Total Custodial Services	<u>4,175,298</u>	<u>(329,609)</u>	<u>3,845,689</u>	<u>3,669,812</u>	<u>175,877</u>
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	55,000	(20,500)	34,500	28,236	6,264
General supplies	10,000	6,500	16,500	13,446	3,054
Total Care & Upkeep of Grounds	<u>65,000</u>	<u>(14,000)</u>	<u>51,000</u>	<u>41,682</u>	<u>9,318</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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	\$ 122,283	\$ 12,211	\$ 134,494	\$ 134,493	\$ 1
Other Objects	2,500	3,100	5,600	5,600	-
Total Security	<u>124,783</u>	<u>15,311</u>	<u>140,094</u>	<u>140,093</u>	<u>1</u>
Student Transportation Services					
Salaries for Pupil Transport ( Between Home and School)- Spec. Ed.	40,404	1	40,405	29,394	11,011
Cleaning Repair and Maint. Serv.	4,000	-	4,000	-	4,000
Contracted Services (Oth. Than Bet. Home & Sch)- Vendors	229,170	-	229,170	205,866	23,304
Contracted Services (Special Ed. Students) - Vendors	-	2,817	2,817	2,817	-
Contracted Services (Special Ed. Students) - Joint Agreements	-	884	884	884	-
Contracted Services (Special Ed. Students) - ESCs & CTSAs	775,389	(103,603)	671,786	577,463	94,323
Miscellaneous Purchased Services - Transportation Supplies and Materials	4,200	725 1,689	725 5,889	673 5,888	52 1
Total Student Transportation Services	<u>1,053,163</u>	<u>(97,487)</u>	<u>955,676</u>	<u>822,985</u>	<u>132,691</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	780,587	17,400	797,987	807,153	(9,166)
Other Retirement Contributions - PERS	817,406	(73,260)	744,146	744,145	1
Other Retirement Contributions - ERIP	-	300	300	300	-
Other Retirement Contributions - DCRP	-	10,992	10,992	11,052	(60)
Unemployment Compensation	-	150,000	150,000	150,000	-
Workers' Compensation	310,924	-	310,924	308,700	2,224
Health Benefits	9,597,274	(358,135)	9,239,139	8,389,170	849,969
Tuition Reimbursement	105,000	3,500	108,500	108,418	82
Other Employee Benefits	128,450	63,150	191,600	190,288	1,312
Total Unallocated Benefits	<u>11,739,641</u>	<u>(186,053)</u>	<u>11,553,588</u>	<u>10,709,226</u>	<u>844,362</u>
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Normal Costs	-	-	-	886,167	(886,167)
NCGI Premium	-	-	-	95,098	(95,098)
Post-Retirement Medical Contribution	-	-	-	1,972,598	(1,972,598)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,191,506	(2,191,506)
Total Undistributed Expenditures	<u>31,096,738</u>	<u>440,434</u>	<u>31,537,172</u>	<u>35,191,302</u>	<u>(3,654,130)</u>
Total Current Expenditures	<u>60,980,880</u>	<u>6,805</u>	<u>60,987,685</u>	<u>64,606,970</u>	<u>(3,619,285)</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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	\$ 158,537	\$ 79,202	\$ 237,739	\$ 145,922	\$ 91,817
Grades 6-8	95,122	1	95,123	89,301	5,822
Grades 9-12	126,830	7,879	134,709	99,434	35,275
Undistributed					
General Administration		290,531	290,531	290,531	-
Required Maintenance of School Facilities	95,840	(83,142)	12,698		12,698
Custodial Services	-	86,205	86,205	52,548	33,657
<b>Total Equipment</b>	<u>476,329</u>	<u>380,676</u>	<u>857,005</u>	<u>677,736</u>	<u>179,269</u>
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Svcs.	9,182	(9,182)			-
Construction Services	349,520	202,853	552,373	155,689	396,684
Lease Purchase Agreements-Principal	91,513	(91,512)	1		1
Other Objects	16,998	605	17,603	16,998	605
<b>Total Facilities Acq. And Construction Services</b>	<u>467,213</u>	<u>102,764</u>	<u>569,977</u>	<u>172,687</u>	<u>397,290</u>
<b>Total Capital Outlay</b>	<u>943,542</u>	<u>483,440</u>	<u>1,426,982</u>	<u>850,423</u>	<u>576,559</u>
Transfer Funds To Charter School	20,534	2,082	22,616	22,616	-
<b>Total General Fund</b>	<u>61,944,956</u>	<u>492,327</u>	<u>62,437,283</u>	<u>65,480,009</u>	<u>(3,042,726)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(1,154,608)</u>	<u>(489,641)</u>	<u>(1,644,249)</u>	<u>1,359,603</u>	<u>3,003,852</u>
Other Financing Sources (Uses) Transfer Out	<u>-</u>	<u>(424,813)</u>	<u>(424,813)</u>	<u>(424,813)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(424,813)</u>	<u>(424,813)</u>	<u>(424,813)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(1,154,608)</u>	<u>(914,454)</u>	<u>(2,069,062)</u>	<u>934,790</u>	<u>3,003,852</u>
Fund Balance, Beginning of Year	<u>4,831,428</u>	<u>-</u>	<u>4,831,428</u>	<u>4,831,428</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,676,820</u>	<u>\$ (914,454)</u>	<u>\$ 2,762,366</u>	<u>\$ 5,766,218</u>	<u>\$ 3,003,852</u>
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 867,976	
Reserve for Excess Surplus				717,678	
Capital Reserve				1,942,178	
Emergency Reserve				400,000	
<b>Assigned Fund Balance:</b>					
Year-end Encumbrances				526,566	
<b>Unassigned Fund Balance</b>				<u>1,311,820</u>	
				5,766,218	
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
Last two State Aid Payments				104,827	
Extraordinary Aid Payment				<u>287,165</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 5,374,226</u>	

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
EDUCATION JOBS FUND PROGRAM  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Federal Sources					
Educational Job Act	\$ 85,750	\$ 2,686	\$ 88,436	\$ 88,436	-
Total Revenues	<u>85,750</u>	<u>2,686</u>	<u>88,436</u>	<u>88,436</u>	<u>-</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Support Services					
Improvement of Instructional Services					
Salaries of Other Professional Staff	74,564	2,686	77,250	77,250	-
Total Regular Programs	<u>74,564</u>	<u>2,686</u>	<u>77,250</u>	<u>77,250</u>	<u>-</u>
Unallocated Benefits					
Health Benefits	11,186	-	11,186	11,186	-
Total Unallocated Benefits	<u>11,186</u>	<u>-</u>	<u>11,186</u>	<u>11,186</u>	<u>-</u>
Total Expenditures - Current Expense	<u>85,750</u>	<u>2,686</u>	<u>88,436</u>	<u>88,436</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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	\$ 166,712	\$ 52,928	\$ 219,640	\$ 195,919	\$ (23,721)
Federal	947,283	568,742	1,516,025	1,248,146	(267,879)
Local Sources					
Miscellaneous	-	824,396	824,396	613,529	(210,867)
Total Revenues	<u>1,113,995</u>	<u>1,446,066</u>	<u>2,560,061</u>	<u>2,057,594</u>	<u>(502,467)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	919,529	(466,480)	453,049	345,532	107,517
Purchased Professional/Educational Services	27,754	(19,496)	8,258	3,869	4,389
Purchased Professional/Technical Services	51,408	24,975	76,383	76,383	-
Other Purchased Services		380,040	380,040	375,200	4,840
General Supplies		381,959	381,959	228,386	153,573
Textbooks	43,387	938	44,325	43,987	338
Other Objects	3,095	1,989	5,084	1,518	3,566
Total Instruction	<u>1,045,173</u>	<u>303,925</u>	<u>1,349,098</u>	<u>1,074,875</u>	<u>274,223</u>
Support Services					
Salaries of Other Professional Staff		52,420	52,420	24,555	27,865
Personal Services-Employee Benefits		37,639	37,639	26,223	11,416
Purchased Professional/Educational Services		389,275	389,275	294,239	95,036
Purchased Professional/Tech Services	2,847	381,776	384,623	384,623	-
Other Purchased Services	65,975	11,656	77,631	38,506	39,125
Supplies and Materials	-	50,474	50,474	16,586	33,888
Total Support Services	<u>68,822</u>	<u>923,240</u>	<u>992,062</u>	<u>784,732</u>	<u>207,330</u>
Facilities Acquisition and Construction					
Building and Land Improvements	-	168,953	168,953	168,953	-
Instructional Equipment	-	49,948	49,948	29,034	20,914
Total Facilities Acq. & Construction	<u>-</u>	<u>218,901</u>	<u>218,901</u>	<u>197,987</u>	<u>20,914</u>
Total Expenditures	<u>1,113,995</u>	<u>1,446,066</u>	<u>2,560,061</u>	<u>2,057,594</u>	<u>502,467</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, 2012**

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 <u>C-1</u></b>	<b>Special Revenue Fund <u>C-2</u></b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 66,839,612	(C-2) \$ 2,057,594
Difference - Budget to GAAP:		
Extraordinary Aid payment (2010/2011) recognized for GAAP purposes not recognized for Budgetary statements	254,106	
State Aid and Extraordinary Aid payment (2011/2012) recognized for budgetary purposes not recognized for GAAP statements	<u>(391,992)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 66,701,726</u>	(B-2) <u>\$ 2,057,594</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) <u>\$ 65,480,009</u>	(C-2) <u>\$ 2,057,594</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 65,480,009</u>	(B-2) <u>\$ 2,057,594</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, 2012**

	EXHIBIT <u>E-1A</u>	EXHIBIT <u>E-1B</u>	EXHIBIT <u>E-1C</u>	<u>Total</u>
<b>REVENUES</b>				
Intergovernmental				
State	-	-	\$ 195,919	\$ 195,919
Federal	\$ 235,551	\$ 1,012,595	-	1,248,146
Local Sources				
Miscellaneous	-	613,529	-	613,529
Total Revenues	<u>235,551</u>	<u>1,626,124</u>	<u>195,919</u>	<u>2,057,594</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers	63,652	281,880	-	345,532
Purchased Professional/Ed Services	200	3,669	-	3,869
Purchased Professional Tech Services	-	14,188	62,195	76,383
Other Purchased Services	25,200	350,000	-	375,200
General Supplies	23,253	205,133	-	228,386
Textbooks	-	334	43,653	43,987
Other Objects	757	761	-	1,518
Total Instruction	<u>113,062</u>	<u>855,965</u>	<u>105,848</u>	<u>1,074,875</u>
Support Services				
Salaries of Other Professional Staff	19,766	4,789	-	24,555
Personal Services-Employee Benefits	13,819	12,404	-	26,223
Purchased Professional/Educational Services	61,242	146,763	86,234	294,239
Purchased Professional/Tech Services	-	384,623	-	384,623
Other Purchased Services	23,889	10,780	3,837	38,506
Supplies and Materials	3,773	12,813	-	16,586
Total Support Services	<u>122,489</u>	<u>572,172</u>	<u>90,071</u>	<u>784,732</u>
Facilities Acquisition and Construction				
Building Improvements	-	168,953	-	168,953
Instructional Equipment	-	29,034	-	29,034
Total Facilities Acq. & Construction	<u>-</u>	<u>197,987</u>	<u>-</u>	<u>197,987</u>
Total Expenditures	<u>235,551</u>	<u>1,626,124</u>	<u>195,919</u>	<u>2,057,594</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, 2012

	IDEA Part B Miscellaneous	IDEA Part B Basic	IDEA Part B Basic Carrvoyer	IDEA Part B Basic ARRA	IDEA Preschool	IDEA Preschool Carrvoyer	IDEA Preschool ARRA	Subtotal E-1B
<b>REVENUES</b>								
Intergovernmental								
State								
Federal	\$ 613,529	\$ 758,397	\$ 141,725	\$ 75,017	\$ 32,721	\$ 2,049	\$ 2,686	\$ 1,012,595
Miscellaneous- Local								613,529
<b>Total Revenues</b>	\$ 613,529	\$ 758,397	\$ 141,725	\$ 75,017	\$ 32,721	\$ 2,049	\$ 2,686	\$ 1,626,124
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 254,487			\$ 27,393				\$ 281,880
Purchased Professional-Ed Services	3,669							3,669
Purchased Professional/Tech Services	14,188							14,188
Other Purchased Services		\$ 350,000						350,000
General Supplies	142,864		\$ 31,218	31,051				205,133
Textbooks	334							334
Other Objects		761						761
<b>Total Instruction</b>	415,542	350,761	31,218	58,444				855,965
Support Services								
Salaries Other Professional Staff			1,922	2,867				4,789
Personal Services-Employee Benefits			148	12,256				12,404
Purchased Professional-Ed Services		8,456	100,851		\$ 32,721	\$ 2,049	\$ 2,686	146,763
Purchased Professional/Tech Services		383,900		723				384,623
Other Purchased Services		10,780						10,780
Supplies and Materials		4,500	7,586	727				12,813
<b>Total Support Services</b>		407,636	110,507	16,573	32,721	2,049	2,686	572,172
Facilities Acquisition and Construction								
Building Land Improvements	168,953							168,953
Instructional Equipment	29,034							29,034
<b>Total Facilities Acq. &amp; Construction</b>	197,987							197,987
<b>Total Expenditures</b>	\$ 613,529	\$ 758,397	\$ 141,725	\$ 75,017	\$ 32,721	\$ 2,049	\$ 2,686	\$ 1,626,124

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, 2012

	Non Public Chapter 192/193							Subtotal
	NonPublic Textbooks	NonPublic Home Instr.	NonPublic Nursing	Transportation	Supplemental Instruction	Examination & Classification	Corrective Speech	E-1C
REVENUES								
Intergovernmental								
State	\$ 43,653	\$ 1,369	\$ 62,195	\$ 3,837	\$ 29,255	\$ 42,022	\$ 13,588	\$ 195,919
Federal	-	-	-	-	-	-	-	-
Miscellaneous- Local	-	-	-	-	-	-	-	-
Total Revenues	\$ 43,653	\$ 1,369	\$ 62,195	\$ 3,837	\$ 29,255	\$ 42,022	\$ 13,588	\$ 195,919
EXPENDITURES								
Instruction								
Salaries of Teachers								
Purchased Professional-Ed Services			\$ 62,195					\$ 62,195
Purchased Professional/Tech Services								
Other Purchased Services								
General Supplies								
Textbooks	\$ 43,653							43,653
Other Objects								
Total Instruction	43,653	-	62,195	-	-	-	-	105,848
Support Services								
Salaries Other Professional Staff								
Personal Services-Employee Benefits								
Purchased Professional-Ed Services		\$ 1,369			\$ 29,255	\$ 42,022	\$ 13,588	86,234
Purchased Professional/Tech Services								
Other Purchased Services				\$ 3,837				3,837
Supplies and Materials								
Total Support Services	-	1,369	-	3,837	29,255	42,022	13,588	90,071
Facilities Acquisition and Construction								
Building and Land Improvements								
Instructional Equipment								
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	-
Total Expenditures	\$ 43,653	\$ 1,369	\$ 62,195	\$ 3,837	\$ 29,255	\$ 42,022	\$ 13,588	\$ 195,919

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<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>Cancelled</u>	<u>Unexpended Appropriations June 30, 2012</u>
Type I School District Projects						
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			94,582
High School Synthetic Turf Field and Franklin Field Improvements	6/6/2007	2,420,990	2,357,041			63,949
School Improvements	4/7/2009	14,143,963	9,918,735	\$ 2,689,476		1,535,752
Windows/Doors	12/15/2009	3,117,874	2,132,391	83,388		902,095
Windows, Boilers and Emergency Generators, Upgrade of Mech. Systems and Renovation of Auditoriums	1/17/2011	4,909,598 *	650,009	3,133,703		1,125,886
<u>Local Projects-</u>						
Lincoln-Hubbard Elementary School Windows	7/8/04	124,635	105,981		\$ (11,054)	7,600
Jefferson Elementary School Windows	7/8/04	36,454	20,728		(5,034)	10,692
Jefferson Elementary School Façade	7/12/04	255,680	177,318		(31,490)	46,872
Franklin Roof and Elementary Improvements	2007/08	300,000	260,423			39,577
Media Literacy Center	2009/10	333,010	327,912			5,098
Lincoln-Hubbard School Site	2011/12	469,689	-		-	469,689
		<u>\$ 75,107,022</u>	<u>\$ 64,656,290</u>	<u>\$ 5,906,567</u>	<u>\$ (47,578)</u>	<u>\$ 4,496,587</u>

\* - Additional Funding by Capital Reserve

Project Balances	\$ 4,496,587
Less: Unrealized Revenue on Type I Projects - Current	(3,420,733)
Type I Projects - Prior to 2007	(286,908)
Less: Unrealized Revenue on SDA Projects	(187,876)
Less: Unrealized Revenue on Local Projects	(127,378)
Fund Balance, June 30, 2012	<u>\$ 473,692</u>

Analysis of Restricted Fund Balance

Year End Encumbrances	\$ 1,386,639
Reserve for Capital Projects	<u>(912,947)</u>
	<u>\$ 473,692</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, 2012**

**Revenues and Other Financing  
Sources**

Transfer From Capital Reserve	\$ 424,813
Funded by City of Summit	<u>4,649,937</u>
Total Revenues	<u>5,074,750</u>

**Expenditures and Other  
Financing Uses**

Salaries	
Other Purchased and Technical Services	540,567
Construction Services	5,366,000
Cancel Prior Year Revenue	<u>47,578</u>
Total Expenditures	<u>5,954,145</u>

Excess (deficiency) or Revenues over (under) Expenditures	(879,395)
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Fund Balance- Beginning	<u>1,353,087</u>
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Fund Balance- Ending	<u><u>\$ 473,692</u></u>
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**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, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing</b>				
<b>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
	<hr/>		<hr/>	<hr/>
Total Revenues	32,152,363	-	32,152,363	32,152,363
	<hr/>		<hr/>	<hr/>
<b>Expenditures and Other</b>				
<b>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
	<hr/>		<hr/>	<hr/>
Total Expenditures	31,957,568	-	31,957,568	32,152,363
	<hr/>		<hr/>	<hr/>
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, 2012**

	<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
Prior Period Adjustment			11,054	
	<hr/>		<hr/>	
Total Expenditures	105,981	-	117,035	124,635
	<hr/>		<hr/>	
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 18,654</u>	<u>\$ -</u>	<u>\$ 7,600</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, 2012**

	<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
<b>Total Revenues</b>	<b>36,454</b>	<b>-</b>	<b>36,454</b>	<b>36,454</b>
<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
Prior Period Adjustment			5,034	
<b>Total Expenditures</b>	<b>20,728</b>	<b>-</b>	<b>25,762</b>	<b>36,454</b>
Excess (deficiency) or Revenues over (under) Expenditures	\$ 15,726	\$ -	\$ 10,692	\$ -

**Additional project information:**

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  
JEFFERSON ELEMENTARY SCHOOL FAÇADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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
	<hr/>		<hr/>	<hr/>
Total Revenues	255,680	-	255,680	255,680
	<hr/>		<hr/>	<hr/>
<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
Prior Period Adjustment			31,490	
	<hr/>		<hr/>	<hr/>
Total Expenditures	177,318	-	208,808	255,680
	<hr/>		<hr/>	<hr/>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 78,362</u>	<u>\$ -</u>	<u>\$ 46,872</u>	<u>\$ -</u>

**Additional project information:**

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  
JEFFERSON ELEMENTARY SCHOOL ADDITION, WILSON PRIMARY SCHOOL RENOVATIONS AND  
MIDDLE SCHOOL REHABILITATION  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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	16,842,766	-	16,842,766	16,842,766
<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)	1,203	_____	1,203	1,203
Total Expenditures	16,748,184	-	16,748,184	16,842,766
Excess (deficiency) or Revenues over (under) Expenditures	\$ 94,582	\$ -	\$ 94,582	\$ -

**Additional project information:**

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, 2012**

	<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	_____	148,861	177,587
Construction Services (450)	2,193,719	_____	2,193,719	2,228,942
Total Expenditures	<u>2,357,041</u>	<u>-</u>	<u>2,357,041</u>	<u>2,420,990</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 63,949</u>	<u>\$ -</u>	<u>\$ 63,949</u>	<u>\$ -</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, 2012**

	<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	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services (450)	260,423	_____	260,423	300,000
Total Expenditures	<u>260,423</u>	<u>-</u>	<u>260,423</u>	<u>300,000</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 39,577</u>	<u>\$ -</u>	<u>\$ 39,577</u>	<u>\$ -</u>

**Additional project information:**

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, 2012**

	<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
	<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)	74,737		74,737	47,325
Other Purchased and Technical Services (390)	2,042,233	\$ 65,660	2,107,893	1,650,319
Construction Services (450)	7,801,765	2,623,816	10,425,581	12,446,319
	<u>9,918,735</u>	<u>2,689,476</u>	<u>12,608,211</u>	<u>14,143,963</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 4,225,228</u>	<u>\$ (2,689,476)</u>	<u>\$ 1,535,752</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, 2012**

	<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)	224,871	\$ 1,852	226,723	169,671
Construction Services (450)	1,907,520	81,536	1,989,056	2,948,203
	<u>2,132,391</u>	<u>83,388</u>	<u>2,215,779</u>	<u>3,117,874</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 985,483</u>	<u>\$ (83,388)</u>	<u>\$ 902,095</u>	<u>\$ -</u>

**Additional project information:**

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, 2012**

	<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	\$ 333,010	-	\$ 333,010	\$ 333,010
Total Revenues	333,010	-	333,010	333,010
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	327,912	-	327,912	333,010
Total Expenditures	327,912	-	327,912	333,010
Excess (deficiency) or Revenues over (under) Expenditures	\$ 5,098	\$ -	\$ 5,098	\$ -

**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, 2012**

	<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
Transfer from Capital Reserve		\$ 143,000	143,000	143,000
Funded by City of Summit	2,859,959		2,859,959	2,859,959
	<hr/>		<hr/>	<hr/>
Total Revenues	4,766,598	143,000	4,909,598	4,909,598
	<hr/>		<hr/>	<hr/>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	333,695	473,055	806,750	916,221
Construction Services (450)	316,314	2,660,648	2,976,962	3,993,377
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	650,009	3,133,703	3,783,712	4,909,598
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 4,116,589</u>	<u>\$ (2,990,703)</u>	<u>\$ 1,125,886</u>	<u>\$ -</u>

**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	\$ 4,766,598
Additional Authorized Cost	\$ 143,000
Revised Authorized Cost	\$ 4,909,598
Percentage Increase over Original Authorized Cost	
Percentage Completion	77.07%
Original Target Completion Date	12/31/2010
Revised Target Completion Date	12/31/2012

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
LINCOLN-HUBBARD ELEMENTARY SCHOOL - SITE UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<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				\$ 187,876
Transfer from Capital Reserve	-	\$ 281,813	\$ 281,813	281,813
	<hr/>		<hr/>	
Total Revenues	-	281,813	281,813	469,689
	<hr/>		<hr/>	
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)			-	69,689
Construction Services (450)	-		-	400,000
	<hr/>		<hr/>	
Total Expenditures	-	-	-	469,689
	<hr/>		<hr/>	
Excess (deficiency) or Revenues over (under) Expenditures	\$ -	\$ 281,813	\$ 281,813	\$ -
	<hr/>		<hr/>	
<b>Additional project information:</b>				
Project Number	5090-100-10-1010			
Grant Date	9/2/2010			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 469,689			
Additional Authorized Cost				
Revised Authorized Cost	\$ 469,689			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original Target Completion Date	12/31/12			
Revised Target Completion Date	12/31/12			

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2012**

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, 2012**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

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, 2012**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE

**FIDUCIARY FUNDS**

**SUMMIT PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY FUND NET ASSETS  
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 352,091	\$ 341,688	\$ 693,779
Total Assets	<u>\$ 352,091</u>	<u>\$ 341,688</u>	<u>\$ 693,779</u>
 <b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 15,003	\$ 15,003
Summer Net Payroll		326,685	326,685
Due to Student Groups	<u>\$ 352,091</u>	<u>-</u>	<u>352,091</u>
Total Liabilities	<u>\$ 352,091</u>	<u>\$ 341,688</u>	<u>\$ 693,779</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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, 2012**

<u>School</u>	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
<b>ELEMENTARY SCHOOLS</b>				
Brayton	\$ 8,478	\$ 25,566	\$ 26,257	\$ 7,787
Franklin	1,032	12,590	11,642	1,980
Wilson Primary School		5,380	4,173	1,207
Jefferson	1,574	17,725	17,373	1,926
Lincoln - Hubbard	2,558	4,524	4,642	2,440
Washington	2,425	6,977	5,366	4,036
<b>JUNIOR HIGH SCHOOLS</b>				
Lawton C Johnson Middle School	196,244	264,460	275,034	185,670
<b>SENIOR HIGH SCHOOL</b>				
Summit High School	107,189	498,254	458,398	147,045
<b>ATHLETICS</b>				
High School Athletics	-	105,025	105,025	-
<b>Total</b>	<u>\$ 319,500</u>	<u>\$ 940,501</u>	<u>\$ 907,910</u>	<u>\$ 352,091</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance, July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2012</u>
Payroll Deductions and Withholdings	\$ 5,097	\$ 18,673,856	\$ 18,663,950	\$ 15,003
Accrued Summer Salaries and Wages	304,747	325,290	303,352	326,685
Accrued Salaries and Wages	-	25,952,745	25,952,745	-
<b>Total</b>	<u>\$ 309,844</u>	<u>\$ 44,951,891</u>	<u>\$ 44,920,047</u>	<u>\$ 341,688</u>

**LONG-TERM DEBT**

**SUMMIT PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**SUMMIT PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOT APPLICABLE**

**LONG-TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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 TEN FISCAL YEARS**  
*(Unaudited)*  
*(accrual basis of accounting)*

	Restated									
	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	\$ 59,918,722
Restricted	254,915	1,047,696	605,350	1,050,981	30,731	70,308	3,374,302	1,177,690	2,220,078	2,415,870
Unrestricted	728,190	241,376	(216,186)	508,162	(686,348)	(963,673)	1,130,566	2,098,144	2,493,918	2,246,136
<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>\$ 59,163,482</b>	<b>\$ 64,580,728</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	\$ 201,851
Restricted		144,387	201,897	199,442	493,523	225,859	371,155	440,685	475,532	559,208
Unrestricted	\$ 152,210	\$ 165,779	\$ 221,344	\$ 221,925	\$ 535,748	\$ 282,076	\$ 507,294	\$ 577,835	\$ 641,691	\$ 761,059
<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>\$ 761,059</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	\$ 60,120,573
Restricted	254,915	1,047,696	605,350	1,050,981	30,731	70,308	3,374,302	1,177,690	2,220,078	2,415,870
Unrestricted	880,400	383,763	(14,289)	707,605	(192,825)	(737,814)	1,501,721	2,538,829	2,971,450	2,805,344
<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>	<b>\$ 65,341,787</b>

Source: District financial records

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction	\$ 20,632,002	\$ 22,459,128	\$ 23,865,851	\$ 25,439,644	\$ 29,149,306	\$ 30,506,819	\$ 29,380,082	\$ 30,266,224	\$ 30,433,508	\$ 30,780,236
Regular	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	10,200,882
Special Education	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	1,783,671
Other Instruction						1,740,836	1,583,790	1,508,797	1,569,698	1,693,314
School Sponsored Activities & Athletics										
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	5,647,971
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	1,045,437
Health Services						1,295,886	1,358,833	1,393,968	1,507,626	1,474,330
Educational Media/School Library						3,723,390	3,940,227	3,911,979	4,187,205	5,071,401
School Administrative Services	2,380,743	2,495,990	3,043,955	3,171,450	3,624,973	1,356,768	1,470,247	1,431,802	1,760,134	1,700,134
General Administrative Services	2,062,415	2,027,946	2,657,477	2,495,459	-	5,703,195	6,200,892	6,217,401	6,049,846	6,128,905
Plant Operations And Maintenance	4,194,323	4,627,658	4,806,519	4,748,296	1	818,962	871,795	971,030	808,430	835,282
Pupil Transportation	484,611	477,584	751,486	705,410	1,622,870	1,363,041	1,397,147	1,402,625	1,502,470	1,521,391
Central Services						56,542	52,905	64,027	20,399	16,998
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	67,959,952
Business-Type Activities:										
Food Services	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	1,572,080
Summer Lunch Program	120,186	141,627	145,941	133,210	157,610	181,139	193,999	186,868	170,511	160,373
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	1,732,453
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	69,692,405
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 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	\$ 184,733
Operating Grants And Contributions										13,287,268
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	13,472,001
Business-Type Activities:										
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	1,308,842
Summer Lunch Program	135,525	151,003	159,602	148,317	171,090	202,480	194,167	192,200	162,200	193,065
Operating Grants And Contributions	198,362	215,111	214,971	221,644	237,312	261,110	266,505	288,896	318,253	349,914
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	1,851,821
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	15,323,822

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

	Fiscal Year Ended June 30.									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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)	\$ (54,487,951)
Business-Type Activities	85,120	13,569	55,565	580	44,084	(3,121)	131,877	70,541	63,856	119,368
<b>Total District-Wide Net Expense</b>	<b>\$ (35,520,049)</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>\$ (54,368,583)</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	\$ 46,034,366	\$ 49,248,088	\$ 51,641,731	\$ 55,419,648	\$ 56,808,725	\$ 59,646,434	\$ 59,644,537
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	258,660
N.J. Economic Development Authority Grants					(29,619)				(75,249)	
Less on Disposal of Assets										
Adjustment to Amount Due from City					(300,003)					
<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>	<b>\$ 59,903,197</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>\$ 59,903,197</b>
<b>Change in Net Assets</b>										
Governmental Activities	\$ 1,368,121	\$ 2,404,548	\$ (90,145)	\$ 3,393,983	\$ 14,009,546	\$ 9,819,132	\$ 5,791,863	\$ 8,746,076	\$ 8,294,607	\$ 5,415,246
Business-Type Activities	85,120	13,569	55,565	580	44,084	(3,121)	131,877	70,541	63,856	119,368
<b>Total District-Wide Changes 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>	<b>\$ 5,534,614</b>

Source: District financial records

**SUMMIT PUBLIC SCHOOLS  
FUND BALANCES, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS**

(Unaudited)  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 101,821	\$ 737,304	\$ 204,467	\$ 494,351	\$ 503,475	\$ 100,111	\$ 2,109,638	\$ 2,698,122		
Unreserved	1,355,217	787,047	314,829	856,430	2,111	218,980	737,061	810,119	\$ 2,589,575	\$ 3,927,832
Assigned									989,641	526,566
Unassigned									998,106	919,828
<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>	<b>5,374,226</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)				
Capital Projects Fund			338,006	560,454	(7,726,749)	(560,056)	(659,739)	(4,820,235)		
Permanent Fund	87,849	91,592	40,039							
Restricted, reported in:										
Capital Projects Fund									1,353,087	473,692
<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>473,692</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>	<b>\$ 5,847,918</b>

Source: District financial records

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 TEN FISCAL YEARS**

(Unaudited)  
 (modified accrual basis of accounting)

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	\$59,644,537
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	5,706,859
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	6,686,190
Federal Sources	798,747	898,686	928,977	860,590	931,756	1,304,952	1,039,025	1,640,824	1,769,402	1,371,671
<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>73,409,257</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	30,050,854
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	10,012,159
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	1,740,029
School Sponsored Activities & Athletics						1,707,992	1,548,066	1,480,123	1,538,322	1,659,425
Support Services:										
Tuition	1,399,765	1,512,262	1,767,281	1,752,393	1,622,870	4,188,446	4,626,186	5,188,632	5,500,124	5,530,213
Student & Inst. Related Services	4,080,294	4,140,975	4,092,587	4,332,268	4,484,227	741,952	890,606	954,394	999,374	1,022,095
Health Services						1,269,450	1,325,412	1,367,268	1,478,263	1,443,792
Educational Media / School Library	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	4,944,508
School Administrative Services	1,758,148	1,690,550	2,066,854	2,048,185	2,183,982	1,334,967	1,449,268	1,338,012	1,412,713	1,738,829
General and Business Adm. Svs.	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	6,027,914
Plant Operations And Maintenance	471,226	455,900	731,180	688,886	711,080	818,129	871,795	969,126	807,521	834,232
Pupil Transportation						1,330,426	1,358,031	1,371,704	1,469,616	1,485,143
Central Services										
Employee Benefits	7,431,879	8,896,986	9,895,833	10,290,018	15,056,404					
Charter Schools				4,153	8,609					
Debt Service										
Principal						666,531	676,965	1,430,833	372,385	
Interest and Other Charges						56,542	52,905	64,027	20,399	16,998
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	6,937,979
<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>73,444,170</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(195,507)	(187,152)	(1,814,605)	512,012	(1,797,665)	(596,918)	4,932,517	1,598,734	1,261,469	(34,913)

**SUMMIT PUBLIC SCHOOLS  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

(Unaudited)  
(modified accrual basis of accounting)

Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)	\$ 442,914	\$ 265,278	\$ 1,123,029	\$ 475,221	\$ 752,000	\$ 450,000	\$ 553,276	\$ 473,406		
N.J. Economic Development Auth. Grants					(29,619)					(47,578)
Adjustment to Amount Due from City					(300,003)					
Transfers In			216,741	300,000	200,000	300,000		333,010		
Transfers Out			(216,741)	(300,000)	(200,000)	(300,000)		(333,010)		
<b>Total Other Financing Sources (Uses)</b>	<b>442,914</b>	<b>265,278</b>	<b>1,123,029</b>	<b>475,221</b>	<b>422,378</b>	<b>450,000</b>	<b>553,276</b>	<b>473,406</b>	<b>-</b>	<b>(47,578)</b>
<b>Net Change In Fund Balances</b>	<b>\$ 247,407</b>	<b>\$ 78,126</b>	<b>\$ (691,576)</b>	<b>\$ 987,233</b>	<b>\$ (1,375,287)</b>	<b>\$ (146,918)</b>	<b>\$ 5,485,793</b>	<b>\$ 2,072,140</b>	<b>\$ 1,261,469</b>	<b>\$ (82,491)</b>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>1.17%</b>	<b>1.18%</b>	<b>2.30%</b>	<b>0.60%</b>	<b>0.03%</b>

Source: District financial records

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>
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
2012	184,733	41,711	22,484			58,871	135,594		443,393

Source: District financial records

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

Fiscal Year Ended June 30,	Vacant Land	Total Assessed Value				Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
		Residential	Commercial	Industrial	Apartment				
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	5,953,088,928	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
2012	15,091,600	2,498,154,500	293,128,600	238,161,000	60,856,300	3,379,495	3,108,771,495	6,857,036,524	2.045

Source: County Abstract of Rates

<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 **	
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
2012	2.045	0.901	1.021	3.967

Source: County Abstract of Ratables

\*- Includes the Municipal Library

\*\* - Includes County Open Space

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

<u>Taxpayer</u>	<u>2012</u>		<u>2002</u>	
	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	7.22%		
Celgene Corporation	16,541,000	0.53%	Not Available	
Bouras Properties, LLC	14,140,600	0.45%		
Atlantic Health System	11,328,700	0.36%		
1st Union National Bank	10,387,400	0.33%		
The Maple Group, L.L.C.	8,241,400	0.26%		
Canoe Brook County Club	8,040,500	0.26%		
Bassett Associates	7,521,700	0.24%		
SHPI/CSL Summit, LLC	7,000,000	0.22%		
E. Coast Constantine Village	6,800,000	0.22%		
	<u>\$ 315,889,304</u>	<u>10.1%</u>	<u>\$ -</u>	<u>0.00%</u>

Source: Municipal Tax Assessor

**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		Percentage of Levy	Collections in Subsequent Years		Total Collections to Date
		Amount	Amount		Years	Amount	
2003	\$ 79,622,865	\$ 79,052,069	\$ 543,341	99.28%	\$ 543,341	\$ 79,595,410	
2004	84,530,763	83,962,398	499,747	99.33%	499,747	84,462,145	
2005	89,802,833	89,070,381	670,933	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	
2012	59,644,537	59,644,537	-	100.00%	-	59,644,537	

Source: District financial records

**SUMMIT PUBLIC SCHOOLS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST SIX 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		
2012			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 six 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, 2011**  
**(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
City of Summit	\$ 35,062,307
City of Summit School District - Type I	<u>51,652,915</u>
	86,715,222
Overlapping debt Apportioned to the Municipality:	
Union County (2);(A):	
County of Union (A)	<u>53,658,238</u>
 Total Direct and Overlapping Debt	 <u>\$ 140,373,460</u>

(A) The debt for this entity was apportioned to the City of Summit by dividing the Municipality's 2011 equalized value by the total 2011 equalized value for Union County.

Sources:

- (1) City of Summit 2011 Annual Debt Statement
- (2) Union County 2011 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>
2002	21,156	\$ 862,297,404	\$ 40,759	3.2%
2003	21,099	874,595,748	41,452	3.2%
2004	20,938	895,622,950	42,775	2.5%
2005	20,827	921,448,961	44,243	2.5%
2006	20,681	1,005,841,116	48,636	2.5%
2007	20,522	836,312,544	40,752	2.3%
2008	20,522	1,073,444,254	52,307	3.0%
2009	20,696	1,008,371,208	48,723	5.3%
2010	21,497	1,084,480,656	50,448	5.4%
2011	21,578	N/A	N/A	5.4%

Source: New Jersey State Department of Education

N/A - Not Available

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

<u>Employer</u>	<u>2012</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	266.64	272.08	287.09	303.81	304.32	284.29	290.19	300.32	300.95	290.63
Special education	81.09	82.74	87.30	92.39	109.07	107.68	119.88	124.11	125.06	124.63
School sponsored/other instructional	0.88	0.90	0.94	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Support Services:										
Student & instruction related services	41.25	42.09	44.41	47.00	52.27	44.83	47.70	52.70	49.70	50.17
School administrative services	21.94	22.39	23.62	25.00	32.00	32.50	32.00	31.00	31.00	35.69
General administrative services	6.14	6.27	6.61	7.00	7.00	7.00	7.00	6.00	6.00	6.00
Central services	9.65	9.85	10.39	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Administrative Information Technology	1.14	1.16	1.23	1.30	1.27	1.30	1.30	1.30	1.30	1.25
Plant operations and maintenance	35.63	36.36	38.37	40.60	43.01	43.50	44.83	48.83	48.03	48.38
Pupil transportation	1.23	1.25	1.32	1.40	1.16	1.16	0.90	0.90	0.70	1.40
<b>Total</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>	<b>570.15</b>

Source: District Personnel Records

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

Fiscal Year	Pupil/Teacher Ratio											
	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2003	3,349	\$ 41,027,376	\$ 12,251	16.34%	270	1:19	1:12	1:10	3,349.0	3,215.4	13.64%	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	4.24%	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	3.30%	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	1.43%	95.60%
2007	3,732	59,011,874	15,812	11.94%	359	1:15	1:12	1:13	3,730.0	3,576.0	1.83%	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	1.48%	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	0.38%	95.48%
2010	3,887	65,535,165	15,037	-6.12%	373	1:12	1:10	1:10	3,900.9	3,730.8	2.42%	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	1.39%	95.69%
2012	4,042	66,489,193	16,450	0.86%	381	1:11	1:11	1:10	4,060.5	3,886.9	2.75%	95.72%

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 EIGHT FISCAL YEARS  
(Unaudited)**

	2005	2006	2007	2008	2009	2010	2011	2012
<b>District Building</b>								
<u>Elementary</u>								
Brayton Elementary (1911)								
Square Feet	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737
Capacity (students)	415	415	415	415	415	415	415	415
Enrollment <sup>a</sup>	474	489	457	465	407	398	389	379
Franklin Elementary (1927)								
Square Feet	44,118	44,118	44,118	44,118	44,118	48,280	48,280	48,280
Capacity (students)	349	349	349	349	349	349	349	349
Enrollment	384	400	410	409	376	378	377	375
Jefferson Elementary (1931)								
Square Feet	38,851	38,851	38,851	38,851	38,851	44,890	44,890	44,890
Capacity (students)	263	263	263	263	263	263	263	263
Enrollment	225	233	241	230	215	211	219	224
Jefferson Primary Center (2008)								
Square Feet					17,453	21,000	21,000	21,000
Capacity (students)					137	137	137	137
Enrollment					130	160	156	153
Lincoln Elementary (1953)								
Square Feet	55,132	55,132	55,132	55,132	55,132	74,600	74,600	74,600
Capacity (students)	401	401	401	401	401	401	401	401
Enrollment	404	382	398	384	321	333	338	337
Washington Elementary (1922)								
Square Feet	48,093	48,093	48,093	48,093	48,093	53,340	53,340	53,340
Capacity (students)	373	373	373	373	373	373	373	373
Enrollment	340	350	356	408	325	323	324	316
Wilson Primary Center (2008)								
Square Feet					21,770	32,000	32,000	32,000
Capacity (students)					175	175	175	175
Enrollment					152	172	153	159
<u>Middle School</u>								
LCJ Summit Middle School (1922)								
Square Feet	143,029	143,029	143,029	143,029	143,029	149,720	149,720	149,720
Capacity (students)	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Enrollment	849	843	826	849	843	867	950	1,019
<u>High School</u>								
Summit High School (1962)								
Square Feet	190,097	190,097	190,097	190,097	190,097	206,690	206,690	206,690
Capacity (students)	1,247	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	1,072

Number of Schools at June 30, 2012

    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)**

		Project #(s)	Gross Building Area (SF)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>School Facilities</b>													
Summit High School		N/A	206,690	\$ 243,889	\$ 301,051	\$ 269,310	\$ 241,574	\$ 263,677	\$ 308,273	\$ 260,504	\$ 265,976	\$ 311,025	\$ 354,611
Lawton C. Johnson Middle School		5090-060-04-1000 5090-060-05-1000	149,720	160,084	218,072	183,842	173,468	188,759	193,309	192,636	192,117	201,740	217,807
Brayton Elementary School		N/A	48,670	56,343	70,890	63,185	53,840	80,474	80,474	74,882	60,421	73,261	96,634
Franklin Elementary School		N/A	48,280	66,965	70,322	63,201	56,434	63,781	63,698	57,714	71,714	72,678	91,492
Jefferson Elementary School		5090-090-03-1010 5090-090-03-1004 5090-090-04-2000 5090-090-04-3000	44,890	73,183	65,384	55,106	50,820	59,770	59,770	76,138	92,824	95,086	104,234
Lincoln-Hubbard Elementary School		5090-100-03-1008	74,600	73,606	108,658	89,990	84,296	93,140	98,423	74,632	93,633	99,835	112,896
Washington Elementary School		5090-120-04-1000 5090-120-03-1028 5090-120-04-2000	53,340	63,533	77,692	70,022	63,696	70,066	70,373	70,243	64,683	69,389	65,713
Wilson Primary Center		N/A	-	-	-	-	-	-	-	23,372	25,204	27,253	36,737
<b>Total School Facilities</b>			<b>737,603</b>	<b>912,069</b>	<b>794,656</b>	<b>724,128</b>	<b>819,667</b>	<b>878,552</b>	<b>830,121</b>	<b>866,572</b>	<b>950,267</b>	<b>1,080,124</b>	
<b>Other Facilities</b>													
Stadium			-	2,909	2,915	3,654	4,244	4,244	4,244	4,414	4,591	4,775	4,966
Administration			-	10,486	12,827	14,252	11,758	11,758	10,553	10,232	10,394	10,394	10,258
<b>Total Other Facilities</b>			<b>-</b>	<b>13,395</b>	<b>15,742</b>	<b>17,906</b>	<b>16,002</b>	<b>16,002</b>	<b>14,967</b>	<b>14,823</b>	<b>15,169</b>	<b>15,224</b>	
<b>Grand Total</b>			<b>\$ 737,603</b>	<b>\$ 925,464</b>	<b>\$ 810,398</b>	<b>\$ 742,034</b>	<b>\$ 835,669</b>	<b>\$ 894,554</b>	<b>\$ 845,088</b>	<b>\$ 881,395</b>	<b>\$ 965,436</b>	<b>\$ 1,095,348</b>	

Source: School District's Financial Statements

**SUMMIT PUBLIC SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2012  
(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

17 - 17 ROUTE 208  
FAIR LAWN, NJ 07410  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
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 School as of and for the fiscal year ended June 30, 2012, which collectively comprise the Summit Public School's basic financial statements and have issued our report thereon dated October 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Summit Public School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Summit Public School's 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Summit Public School's internal control over financial reporting.

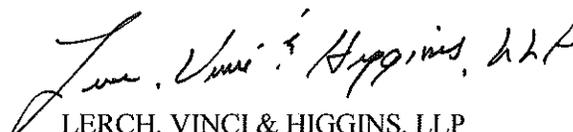
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Summit Public School's 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 previously.

**Compliance and Other Matters**

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

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  
October 29, 2012

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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RALPH M. PICONE, CPA, RMA, PSA  
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 School's 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 School's major federal and state programs for the fiscal year ended June 30, 2012. Summit Public School's 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 School's management. Our responsibility is to express an opinion on Summit Public School's 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 Office of School Finance, 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 School's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Summit Public School's compliance with those requirements.

In our opinion, Summit Public School 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, 2012.

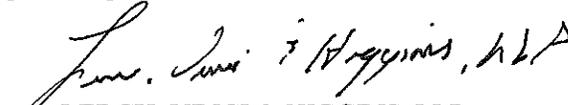
**Internal Control Over Compliance**

Management of Summit Public School 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 School's 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  
October 29, 2012

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2011	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2012 (Accounts Receivable)	Deferred Revenue/ Grantor	Memo Only GAAP Reservable
<b>U.S. Department of Education</b>													
<b>General Fund</b>													
Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/10-6/30/11	\$ 48,719	\$ (8,571)	\$	8,571						
Medicaid Assistance Program (SEMI)	93.778	N/A	7/1/11-6/30/12	35,089			23,632	\$ 35,089			\$ (11,457)		\$ (11,457)
Education Jobs Fund	84.410A	N/A	7/1/11-6/30/12	88,436			86,921	88,436			(1,515)		(1,515)
<b>U.S. Department of Agriculture</b>													
<b>Passed-through State Department of Education</b>													
Food Distribution Program - Non Cash Assistance	10.555	N/A	7/1/10-6/30/11	51,162	1,111			1,111					
Food Distribution Program - Non Cash Assistance	10.555	N/A	7/1/11-6/30/12	61,653			61,653	61,432			\$ 221		
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	251,859			234,902	251,859			(16,957)		(16,957)
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	24,106			22,269	24,106			(1,837)		(1,837)
<b>Total U.S. Department of Agriculture</b>													
				1,111			318,824	338,508			(18,794)	221	(18,794)
<b>Special Revenue Fund</b>													
<b>I.A.S.A. Consolidated Grant/NCLB</b>													
Title I, Carryover	84.010A	NCLB219009	09/1/08-8/31/09	152,187	4,119							4,119	
Title I, Carryover	84.010A	NCLB219010	09/1/09-8/31/10	98,757	(30,222)						(31,338)		(31,338)
Title I, Carryover	84.010A	NCLB219011	09/1/10-8/31/11	105,043	(21,034)		66,426	65,022			(20,190)	560	(20,190)
Title I	84.010A	NCLB219012	09/1/11-8/31/12	121,410			26,989	67,152			(94,421)	54,258	(94,421)
Title II A, Carryover	84.367A	NCLB219009	09/1/08-8/31/09	63,633				11,715			(12,218)	503	(12,218)
Title II A, Carryover	84.367A	NCLB219010	09/1/09-8/31/10	63,579	(20,510)		15,396	5,114			(5,114)		(5,114)
Title II A, Carryover	84.367A	NCLB219011	09/1/10-8/31/11	62,816	(38,878)		43,992	40,261			(36,269)	16,008	(36,269)
Title II A	84.318X	NCLB219012	09/1/11-8/31/12	52,269				50			(101)		(101)
Title II D, Carryover	84.318X	NCLB219009	09/1/08-8/31/09	753	50			101			(1,135)	\$ 22	(1,135)
Title II D, Carryover	84.318X	NCLB219011	09/1/10-8/31/11	101							(663)		(663)
Title III, Carryover	84.365A	NCLB219009	09/1/08-8/31/09	36,504	(1,113)						(27,594)		(27,594)
Title III, Carryover	84.365A	NCLB219010	09/1/09-8/31/10	26,184	(663)						(32,404)		(32,404)
Title III, Carryover	84.365A	NCLB219011	09/1/10-8/31/11	29,377	(11,817)		27,247	15,430			(27,594)	10,648	(27,594)
Title III	84.365A	NCLB219012	09/1/11-8/31/12	28,531			937	17,883			(32,404)	20,976	(32,404)
Title III, Innigrant	84.365A	NCLB219012	09/1/11-8/31/12	32,404				11,428					
Title IV, Carryover	84.186A	NCLB219009	09/1/08-8/31/09	8,726	1,270			425		\$ (129)	\$ 1,141		
Title IV, Carryover	84.186A	NCLB219010	09/1/09-8/31/10	7,149	969							950	
Title V, Carryover	84.298A	NCLB219009	09/1/08-8/31/09	5,204									
<b>I.D.E.A. Part B</b>													
Basic Regular, Carryover	84.027	IDEA219009	9/1/08-8/31/09	787,058	(2,400)						(2,400)		(2,400)
Basic Regular, Carryover	84.027	IDEA219010	9/1/09-8/31/10	856,256	(51,640)			1,148		(4)	(53,628)	836	(53,628)
Basic Regular, Carryover	84.027	IDEA219011	9/1/10-8/31/11	884,562	(283,954)		373,375	140,378			(51,157)		(51,157)
Basic Regular	84.027	IDEA219012	9/1/11-8/31/12	914,149			477,057	758,397			(437,092)	155,752	(437,092)
Basic Regular - ARRA	84.391	IDEA219010	9/1/09-8/31/10	1,114,436	(172,230)		246,963	75,017	284				
Preschool, Carryover	84.173	IDEA219009	9/1/08-8/31/09	29,841	(3,141)			3,141					
Preschool, Carryover	84.173	IDEA219010	9/1/09-8/31/10	30,737				2,049			(2,049)		(2,049)
Preschool, Carryover	84.173	IDEA219011	9/1/10-8/31/11	32,652							(2,252)	2,252	(2,252)
Preschool	84.173	IDEA219012	9/1/11-8/31/12	32,721			412	32,721			(32,309)		(32,309)
Preschool - ARRA	84.392	IDEA219010	9/1/08-8/31/10	40,297			2,686	2,686					
Self Assessment, Carryover	84.027A	IDEA219010	9/1/09-8/31/10	14,000	(92)				92				
<b>Total U.S. Department of Education</b>													
				630,336			1,285,046	1,248,146	243	1,141	(862,334)	2,661,192	(862,334)
<b>Total</b>													
				\$ (637,796)			\$ 1,722,994	\$ 1,710,179	\$ 243	\$ 1,141	\$ (894,100)	\$ 2,664,413	\$ (894,100)

Adjustments represent cancellation of prior year orders.

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

**SUMMIT PUBLIC SCHOOLS**  
**SCHEDULE OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2012			Memo-Only Cumulative Total Expenditures	
										(Accounts Receivable)	Deferred Revenue	Due to Grantor		
<b>State Department of Education</b>														
<b>General Fund</b>														
Special Education Aid	11-495-034-5120-011	7/1/11-6/30/12	\$ 1,195,623			\$ 1,090,796	\$ 1,195,623				\$ (104,827)			\$ 1,195,623
Extraordinary Special Education Cost A	11-495-034-5120-044	7/1/10-6/30/11	254,106	\$ (254,106)		254,106					(287,165)			287,165
Extraordinary Special Education Cost A	12-495-034-5120-044	7/1/11-6/30/12	287,165				287,165							
On-Behalf TPAF Pension System Contr.														
Pension Cost	12-495-034-5095-006	7/1/11-6/30/12	886,167			886,167	886,167							886,167
Non-contributory Insurance	12-495-034-5095-007	7/1/11-6/30/12	95,098			95,098	95,098							95,098
Post Retirement Medical Contribution	12-495-034-5095-001	7/1/11-6/30/12	1,972,598			1,972,598	1,972,598							1,972,598
T.P.A.F. - Social Security	12-495-034-5095-002	7/1/11-6/30/12	2,191,506			2,081,884	2,191,506				(109,622)		\$ (109,622)	2,191,506
T.P.A.F. - Social Security	11-495-034-5095-002	7/1/10-6/30/11	2,284,254	(228,202)		228,202								
<b>Total General Fund</b>				(482,308)		6,608,851	6,628,157				(501,614)		(109,622)	6,628,157
<b>Special Revenue Fund</b>														
New Jersey Nonpublic Aid:														
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	51,043	430					\$ 430					
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	43,992			43,992	43,653					\$ 339		43,653
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	60,480	219					219					
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	62,837			62,837	62,195					642		62,195
Auxiliary Services:														
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	3,349	837					837					
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	5,917			5,917						5,917		
Transportation	12-100-034-5120-067	7/1/11-6/30/12	3,837			3,837	3,837							3,837
Home Instruction	N/A	7/1/10-6/30/11	4,288	(4,288)		4,288								
Home Instruction	N/A	7/1/11-6/30/12	1,369				1,369				(1,369)		(1,369)	1,369
Handicapped Services:														
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	61,049	1,115					1,115					
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	46,368			46,368	42,022					4,346		42,022
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	18,462	3,120					3,120					
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	26,065			26,065	13,588					12,477		13,588
Supplemental Instruction	12-100-034-5120-066	7/1/11-6/30/12	29,255			29,255	29,255							29,255
<b>Total Special Revenue Fund</b>				1,433		222,559	195,919		5,721		(1,369)	23,721	(1,369)	195,919

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2012			Memo Only Cumulative Total Expenditures
										(Accounts Receivable)	Deferred Revenue	Due to Grantor	
<b>State Department of Agriculture</b>													
<b>Enterprise Fund</b>													
National School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	\$ 12,296			\$ 11,487	\$ 12,296						
National School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	12,914	(669)		669							
<b>Total Enterprise Fund</b>				(669)		12,156	12,296					(809)	12,296
<b>State of New Jersey- School Development Authority</b>													
<b>Capital Projects Fund</b>													
	5090-100-03-1008		49,854	(49,854)			\$ 49,854						
	5090-090-03-1010		14,582	(5,034)			5,034						
	5090-090-03-1004		102,272	(31,490)			31,490						
	5090-060-05-1000		319,315	(34,014)			34,014						
School Improvements Ord. #28472853	Various	N/A	5,657,585	(4,235,248)		1,312,484						(2,922,764)	
School Improvements Ord. #2888	Various	N/A	1,247,149	(1,247,149)								(1,247,149)	
School Improvements Ord. #2931	Various	N/A	1,906,640	(1,906,640)								(1,906,640)	
Lincoln Hubbard Site Upgrades	5090-100-10-GOTA	N/A	187,876									(187,876)	
<b>Total Capital Projects Fund</b>				(7,509,429)		1,312,484		120,392				(6,264,429)	
<b>Grand Total</b>				(7,990,973)		8,156,050	6,836,372	120,392	\$ 5,721	(6,768,221)	187,876	(6,376,229)	6,836,372
<b>Less On-Behalf/TPAF Pension and Annuity Aid</b>													
On -Behalf/TPAF Pension System Contr.													
Pension Cost	12-495-034-5095-006	7/1/11-6/30/12	886,167			886,167	886,167						886,167
Non-contributory Insurance	12-495-034-5095-007	7/1/11-6/30/12	95,098			95,098	95,098						95,098
Post Retirement Medical Contribution	12-495-034-5095-001	7/1/11-6/30/12	1,972,598			1,972,598	1,972,598						1,972,598
<b>Total for State Financial Assistance Determination</b>						2,953,863	2,953,863						2,953,863
						\$ 5,202,187	\$ 3,882,509	\$ 120,392	\$ 5,721	(6,768,221)	187,876	(6,376,229)	\$ 3,882,509

Adjustments represents cancellation of receivables on projects which have been closed out.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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. The information in these schedules is presented in accordance with requirements of U.S. 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". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 a decrease of \$137,886 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	\$ 123,525	\$ 6,490,271	\$ 6,613,796
Special Revenue Fund	1,248,146	195,919	1,444,065
Food Service Fund	<u>337,618</u>	<u>12,296</u>	<u>349,914</u>
Total Financial Assistance	<u>\$ 1,709,289</u>	<u>\$ 6,698,486</u>	<u>\$ 8,407,775</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012****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 \$2,191,506 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$981,265 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,972,598 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

**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, 2012**

*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
495-034-5120-089	Special Education

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, 2012**

*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, 2012**

*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, 2012**

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 were none.