

**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, 2016**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**City of Summit**

**Summit Public Schools**

**Summit, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**



# SUMMIT PUBLIC SCHOOLS

Board of Education • 14 Beekman Terrace • Summit New Jersey 07901-1702 • 908-273-3025

Louis J. Pepe, RSBA, Assistant Superintendent

October 20, 2016

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 - 2016***

Dear Board Members:

The comprehensive annual financial report of the City of Summit Board of Education for the fiscal year ended June 30, 2016 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 1984 and the U.S. Uniform Guidance and the State Treasury Circular Letter 15-08 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 2015-2016 fiscal year with an enrollment of 4,168 students, representing a decrease of 28 students compared to the previous year's enrollment.

The increased student enrollment over the past ten years continues to impact the Special Education needs placing an additional burden on the District's financial budget with 32 Out of District Placements, down from 36 last year; continuing the effort to return students to quality programs in their community schools through the Special Education department. 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 and a significant increase in student needs.

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>
2015/16	4,116.2	1.33%
2014/15	4,062.1	-1.37%
2013/14	4,118.7	0.94%
2012/13	4,088.4	0.69%
2011/12	4,060.5	2.70%
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%

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

The landscape has had a definite influence in the development of Summit. Summit Housing is available to all levels of income including subsidized housing for senior citizens, and low- and middle-income families. Summit is a family-oriented residential community with light industry. Many Summit settlers and current residents have attributed significantly to the

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

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 ahead 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 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 2016, 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 three level.
- ✚ The number of students recognized as AP Scholars is also at a historically high level.
- ✚ College placements continued to be diverse with students accessing admission to many highly selective institutions.
- ✚ The percent of students pursuing further education (93.8%).

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

- ✚ Two hundred sixty-one students are attending four-year institutions and twenty-five are attending two-year institutions.
- ✚ The performance on SAT testing remained significantly above state and national levels. With the introduction of the Redesigned SAT in March, we continue to see a major shift from SAT to use of the ACT as a college admissions "test of choice".

Summit's public education system includes two 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 Board of Education and administration has successfully captured additional revenues for facility work, therefore reducing the city's capital debt obligations through a combined approach of acquiring targeted facility grants addressing health and safety needs while closing out old projects and reviewing prior debt service reporting on bonds and notes. The end result has been the acquisition of *thirty-nine* RODS Grants<sup>1</sup> totaling more than \$27M (*twenty-seven million dollars*) of eligible projects thus reducing the local share by 40% or \$10.8M beginning in 2009. The last round of State Grant Approvals comes amidst another \$17.5M of construction projects that the district successfully acquired debt service funding bringing the total of all construction to an impressive \$45M in the five year period.

Fiscal Year 2016 was marked by the successful completion of two major additions and renovations at the Franklin and Jefferson Elementary schools as well as completion of classroom renovations, new state of the art science labs and an award winning historic preservation/renovation of the auditorium at Lawton C. Johnson, Summit Middle School that came on line during the 2014/15 school year.

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.

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<sup>1</sup> State of NJ Grant Program for School Facilities Projects for Regular Operating Districts: Level 1 school facilities projects address the most critical operational building needs, including health and safety issues, and program mandates.

**(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. In FY 2009 the district embarked on a number of facilities projects over a four year period 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. FY 2013 promoted continuance and expansion of this goal through a Board priority of development and implementation of a comprehensive five year facility plan that culminated in a \$17 million dollar Board of School Estimate approval for two new additions (Franklin ES & Jefferson ES) and major renovations at the LCJ Summit Middle school to include new science labs, promoting the concepts of STEM (see below) and renovations to the existing auditorium. Also included in the package were brick re-pointing at the middle school and a boiler replacement project at the Summit High school.

*STEM education offers students one of the best opportunities to make sense of the world holistically, rather than in bits and pieces. STEM education removes the traditional barriers erected between the four disciplines, by integrating them into one cohesive teaching and learning paradigm.*

**(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, 2016.

**(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 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.

## **(9) RISK MANAGEMENT: (Continued)**

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 statues require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting in this capacity. In addition to meeting the requirements of the Single Audit Act of 1984 as amended by U.S. Uniform Guidance and State Treasury Circular Letter 15-08 OMB, the auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **(11) AWARDS AND ACKNOWLEDGMENTS:**

The Association of School Business Officials (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Summit Public Schools for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the third straight year that the district has received this prestigious award. We have submitted our June 30, 2015 report to ASBO International in January 2016 and anticipate that, as in the past, the report has met their stringent requirements of reporting and that we will be awarded the Certificate of Excellence in Financial Reporting for that year. In order to be awarded a


**(11) AWARDS AND ACKNOWLEDGMENTS: (Continued)**

Certificate of Achievement, the district published an easily readable and efficiently organized CAFR. This report satisfied both (GAAP) Generally Accepted Accounting Principles and applicable legal requirements.

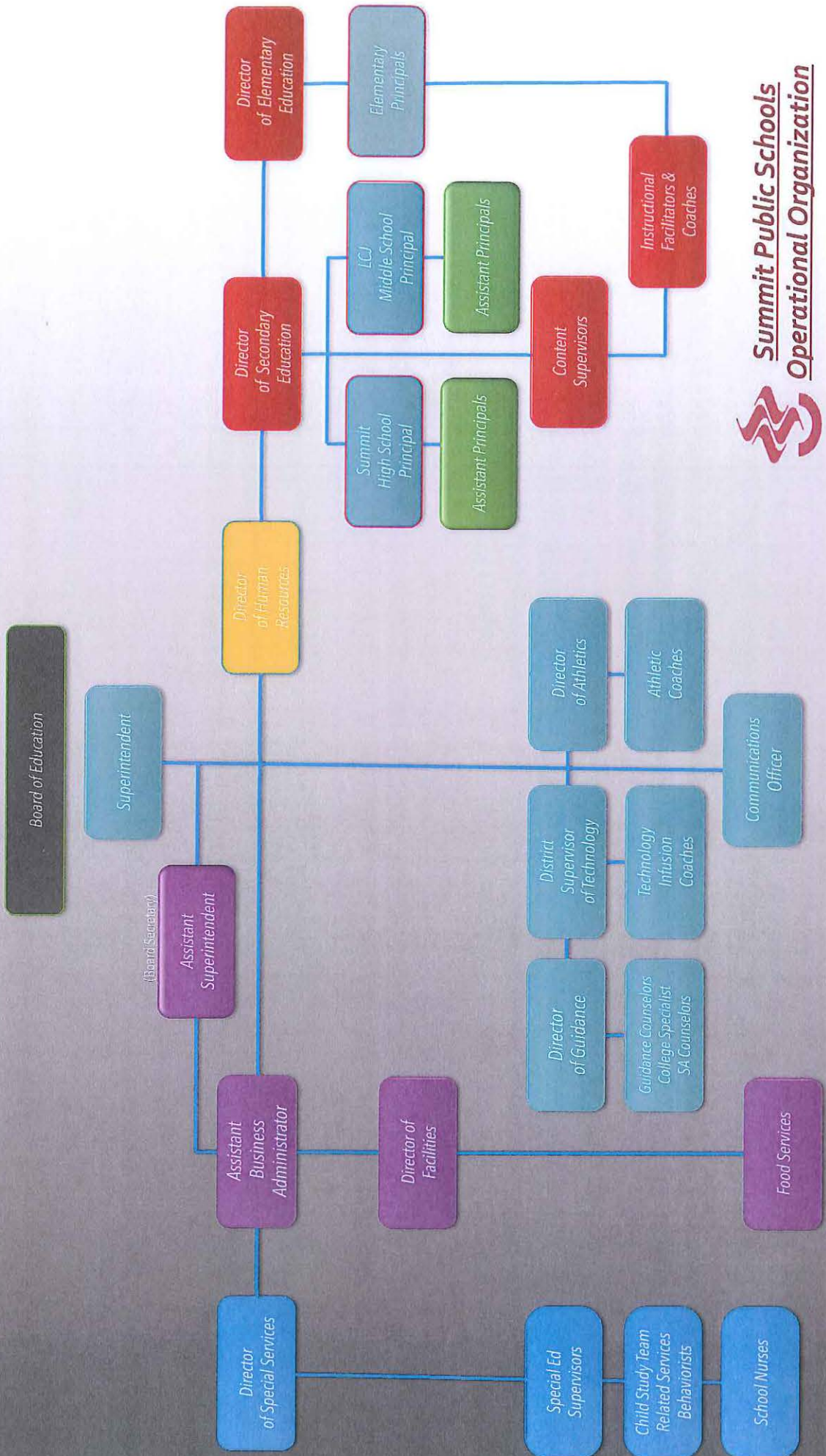
We express our appreciation to the Members of the Summit Board of Education who successfully balance funding realities of public education and the need to provide Summit's students with a world-class educational program of studies. Our appreciation is also extended to the administrative team who, also,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

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

Respectfully submitted,

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

Louis J. Pepe, RSBA  
Assistant Superintendent for Business/  
Board Secretary







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

**ROSTER OF OFFICIALS  
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. David Dietze, President	2018
Mr. Rick Hanley, Vice President	2018
Mr. Christopher Bonner	2019
Ms. Debbie Chang	2018
Mr. Emile George	2017
Ms. Debra McCann	2017
Ms. Vanessa Primack	2019

**OTHER OFFICIALS**

Mr. June Chang, Superintendent of Schools  
Mr. Louis J. Pepe, RSBA Assistant Superintendent/Board Secretary  
Dr. Julie Glazer, Assistant Superintendent  
Ms. Margaret Gerba, Treasurer of School Monies  
Vito A. Gagliardi, Jr., Esq.



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

## **ROSTER OF CONSULTANTS AND ADVISORS JUNE 30, 2016**

### **Attorney**

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

### **Auditor**

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

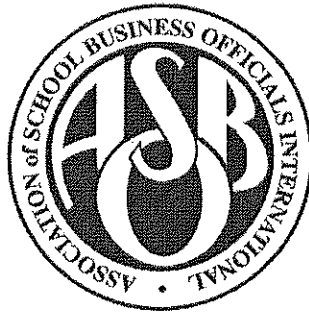
### **Architect of Record**

**EI ASSOCIATES**  
8 Ridgedale Avenue  
Cedar Knolls, NJ 07927

### **Official Depository**

**INVESTORS BANK**  
51 JFK Parkway  
Short Hills, NJ 07078

# Association of School Business Officials International

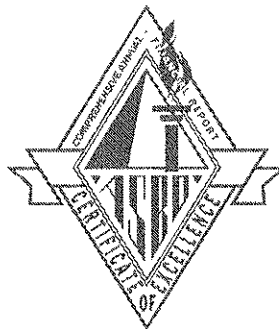


*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**Summit Public Schools**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

## INDEPENDENT AUDITOR’S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools, a component unit of the City of Summit as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

### *Management’s Responsibility for the Financial Statements*

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

### *Auditor’s Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Summit Public Schools' basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Summit Public Schools.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2016 on our consideration of the Summit Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Summit Public Schools' internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants  
Public School Accountants



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
October 20, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## THE CITY OF SUMMIT PUBLIC SCHOOLS

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

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, 2016. 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 2016 are as follows:

- District-Wide - General revenues for governmental activities accounted for \$62,222,619 or 70 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$25,205,592 or 28 percent of all total revenues. Charges for services accounted for \$1,149,840 or 2 percent of total revenues \$88,578,051.
- District-Wide - The governmental activities had \$86,236,966 in expenses; only \$26,355,432 of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$62,222,619 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$73,136,475 in revenues and \$72,550,886 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$6,153,027, an increase of \$495,082 from 2015.
- Fund Financials - At the end of June 30, 2016, the District's unassigned fund balance for the General Fund was \$957,397 an increase from 2015 of \$33,199.

#### 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.

**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 Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position 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, deferred outflows/inflows of resources and liability information</b>	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and deferred inflows of resources and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets, deferred outflows/inflows of resources 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 Position* presents information on all of the Summit Public Schools’ assets, deferred outflows/inflows of resources and liabilities, with the difference reported as *Net Position*. Over time, increases or decreases in Net Position 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 Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

## 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 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.

## 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 Position for fiscal years 2016 and 2015.

**Net Position.** The District's combined Net Position for 2016 and 2015 were \$66,325,331 and \$63,975,551, respectively. (See Table A-1).

A significant portion of the District's Net Position 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.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>						
Current and Other Assets	\$ 12,893,204	\$ 17,977,003	\$ 802,974	\$ 851,448	\$ 13,696,178	\$ 18,828,451
Capital Assets	<u>79,075,844</u>	<u>76,308,217</u>	<u>431,646</u>	<u>342,331</u>	<u>79,507,490</u>	<u>76,650,548</u>
<b>Total Assets</b>	<u>91,969,048</u>	<u>94,285,220</u>	<u>1,234,620</u>	<u>1,193,779</u>	<u>93,203,668</u>	<u>95,478,999</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>3,565,733</u>	<u>993,516</u>	<u>-</u>	<u>-</u>	<u>3,565,733</u>	<u>993,516</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>95,534,781</u>	<u>95,278,736</u>	<u>1,234,620</u>	<u>1,193,779</u>	<u>96,769,401</u>	<u>96,472,515</u>
<b>Liabilities</b>						
Current Liabilities	6,126,517	11,529,679	261,507	230,852	6,388,024	11,760,531
Non-Current Liabilities	<u>23,691,024</u>	<u>19,634,273</u>	<u>-</u>	<u>-</u>	<u>23,691,024</u>	<u>19,634,273</u>
<b>Total Liabilities</b>	<u>29,817,541</u>	<u>31,163,952</u>	<u>261,507</u>	<u>230,852</u>	<u>30,079,048</u>	<u>31,394,804</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	362,284	1,100,913			362,284	1,100,913
Unused Commodities	<u>-</u>	<u>-</u>	<u>2,738</u>	<u>1,247</u>	<u>2,738</u>	<u>1,247</u>
<b>Total Deferred Inflows of Resources</b>	<u>362,284</u>	<u>1,100,913</u>	<u>2,738</u>	<u>1,247</u>	<u>365,022</u>	<u>1,102,160</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>30,179,825</u>	<u>32,264,865</u>	<u>264,245</u>	<u>232,099</u>	<u>30,444,070</u>	<u>32,496,964</u>
<b>Net Position:</b>						
Investment in capital assets	79,075,844	76,308,217	431,646	342,331	79,507,490	76,650,548
Restricted	3,206,598	2,508,419			3,206,598	2,508,419
Unrestricted	<u>(16,927,486)</u>	<u>(15,802,765)</u>	<u>538,729</u>	<u>619,349</u>	<u>(16,388,757)</u>	<u>(15,183,416)</u>
<b>Total Net Position</b>	<u>\$ 65,354,956</u>	<u>\$ 63,013,871</u>	<u>\$ 970,375</u>	<u>\$ 961,680</u>	<u>\$ 66,325,331</u>	<u>\$ 63,975,551</u>

**Governmental activities.** Governmental activities increased the District's Net Position by \$2,341,085. Key elements of this increase are as follows:

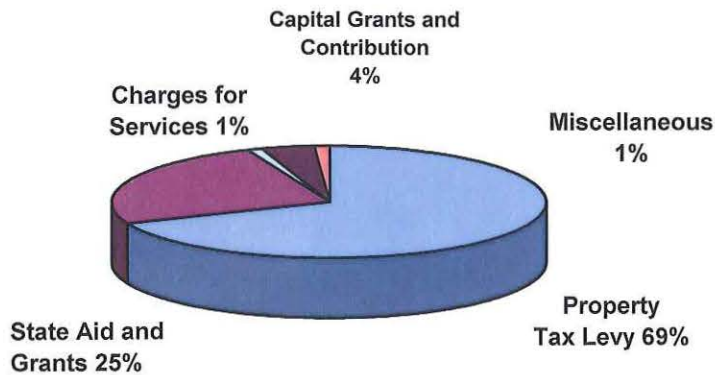
**Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,149,840	\$ 679,483	\$ 1,622,766	\$ 1,638,193	\$ 2,772,606	\$ 2,317,676
Operating Grants and Contributions	21,729,577	17,410,834	401,461	370,406	22,131,038	17,781,240
Capital Grants and Contributions	3,476,015	11,519,361	-	-	3,476,015	11,519,361
General Revenues						
Property Taxes	61,764,695	60,674,206			61,764,695	60,674,206
Other General Revenues	457,924	233,030	-	-	457,924	233,030
<b>Total Revenues</b>	<u>88,578,051</u>	<u>90,516,914</u>	<u>2,024,227</u>	<u>2,008,599</u>	<u>90,602,278</u>	<u>92,525,513</u>
<b>Expenses</b>						
Instruction						
Regular	40,482,290	37,264,045			40,482,290	37,264,045
Special Education	13,344,736	12,801,840			13,344,736	12,801,840
Other Instruction	2,625,431	2,098,300			2,625,431	2,098,300
School Sponsored Activities and Athletics	2,370,065	2,103,338			2,370,065	2,103,338
Support Services						
Student and Instruction Related Serv.	7,538,884	7,363,674			7,538,884	7,363,674
Health Services	1,396,846	1,390,791			1,396,846	1,390,791
Educational Media/School Library	1,912,289	1,703,893			1,912,289	1,703,893
General Administrative Services	2,341,790	1,636,224			2,341,790	1,636,224
School Administrative Services	4,767,242	4,991,596			4,767,242	4,991,596
Plant Operations and Maintenance	6,939,247	6,248,907			6,939,247	6,248,907
Pupil Transportation	887,653	783,899			887,653	783,899
Central Services	1,595,472	1,481,281			1,595,472	1,481,281
Interest and Other Charges	35,021	35,021			35,021	35,021
Food Service			1,768,912	1,741,238	1,768,912	1,741,238
Summer Flash Program	-	-	246,620	245,984	246,620	245,984
<b>Total Expenses</b>	<u>86,236,966</u>	<u>79,902,809</u>	<u>2,015,532</u>	<u>1,987,222</u>	<u>88,252,498</u>	<u>81,890,031</u>
Increase in Net Position	2,341,085	10,614,105	8,695	21,377	2,349,780	10,635,482
Net Position, Beginning of Year	<u>63,013,871</u>	<u>52,399,766</u>	<u>961,680</u>	<u>940,303</u>	<u>63,975,551</u>	<u>53,340,069</u>
Net Position - End of Year	<u>\$ 65,354,956</u>	<u>\$ 63,013,871</u>	<u>\$ 970,375</u>	<u>\$ 961,680</u>	<u>\$ 66,325,331</u>	<u>\$ 63,975,551</u>

Table A-2 shows the changes in Net Position for fiscal years ended June 30, 2016 and 2015.

**Governmental activities.** The District's total governmental revenues were \$88,578,051. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$62,222,619 or 70% of total revenues. Funding from state and federal sources amounted to \$21,729,577 or 25%. Capital grants and contributions amounted to \$3,476,015 or 4%. Charges for services amounted to \$1,149,840 or 1 percent.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2016



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$58,822,522 (68%), student support services totaled \$27,379,423 (32%) and interest and other charges total \$35,021.

Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2016

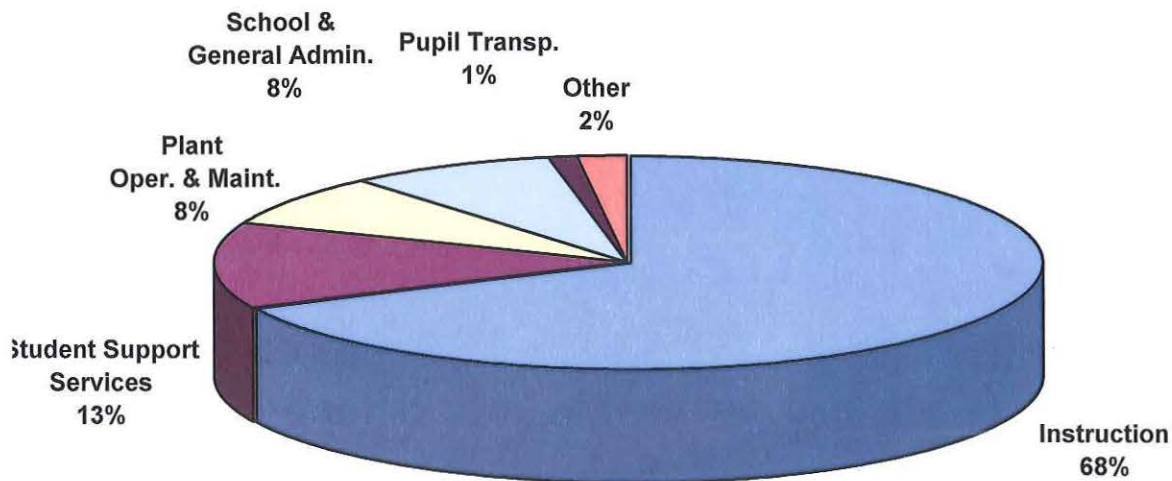


Table A-5 shows the net cost of governmental activities for fiscal years ended June 30, 2016 and 2015.

**Table A-5**  
**Total and Net Cost of Services for Governmental Activities**  
**For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Total</u> <u>Cost of Services</u>		<u>Total</u> <u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Governmental Activities</b>				
<b>Instruction</b>				
Regular	40,482,290	\$ 37,264,045	\$ 25,843,574	\$ 15,766,086
Special Education	13,344,736	12,801,840	8,131,319	9,747,784
Other Instruction	2,625,431	2,098,300	1,637,706	1,449,348
School Sponsored Activities and Athletics	2,370,065	2,103,338	1,753,565	1,706,053
<b>Support Services</b>				
<b>Tuition</b>				
Student and Instruction Related Svcs.	7,538,884	7,363,674	5,326,869	5,280,656
Health Services	1,396,846	1,390,791	1,070,609	1,136,969
Educational Media/School Library	1,912,289	1,703,893	1,419,498	1,397,030
General Administrative Services	2,341,790	1,636,224	1,846,497	1,433,273
School Administrative Services	4,767,242	4,991,596	3,497,960	3,932,535
Plant Operations and Maintenance	6,939,247	6,248,907	6,865,342	6,172,541
Pupil Transportation	887,653	783,899	858,102	754,554
Central Services	1,595,472	1,481,281	1,595,472	1,481,281
Interest and Other Charges	35,021	35,021	35,021	35,021
Total Governmental Activities	<u>\$ 86,236,966</u>	<u>\$ 79,902,809</u>	<u>\$ 59,881,534</u>	<u>\$ 50,293,131</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$2,015,532. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in an increase in Net Position of \$8,695.



## 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 \$6,766,687. In 2014-2015 the fund balance was \$6,447,324, an increase of \$319,363.

### 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 \$78,832,581 and expenditures were \$78,513,218.

### General Fund

The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2016 and 2015.

#### Revenues

	<b>Fiscal Years Ended</b>		<b>Amount of Increase</b>	<b>Percent</b>
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>(Decrease)</u></b>	<b><u>Change</u></b>
Local Sources	\$ 63,319,840	\$ 61,514,309	\$ 1,805,531	2.94%
State Sources	9,768,390	8,579,755	1,188,635	13.85%
Federal Sources	<u>48,245</u>	<u>64,809</u>	<u>(16,564)</u>	-25.56%
 Total Revenues	 <u>\$ 73,136,475</u>	 <u>\$ 70,158,873</u>	 <u>\$ 2,977,602</u>	 4.24%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2016 and 2015.

#### Expenditures

	<b>Fiscal Years Ended</b>		<b>Amount of Increase</b>	<b>Percent</b>
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>(Decrease)</u></b>	<b><u>Change</u></b>
Current				
Instruction	\$ 47,850,131	\$ 46,084,724	\$ 1,765,407	3.83%
Undistributed Expenditures	23,348,014	22,482,858	865,156	3.85%
Capital Outlay	1,317,720	780,728	536,992	68.78%
Debt Service				
Interest and Other Charges	<u>35,021</u>	<u>35,021</u>	<u>-</u>	0.00%
 Total Expenditures	 <u>\$ 72,550,886</u>	 <u>\$ 69,383,331</u>	 <u>\$ 3,167,555</u>	 4.57%

## 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 and the 2% CAP structure. The FY 2011 was marked by the elimination of State aid for "high wealth"<sup>1</sup> district's such as Summit. This resulted in a loss of revenue of (\$2,587,433). This action had a significant impact on development of the 2010-11 school budget requiring budgetary cuts and further reductions in order to meet the CAP now at 2% 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 total adjusted aid for the 2016-17 budget received 2/16/16 was \$1,655,470 or 56.2% of the FY2011 mark. Regardless the district retained its competitive offering of programs through strategic initiatives designed to maximize operational efficiency and retain quality staff. 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.

In this climate along with limited funding and diminishing revenues, the district continues to rely 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 2015-16 year included:

- Continued 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 County Educational Services Commission. The district not only continues but has expanded our relationship with the Middlesex Educational Services Commission for custodial supplies bids along with capital equipment purchases and time and material on specific tasks. As this group has grown in participating providers on more state-wide bids the name has changed to Education Services of New Jersey. *We continue to utilize our expanded network of consortiums in FY 2016 which included use of national consortiums such as TCPN (The Cooperative Purchasing Network) allowing member agencies to purchase commodities and/or services, from any and all TCPN Official Contract Holders, under the same terms, conditions and price as stated in each awarded contract.*
  - *This led to significant savings in a major purchase of Cafeteria lounge tables and seating for the Summit HS concourse area in the amount of \$48,000.00 in FY 2013. This purchase was made possible through the profitability of our food service program managed by Pomptonian Food Service Company.*
  - *Current participants include state and local government entities as well as nonprofit organizations in all states, including:*

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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.

- *K-12 School Districts*
- *Charter Schools*
- *Cities/Municipalities*
- *Public Schools*
- *Churches*
- *Counties*
- *Charitable Organizations*
- *State Agencies*
- *Private Schools*
- *State Colleges and Universities*
- *Private Colleges and Universities*

*Additionally we continue to explore viable Federal purchasing options such as the GSA Advantage Government Services Administration purchasing related to Federal Bids.*

➔ Continued work through shared services with the City of Summit receiving support for maintenance of athletic fields to include aeration/seeding/topdressing application at all school properties. Continued maintenance programs for sidewalks, paving and tree removal that was critical to our projects at Jefferson and Franklin ES this past year. Ongoing 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 continues to benefit both the City and District. This continuing exploration has led to savings for the City through purchasing and pricing discounts and we are currently looking to expand the effort by purchasing custodial supplies for the city as well. 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 which continues to be beneficial to all parties.* 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.

➔ Technology remained a significant area of focus for student access resulting in purchase of imacs, ipads and technology upgrades in the amount of \$501,674. In furtherance of our goal of using technology to improve student achievement by providing students with current state of the art computer technology equipment and peripherals, this equipment was acquired through state contracted bid pricing via direct purchase consistent with the past five years. *This not only avoids interest payments; however, given the improved cash flow position, this strategy reduces future debt loads on subsequent year's budgets.* Additionally, this increased our ability to fund that commitment with the direct purchase of technology equipment in the classroom (\$334,658 – FY 2012), (\$490,944 – FY 2013), (\$609,473 – FY 2014), (\$370,081 – FY2015). Additionally, through our end of year cash management analysis we were able to replace an aging core switch responsible for managing district wide data traffic costing \$199,280.

Planned purchasing has been at the heart of all multi-year budget forecasts in every discipline to include technology. These initiatives have allowed the district to progress as follows in this area:

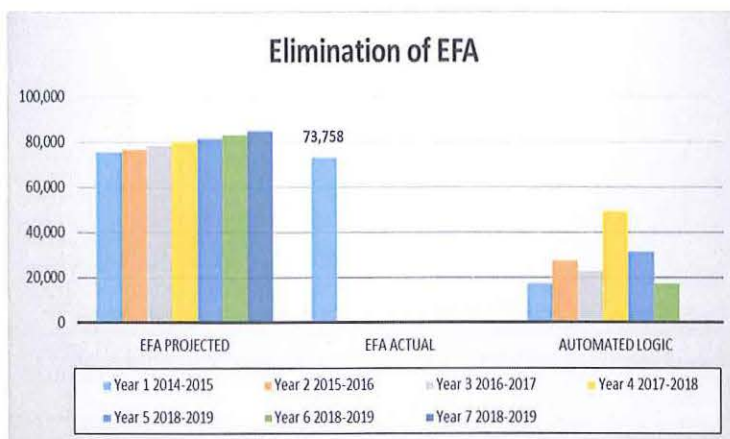
- Chromebook Transition at all ES
- Replace more devices with Chromebooks *2-to-1 with a cost-savings for the district*
- Increase iPad Initiative at the MS
- Chromebook 1-to-1 at SHS over 4 years

- ➔ Facilities Operations and Maintenance Redesign – May of 2015 was marked in the Facilities area of operations by *a reorganizational shift from defined trade to interdisciplinary approach to maintenance* through the creation of three new General/HVAC Technician positions to meet the increased demands of (BAS) building automated systems and a new Maintenance Supervisor position. *The net effect of this realignment added 1 FTE (Full-Time Equivalent) position with total combined salaries for the department of \$413,495 (FY2016) compared to \$414,683 (FY2014).*

As we moved into the 2015-2016 school year with the re-alignment of staff, the group was tested with a major undertaking at the Summit High School involving complete replacement of our building automation and control systems to utilize a standard carrier (Automated Logic) building controls at the core; thus making all of our buildings smarter, more energy efficient, and more comfortable. *By working with trained technicians and engineers to design and manage our energy systems, we were able to break free of an outside management company saving approximately \$100,000 per year.*

This initiative has an overall estimated savings of approximately \$322,000 inclusive of the estimated \$169,000 investment in the BAS system controls and equipment over the next five years. At present we are working through Phase II & III of the conversion (\$35,000 Phase I - FY 2015) and (\$60,159 Phase II & III – FY2016). After year six (2018-2019) the savings remains permanent at approx. \$100,000 per year.

The Automated Logic BAS system is much more than simple building automation. It is a powerful web-based platform with software tools that helps us maintain comfort levels, while managing energy conservation measures, identify key operational problems and analyze the results. Best of all, this can all be done by our in-house personnel anytime/anywhere, through a variety of Internet devices, from desktop PCs to web-enabled cell phones. Had this project gone out to bid it would have been approx. \$400k due to licensed trades and compressed schedules. Life Expectancy of the previous controls was 10-12 years based on the technology of the time; however, the new system of controls we are installing have a life expectancy of 15 - 20 years.



**Other Major Purchases in the area of Building & Grounds –**

- **snow plow**- \$77,895 (driven by expanded sidewalks and parking lot area at Jefferson ES)
- **sidewalks**- SHS- \$78,250
- **sidewalks**- LCJSMS- \$107,345

- ➔ **Vehicle Fleet Maintenance and Acquisition** – We continue to maintain a quality fleet of vehicles at the optimal level to ensure transport needs and application specific work that allows for the 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 seven vehicles<sup>2</sup> over four years and acquisition of fifteen vehicles during the same five year period.*

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

In 2015 we purchased a 2015 Ford F350 Mason Dump. In accordance with our replacement plan, the following vehicles still need to be replaced in the 2017-18 budget:

- ✚ 2001 Ford F250 at Franklin Elementary school
- ✚ 1999 Bus that had been taken out of service and converted to a maintenance vehicle

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.

- ➔ Food Service – Pomptonian Food Service continues to achieve district food service goals of providing students with nutritional meals through appealing choices that meet or exceed NJ Department of Agriculture and The Nationals Schools Lunch Program standards.

*As stated in previous MD&A statements, this FSMC (Food Service Management Company) has earned the district nutrition awards at every level to include 4 Bronze and 1 Silver Award Winning Elementary School Programs as ranked by the US Healthier Challenge. In June, the group was honored by the New Jersey Association of School Business Administrators Annual Conference with – “Partner of the Year!”*

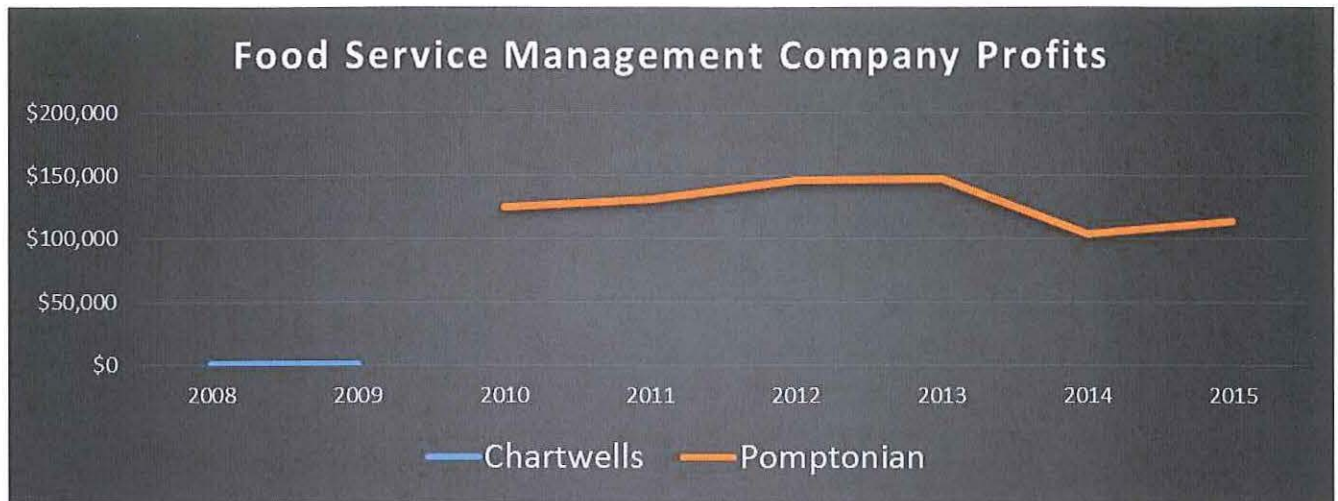


NJASBO Associate Business Members Executive Committee award Pomptonian Food Service an honorable mention for the association's Partner of the Year Award. Presented by our Assistant Superintendent, Louis Pepe, President of New Jersey Association of School Business Administrators

**The 2015-2016 school year was marked in food service by a planned expansion of Point of Service (POS) in the Summit High**

**School to accommodate Block Scheduling by moving to a single unit/period lunch offering for all 1,200 students. As a result, proceeds from the successful operation were utilized to fund over \$54,000 worth of portable food service equipment procured through a district bid. The significance of this effort was the ability to fund the expansion without reducing the general fund resources.**

The base year of 2009-10 for Pomptonian as FSMC generated \$125,865 profit through increased sales and participation. Despite a major shift in delivery of lunch for our High School students with the introduction of Block Scheduling resulting in a common lunch period, reduced sections and the addition of alternate eating areas; the group produced a profit once again close to \$100k at \$ **92,698**. *This continues the trend of year end profit preceded by \$132,197, \$147,000, \$148,000 and \$114,200 respectively, affording the district the ability to purchase new ergonomic table with seating at all schools valued at over \$120,000 and providing a state of the art café style dining area at the Summit High School in the amount of \$54,658. Of note, the continuous gain was driven by an overall increase in student participation rates district wide over the past five years.*



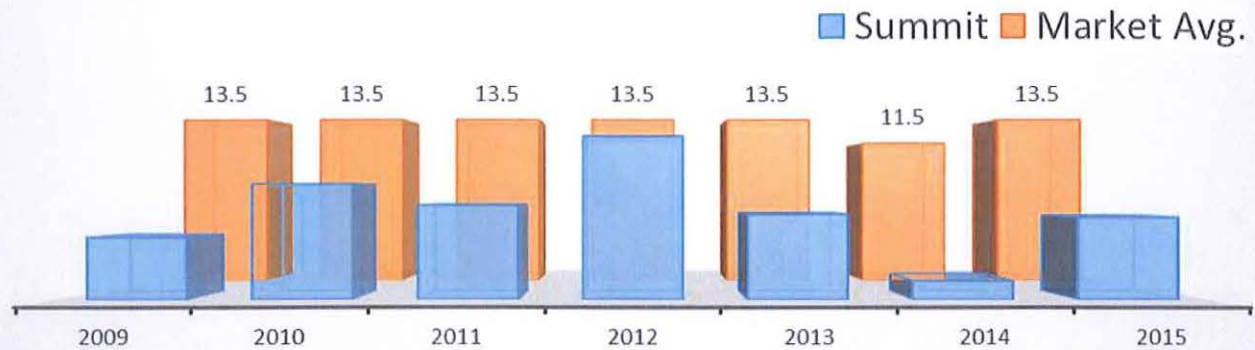
Food service- SHS Tables & portable equipment for block scheduling \$92,998

- ➔ Health Benefits - The 2015-2016 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>, 2016 as follows:
1. The existence of/and amount of the June 30, 2016 balance in the bank accounts in the district's name held in our behalf by the carrier was a negative balance of (\$148,704) with the plan year balance negative as well ending at (\$1,047,019). This compared to \$33,959 in the prior year and \$145,583 in the previous year signaling a noticeable shift in claims resulting in poor experience.
  2. For the plan year, there were a total of 7 claimants which exceeded the pooling point of which 6 claims were in excess of \$200,000 and 1 claim in excess of \$300,000. In total, there were 50 claims in excess of \$25,000 with a total of \$3,817,303. Unfortunately the trend recognized and reported in last year's MD&A discussion was not only realized, but significant. In short, it was not a good year on this front.
  3. The District's liability for claims that were filed but unpaid as of June 30<sup>th</sup>, 2016 was \$155,250. IBNR (*Incurring but not reported*) amounted to \$466,450 an increase of 72.1% over the prior year.
  4. The District's liability for termination as of June 30<sup>th</sup>, 2016 is \$1,536,675.

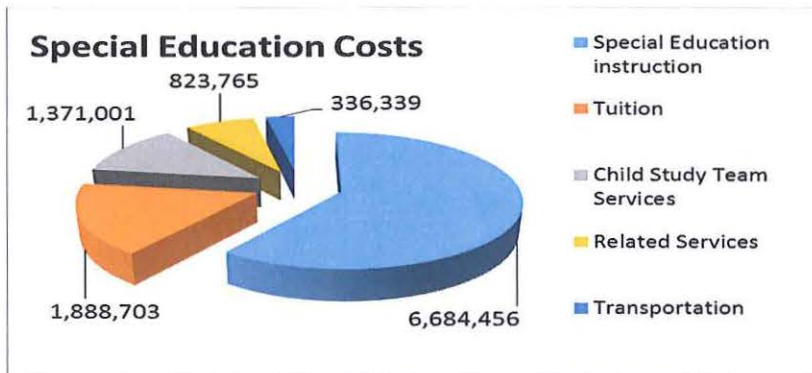
The Board of Education re-appointed Brown & Brown (**B&B<sup>SM</sup>**), as Broker of Record at its May 12, 2016 Regular Meeting.

*Based on their thorough analysis and market plan option review, the District's renewal of 8.2% was achieved due to an aggressive offer from another carrier to switch all lines of coverage. The initial renewal of plus 30% was predicated on the significant claims experience (loss ratio) of > 100%. Although we were able to finalize the renewal below the current trend of 12% - 15%; we remain concerned about future renewals given the consistent high claims to date. Based on empirical data evidenced it is clear the trend towards higher renewals are a concern for the foreseeable future. As such, B&B will continue to aggressively pursue alternative plans and providers as we move into next year's renewal cycle. Cost containment remains a key factor in the area of health care through effective planning, oversight and negotiations with both the carrier [Cigna] and broker [Brown & Brown] by the Business Office.*

## Annual Health Benefits Renewals



- 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 **\$12 million** as follows:



*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 \$289,325 compared with \$355,727 (FY2015) \$173,874 (FY2014) and \$185,000 (FY2013) representing over \$1M in the past four years. This trend may decrease as other districts recognize the same opportunity.*

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.

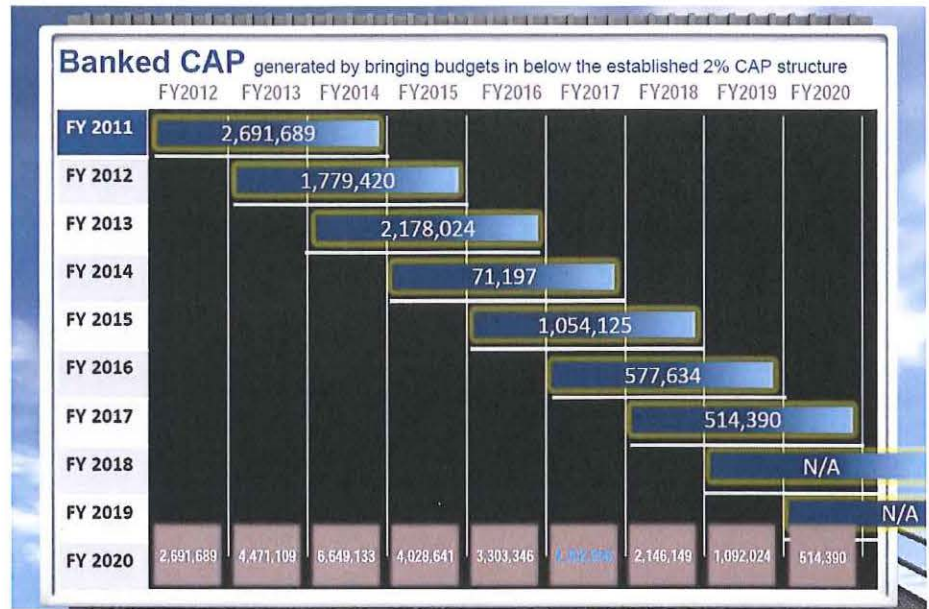
### BANKED CAP

The Budget process in school districts is long and detailed spanning approximately eight months from the end of September to the middle of April for fiscal year budgets starting July 1st - June 30th.

While the process is arduous, the approach is systemic in gathering input and analysis from all levels of the organization in order to prepare a final compressed budget representative of those needs against a backdrop of tax levy needed to support this effort.

As established and defined by N.J.S.A. 18A:7F-39, the district is provided with a mechanism that allows additional taxing authority in construction of subsequent budgets.

The generation of Banked CAP was based on the ability of the district to deliver a final budget under the Tax Authorization in prior years. This demonstrates the fiscal responsiveness of the district and Board of Education. *The school district has however refrained from requesting or using even a portion of the "bank" as its establishment was created to provide emergent relief in subsequent years should the district face sever obstacles such as significant loss of revenues in preparing a budget within CAP in any given year.* As prescribed by the statute the ability to carry bank created in any given year has a shelf life of three years prior to expiration.



**Capital Assets** – The Summit Public Schools’ investment in capital assets for its governmental and business type activities as of June 30, 2016 and June 30, 2015 amounts to \$79,507,490 and \$76,650,548, 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.

**Table A-6**  
**Capital Assets as of June 30, 2016 and 2015**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1,758,661	\$ 1,758,661			\$ 1,758,661	\$ 1,758,661
Construction In Progress	-	17,237,215			-	17,237,215
Land Improvements	5,546,521	5,250,706			5,546,521	5,250,706
Buildings and Building Improvements	88,188,323	67,394,734			88,188,323	67,394,734
Machinery and Equipment	9,071,694	8,106,471	\$ 960,776	\$ 838,061	10,032,470	8,944,532
Total	104,565,199	99,747,787	960,776	838,061	105,525,975	100,585,848
Less: Accumulated Depreciation	25,489,355	23,439,570	529,130	495,730	26,018,485	23,935,300
Total	\$ 79,075,844	\$ 76,308,217	\$ 431,646	\$ 342,331	\$ 79,507,490	\$ 76,650,548

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, 2016 and 2015, the District had outstanding long-term liabilities of \$23,691,024 and \$19,634,273, respectively, as stated in Table A-7.

**Table A-7**  
**Long-Term Debt**  
**Outstanding Long-Term Liabilities**  
**as of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Compensated Absences Payable	\$ 1,158,216	\$ 1,160,897
Net Pension Liability	<u>22,532,808</u>	<u>18,473,376</u>
Total	<u>\$ 23,691,024</u>	<u>\$ 19,634,273</u>

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

**For the Future**

The District continues to enjoy a strong financial position. 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.

With the establishment of the *Reserves* (NJSA Title 18A:7F-41 Supplementation of accounts) we have been able to guard against potential budgetary obstacles that may lay ahead resulting from the passage of S-1701 regarding permissible surplus. S-1701 required all districts to reduce surplus to the greater of 2% or \$100,000 in 2005-06. The law maintained a reduced surplus of 2% in the 2006-07 fiscal year. In planning budgets, school districts take into the account the possibility of unanticipated costs – ranging from utility increases to the mid-year relocation into the community of those special education students who receive high-cost private school services. For many school districts, these unanticipated costs could outstrip the surplus permitted under S-1701. Since school districts cannot operate at a deficit, the only choice available to meet federal and state requirements and fixed costs (such as special education and heat/utilities) would be to cut other areas, such as regular education programming or maintenance.

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

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

### **For the Future (Continued)**

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, QPA  
Assistant Superintendent for Business/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 POSITION  
AS OF JUNE 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,651,324	\$ 756,298	\$ 8,407,622
Receivables, net	5,241,880	24,819	5,266,699
Inventory		21,857	21,857
Capital Assets, net:			
Not Being Depreciated	1,758,661		1,758,661
Being Depreciated	<u>77,317,183</u>	<u>431,646</u>	<u>77,748,829</u>
Total Assets	<u>91,969,048</u>	<u>1,234,620</u>	<u>93,203,668</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>3,565,733</u>	-	<u>3,565,733</u>
Total Deferred Outflows of Resources	<u>3,565,733</u>	-	<u>3,565,733</u>
Total Assets and Deferred Outflows of Resources	<u>95,534,781</u>	<u>1,234,620</u>	<u>96,769,401</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	2,398,482	21,542	2,420,024
Payable to Other Governments	1,837,906		1,837,906
Unearned Revenue	1,890,129	239,965	2,130,094
Noncurrent Liabilities			
Due Within One Year	150,000		150,000
Due Beyond One Year	<u>23,541,024</u>	-	<u>23,541,024</u>
Total Liabilities	<u>29,817,541</u>	<u>261,507</u>	<u>30,079,048</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	362,284		362,284
Unused Commodities	<u>-</u>	<u>2,738</u>	<u>2,738</u>
Total Deferred Inflows of Resources	<u>362,284</u>	<u>2,738</u>	<u>365,022</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,179,825</u>	<u>264,245</u>	<u>30,444,070</u>
<b>NET POSITION</b>			
Investment in Capital Assets	79,075,844	431,646	79,507,490
Restricted for:			
Capital Projects	2,406,598		2,406,598
Other Purposes	800,000		800,000
Unrestricted	<u>(16,927,486)</u>	<u>538,729</u>	<u>(16,388,757)</u>
Total Net Position	<u>\$ 65,354,956</u>	<u>\$ 970,375</u>	<u>\$ 66,325,331</u>

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

**SUMMIT PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 40,482,290	\$ 878,786	\$ 10,283,915	\$ 3,476,015	\$ (25,843,574)		\$ (25,843,574)
Special Education	13,344,736	271,054	4,942,363		(8,131,319)		(8,131,319)
Other Instruction	2,625,431		987,725		(1,637,706)		(1,637,706)
School Sponsored Activities and Athletics	2,370,065		616,500		(1,753,565)		(1,753,565)
Support Services:							
Student & Instruction Related Services	7,538,884		2,212,015		(5,326,869)		(5,326,869)
Health Services	1,396,846		326,237		(1,070,609)		(1,070,609)
Educational Media/School Library	1,912,289		492,791		(1,419,498)		(1,419,498)
General Administrative Services	2,341,790		495,293		(1,846,497)		(1,846,497)
School Administrative Services	4,767,242		1,269,282		(3,497,960)		(3,497,960)
Plant Operations and Maintenance	6,939,247		73,905		(6,865,342)		(6,865,342)
Pupil Transportation	887,653		29,551		(858,102)		(858,102)
Central Services	1,595,472				(1,595,472)		(1,595,472)
Interest and Other Charges	35,021	-	-	-	(35,021)	-	(35,021)
<b>Total Governmental Activities</b>	<b>86,236,966</b>	<b>1,149,840</b>	<b>21,729,577</b>	<b>3,476,015</b>	<b>(59,881,534)</b>	<b>-</b>	<b>(59,881,534)</b>
Business-Type Activities:							
Food Service	1,768,912	1,400,386	401,461			\$ 32,935	32,935
Summer Flash Program	246,620	222,380	-	-	-	(24,240)	(24,240)
<b>Total Business-Type Activities</b>	<b>2,015,532</b>	<b>1,622,766</b>	<b>401,461</b>	<b>-</b>	<b>-</b>	<b>8,695</b>	<b>8,695</b>
<b>Total Primary Government</b>	<b>\$ 88,252,498</b>	<b>\$ 2,772,606</b>	<b>\$ 22,131,038</b>	<b>\$ 3,476,015</b>	<b>(59,881,534)</b>	<b>8,695</b>	<b>(59,872,839)</b>
General Revenues:							
					61,764,695		61,764,695
					82,938		82,938
					405,305		405,305
					(30,319)		(30,319)
<b>Total General Revenues and Other Items</b>					<b>62,222,619</b>	<b>-</b>	<b>62,222,619</b>
<b>Change in Net Position</b>					<b>2,341,085</b>	<b>8,695</b>	<b>2,349,780</b>
<b>Net Position—Beginning of Year</b>					<b>63,013,871</b>	<b>961,680</b>	<b>63,975,551</b>
<b>Net Position—End of Year</b>					<b>\$ 65,354,956</b>	<b>\$ 970,375</b>	<b>\$ 66,325,331</b>

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

**FUND FINANCIAL STATEMENTS**

SUMMIT PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<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	\$ 7,651,324			\$ 7,651,324
Receivables, Net				
Intergovernmental	134,997	\$ 586,559	\$ 3,967,987	4,689,543
Other	374,297	167,584		541,881
Due from Other Funds	<u>241,425</u>	<u>-</u>	<u>-</u>	<u>241,425</u>
Total Assets	<u>\$ 8,402,043</u>	<u>\$ 754,143</u>	<u>\$ 3,967,987</u>	<u>\$ 13,124,173</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Other Liabilities	\$ 662,428	\$ 117,486	\$ 81,893	\$ 861,807
Accrued Liability for Insurance Claims	1,536,675			1,536,675
Payable to Local Government			1,689,615	1,689,615
Payable to State Government		148,291		148,291
Due to Other Funds		9,798	221,171	230,969
Unearned Revenue	<u>49,913</u>	<u>478,568</u>	<u>1,361,648</u>	<u>1,890,129</u>
Total Liabilities	<u>2,249,016</u>	<u>754,143</u>	<u>3,354,327</u>	<u>6,357,486</u>
Fund Balances:				
Restricted:				
Excess Surplus, Designated				
for Subsequent Year's Expenditures	853,248			853,248
Excess Surplus	1,279,068			1,279,068
Capital Reserve	1,063,718			1,063,718
Capital Reserve, Designated for				
Subsequent Year's Expenditures	729,220			729,220
Emergency Reserve	400,000			400,000
Maintenance Reserve	250,000			250,000
Maintenance Reserve, Designated for				
Subsequent Year's Expenditures	150,000			150,000
Capital Projects			613,660	613,660
Assigned:				
Year End Encumbrances	291,962			291,962
Designated for Subsequent Year's				-
Expenditures	178,414			178,414
Unassigned:				
General Fund	<u>957,397</u>	<u>-</u>	<u>-</u>	<u>957,397</u>
Total Fund Balances	<u>6,153,027</u>	<u>-</u>	<u>613,660</u>	<u>6,766,687</u>
Total Liabilities and Fund Balances	<u>\$ 8,402,043</u>	<u>\$ 754,143</u>	<u>\$ 3,967,987</u>	

SUMMIT PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

**Total Fund Balances (Exhibit B-1)** \$ 6,766,687

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$104,565,199 and the accumulated depreciation is \$25,489,355. 79,075,844

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 3,565,733	
Deferred Inflows of Resources	<u>(362,284)</u>	3,203,449

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	(1,158,216)	
Net Pension Liability	<u>(22,532,808)</u>	<u>(23,691,024)</u>

**Net position of governmental activities (Exhibit A-1)** \$ 65,354,956



**SUMMIT PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 61,764,695			\$ 61,764,695
Tuition	1,149,840			1,149,840
Miscellaneous	405,305	\$ 675,261	\$ 3,290,148	4,370,714
Total - Local Sources	<u>63,319,840</u>	<u>675,261</u>	<u>3,290,148</u>	<u>67,285,249</u>
State Sources	9,768,390	214,948	-	9,983,338
Federal Sources	48,245	1,515,749	-	1,563,994
Total Revenues	<u>73,136,475</u>	<u>2,405,958</u>	<u>3,290,148</u>	<u>78,832,581</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	33,170,065	422,653		33,592,718
Special Education Instruction	10,951,626	463,750		11,415,376
Other Instruction	1,789,260	484,351		2,273,611
School Sponsored Activities and Athletics	1,939,180			1,939,180
Support Services				
Student & Instruction Related Services	5,734,676	857,522		6,592,198
Health Services	1,168,831			1,168,831
Educational Media/School Library	1,567,866			1,567,866
General Administrative Services	1,649,239			1,649,239
School Administrative Services	4,226,491			4,226,491
Plant Operations and Maintenance	6,686,176			6,686,176
Pupil Transportation	782,285			782,285
Central Services	1,532,450			1,532,450
Debt Service				
Interest and Other Charges	35,021			35,021
Capital Outlay	<u>1,317,720</u>	<u>177,682</u>	<u>3,556,374</u>	<u>5,051,776</u>
Total Expenditures	<u>72,550,886</u>	<u>2,405,958</u>	<u>3,556,374</u>	<u>78,513,218</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>585,589</u>	<u>-</u>	<u>(266,226)</u>	<u>319,363</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In			90,507	90,507
Transfer Out	<u>(90,507)</u>	<u>-</u>	<u>-</u>	<u>(90,507)</u>
Total Other Financing Sources and (Uses)	<u>(90,507)</u>	<u>-</u>	<u>90,507</u>	<u>-</u>
Net Change in Fund Balances	495,082	-	(175,719)	319,363
Fund Balance , Beginning of Year	<u>5,657,945</u>	<u>-</u>	<u>789,379</u>	<u>6,447,324</u>
Fund Balance, End of Year	<u>\$ 6,153,027</u>	<u>\$ -</u>	<u>\$ 613,660</u>	<u>\$ 6,766,687</u>

The accompanying Notes to the 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, 2016**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 319,363

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	\$ 5,051,776	
Depreciation Expense	<u>(2,262,015)</u>	2,789,761

The net effect of various miscellaneous transactions involving capital asset (i.e. sales, disposal, donations) is to increase net position. These transactions are not reported in the governmental fund financial statements.

Loss on Capital Assets		(22,134)
------------------------	--	----------

In the statement of activities, certain operating expenses - compensated absences and pension expense 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):

Decrease Compensated Absences	2,681	
Increase in Pension Expense	<u>(748,586)</u>	<u>(745,905)</u>

**Change in net position of governmental activities (Exhibit A-2)** **\$ 2,341,085**

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

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<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	\$ 333,906	\$ 422,392	\$ 756,298
Intergovernmental Receivable			
State	899		899
Federal	23,920		23,920
Inventories	<u>21,857</u>	<u>-</u>	<u>21,857</u>
 Total Current Assets	 <u>380,582</u>	 <u>422,392</u>	 <u>802,974</u>
Noncurrent Assets			
Equipment	960,776	-	960,776
Less: Accumulated Depreciation	<u>(529,130)</u>	<u>-</u>	<u>(529,130)</u>
 Total Noncurrent Assets	 <u>431,646</u>	 <u>-</u>	 <u>431,646</u>
 Total Assets	 <u>812,228</u>	 <u>422,392</u>	 <u>1,234,620</u>
 <b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	21,222	320	21,542
Unearned Revenue	<u>-</u>	<u>239,965</u>	<u>239,965</u>
 Total Current Liabilities	 <u>21,222</u>	 <u>240,285</u>	 <u>261,507</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Unused Commodities	<u>2,738</u>	<u>-</u>	<u>2,738</u>
 Total Deferred Inflows of Resources	 <u>2,738</u>	 <u>-</u>	 <u>2,738</u>
 <b>NET POSITION</b>			
Investment in Capital Assets	431,646		431,646
Unrestricted	<u>356,622</u>	<u>182,107</u>	<u>538,729</u>
 Total Net Position	 <u>\$ 788,268</u>	 <u>\$ 182,107</u>	 <u>\$ 970,375</u>

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

**SUMMIT PUBLIC SCHOOLS  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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 - reimbursable programs	\$ 130,253		\$ 130,253
Daily Sales - non-reimbursable programs	1,217,445		1,217,445
Special Functions	52,688		52,688
Program Fees	-	\$ 222,380	222,380
	<u>1,400,386</u>	<u>222,380</u>	<u>1,622,766</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries and Employee Benefits	644,520	232,068	876,588
Cost of Sales - reimbursable	471,770		471,770
Cost of Sales - non-reimbursable	361,098		361,098
Depreciation	33,400		33,400
Other Purchased Services	166,004		166,004
Supplies and Materials	92,120	14,552	106,672
	<u>1,768,912</u>	<u>246,620</u>	<u>2,015,532</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(368,526)</u>	<u>(24,240)</u>	<u>(392,766)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	12,321		12,321
Federal Sources			
School Breakfast Program	21,911		21,911
National School Lunch Program	367,229	-	367,229
	<u>401,461</u>	<u>-</u>	<u>401,461</u>
Total Nonoperating Revenues			
Change in Net Position	32,935	(24,240)	8,695
Total Net Position - Beginning of Year	<u>755,333</u>	<u>206,347</u>	<u>961,680</u>
Total Net Position - End of Year	<u>\$ 788,268</u>	<u>\$ 182,107</u>	<u>\$ 970,375</u>

The accompanying Notes to the 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, 2016**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>	<b>Business-Type Activities Enterprise Fund Summer Flash <u>Program</u></b>	<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 1,400,386	\$ 272,870	\$ 1,673,256
Cash Payments for Employees' Salaries and Benefits	(832,868)	(232,068)	(1,064,936)
Cash Payments to Suppliers for Goods and Services	<u>(863,213)</u>	<u>(14,232)</u>	<u>(877,445)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(295,695)</u>	<u>26,570</u>	<u>(269,125)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursement	<u>339,685</u>	<u>-</u>	<u>339,685</u>
Net Cash Provided by Noncapital Financing Activities	<u>339,685</u>	<u>-</u>	<u>339,685</u>
<b>Cash Flows from Capital Financing Activities</b>			
Acquisition of Fixed Assets	<u>(122,715)</u>	<u>-</u>	<u>(122,715)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(122,715)</u>	<u>-</u>	<u>(122,715)</u>
Net Increase in Cash and Cash Equivalents	(78,725)	26,570	(52,155)
Cash and Cash Equivalents, Beginning of Year	<u>412,631</u>	<u>395,822</u>	<u>808,453</u>
Cash and Cash Equivalents, End of Year	<u>\$ 333,906</u>	<u>\$ 422,392</u>	<u>\$ 756,298</u>
<b>Reconciliation of Operating Loss to Net Cash Provided/ (Used) by Operating Activities</b>			
Operating Income (Loss)	\$ (368,526)	\$ (24,240)	\$ (392,766)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	33,400		33,400
Food Distribution Program - Non-Cash Assistance	66,522		66,522
Change in Assets and Liabilities			
Increase/(Decrease) in Accounts Payable	(20,155)	320	(19,835)
Increase/(Decrease) in Unearned Revenue	-	50,490	50,490
(Increase)/Decrease in Inventory	<u>(6,936)</u>	<u>-</u>	<u>(6,936)</u>
Total Adjustments	<u>72,831</u>	<u>50,810</u>	<u>123,641</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (295,695)</u>	<u>\$ 26,570</u>	<u>\$ (269,125)</u>
<b>Non-Cash Investing, Capital and Financial Activities</b>			
Value Received - Food Distribution Program	<u>\$ 66,522</u>		

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

**SUMMIT PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

	<b>Unemployment Trust Fund</b>	<b>Scholarship Trust Fund</b>	<b>Agency Fund</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 509,310	\$ 134,194	\$ 430,014
Due from Other Funds	<u>-</u>	<u>-</u>	<u>8,432</u>
Total Assets	<u>\$ 509,310</u>	<u>134,194</u>	<u>\$ 438,446</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 87,792
Due to Other Funds	8,432		10,456
Due to Student Groups	<u>-</u>	<u>-</u>	<u>340,198</u>
Total Liabilities	<u>8,432</u>	<u>-</u>	<u>\$ 438,446</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>-</u>	<u>\$ 134,194</u>	
	<u>\$ 500,878</u>		

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

**SUMMIT PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Trust Fund</u>	<u>Scholarship Trust Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employee	\$ 59,335	
Investment Earnings		
Donations		\$ 90,773
Interest	1,927	413
	<hr/>	<hr/>
Total Additions	61,262	91,186
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Unemployment Claims	48,180	
Other Expenses		24,725
Scholarship Payments	-	59,345
	<hr/>	<hr/>
Total Deductions	48,180	84,070
	<hr/>	<hr/>
Change in Net Position	13,082	7,116
Net Position, Beginning of Year	487,796	127,078
	<hr/>	<hr/>
Net Position, End of Year	\$ 500,878	\$ 134,194
	<hr/>	<hr/>

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

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS**



**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Summit Public Schools (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of seven members approved by the Mayor of the City of Summit (the “City”) and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

**B. New Accounting Standards**

During fiscal year 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application* June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. New Accounting Standards (Continued)**

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

**C. Basis of Presentation - Financial Statements**

The 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. Fiduciary funds are excluded from the district-wide financial statements.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position 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 position, 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, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

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.

**Fund Financial Statements**

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.

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, state and local 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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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 students

Additionally, the government reports the following fund type:

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

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".

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. 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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Measurement Focus and Basis of Accounting (Continued)**

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, 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.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents 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***

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

***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 and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. 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 deferred inflows of resources.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**4. *Capital Assets***

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

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

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 and Building Improvements	20-50
Machinery and Equipment	5-20

**5. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**6. *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 vacation, personal and 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.

**7. *Pensions***

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

**8. *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 position.

**9. *Net Position/Fund Balance***

**District-Wide Statements**

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**9. *Net Position/Fund Balance (Continued)***

**Governmental Fund Statements**

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.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

*Maintenance Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes

*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.

*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.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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



**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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, unrestricted state aid and miscellaneous revenues.

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are 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 inflows of resources. 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. Tuition Revenues and Expenditures***

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 2014-2015 and 2015-2016 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.

***4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

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 summer flash program enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 approved by the Board of School Estimates as 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 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$2,493,353. The increase was funded by additional grant awards, the reappropriation of prior year general fund encumbrances and the appropriation of capital reserve transferred to capital projects fund.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

**B. Capital Reserve**

A capital reserve account was established by the District. 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 FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		\$ 1,569,040
Increased by:		
Deposits Approved by Board Resolution		<u>500,000</u>
		2,069,040
Withdrawals:		
Approved by District Budget	\$ 185,595	
Approved by Board Resolution	<u>90,507</u>	
Total Withdrawals		<u>276,102</u>
Balance, June 30, 2016		<u>\$ 1,792,938</u>

**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 150,000
Increased by:	
Deposits Approved by Board Resolution	<u>250,000</u>
Balance, June 30, 2016	<u>\$ 400,000</u>

The June 30, 2016 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$3,913,950. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Emergency Reserve**

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	<u>\$ 400,000</u>
Balance, June 30, 2016	<u>\$ 400,000</u>

**E. Transfers to Capital Outlay**

During the 2015/2016 school year, the district transferred \$90,507 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to supplement a capital project that was part of the District's long range facility plan and was approved by the County Superintendent.

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance 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, 2016 is \$2,132,316. Of this amount, \$853,248 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$1,279,068 will be appropriated in the 2017/2018 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash 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.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

**Cash Deposits**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$9,481,140 and bank and brokerage firm balances of the Board's deposits amounted to \$10,422,495. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

**Depository Account**

Insured \$ 10,422,495

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, 2016 the Board's bank balance was not exposed to custodial credit risk.

**Investments**

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

As of June 30, 2016, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2016 for the district's individual major funds, in the aggregate, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts					
Intergovernmental	\$ 134,997	\$ 586,559	\$ 3,967,987	\$ 24,819	\$ 4,714,362
Other	<u>374,297</u>	<u>167,584</u>	<u>-</u>	<u>-</u>	<u>541,881</u>
Net Total Receivables	<u>\$ 509,294</u>	<u>\$ 754,143</u>	<u>\$ 3,967,987</u>	<u>\$ 24,819</u>	<u>\$ 5,256,243</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Preschool Tuition	\$ 49,913
Special Revenue Fund	
Unencumbered Grant Draw Downs	478,568
Capital Projects Fund	
Unrealized Revenue on Type I Projects	<u>1,361,648</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 1,890,129</u>

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,758,661			\$ 1,758,661
Construction In Progress	<u>17,237,215</u>	\$ 3,556,374	\$ (20,793,589)	<u>-</u>
Total capital assets, not being depreciated	<u>18,995,876</u>	<u>3,556,374</u>	<u>(20,793,589)</u>	<u>1,758,661</u>
Capital assets, being depreciated:				
Land Improvements	5,250,706	295,815	-	5,546,521
Buildings and Building Improvements	67,394,734	20,793,589	-	88,188,323
Machinery and Equipment	<u>8,106,471</u>	<u>1,207,772</u>	<u>(242,549)</u>	<u>9,071,694</u>
Total capital assets being depreciated	<u>80,751,911</u>	<u>22,297,176</u>	<u>(242,549)</u>	<u>102,806,538</u>
Less accumulated depreciation for:				
Land Improvements	(2,852,330)	(212,937)	-	(3,065,267)
Buildings and Building Improvements	(16,022,804)	(1,223,661)	-	(17,246,465)
Machinery and Equipment	<u>(4,564,436)</u>	<u>(825,417)</u>	<u>212,230</u>	<u>(5,177,623)</u>
Total accumulated depreciation	<u>(23,439,570)</u>	<u>(2,262,015)</u>	<u>212,230</u>	<u>(25,489,355)</u>
Total capital assets, being depreciated, net	<u>57,312,341</u>	<u>20,035,161</u>	<u>(30,319)</u>	<u>77,317,183</u>
Governmental activities capital assets, net	<u>\$ 76,308,217</u>	<u>\$ 23,591,535</u>	<u>\$ (20,823,908)</u>	<u>\$ 79,075,844</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	Balance, <u>June 30, 2016</u>
<b>Business-type activities:</b>			
Capital assets, being depreciated:			
Machinery and Equipment	\$ 838,061	\$ 122,715	\$ 960,776
Total capital assets being depreciated	<u>838,061</u>	<u>122,715</u>	<u>960,776</u>
Less accumulated depreciation for:			
Machinery and Equipment	<u>(495,730)</u>	<u>(33,400)</u>	<u>(529,130)</u>
Total accumulated depreciation	<u>(495,730)</u>	<u>(33,400)</u>	<u>(529,130)</u>
Total capital assets, being depreciated, net	<u>342,331</u>	<u>89,315</u>	<u>431,646</u>
Business-type activities capital assets, net	<u>\$ 342,331</u>	<u>\$ 89,315</u>	<u>\$ 431,646</u>

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

**Governmental activities:**

Instruction		
Regular		\$ 1,085,064
Special		303,743
Other		55,388
School Sponsored/Other Instructional		<u>67,835</u>
Total Instruction		<u>1,512,030</u>
Support Services		
Student and Instruction Related Services		149,039
Health Services		35,897
Educational Media School Library		54,223
General Administration		54,498
School Administration		139,663
Operation and Plant Maintenance		235,229
Pupil Transportation		27,522
Central and Other Support Services		<u>53,914</u>
Total Support Services		<u>749,985</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 2,262,015</u>
<b>Business-type activities:</b>		
Food Service Fund		\$ 33,400
Total Depreciation Expense - Business-Type Activities		<u>\$ 33,400</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

The composition of interfund balances as of June 30, 2016, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 10,456
General Fund	Capital Projects Fund	221,171
General Fund	Special Revenue Fund	9,798
Unemployment Trust Fund	Agency Fund	<u>8,432</u>
Total		<u>\$ 249,857</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and 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 Out:	Transfer In:
General Fund	<u>Capital Projects</u>
	\$ <u>90,507</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.



**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. 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 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.

Bonds payable at December 31, 2015 are comprised of the following issues:

\$12,500,000, School Improvement Bonds, due in annual installments of \$625,000 through November 1, 2017, interest at 4.00%	\$ 625,000
\$8,620,000, Refunding School Bonds, 2011, due in annual installments of \$285,000 to \$1,650,000 at an interest rate of 4.00%, through 2023	7,355,000
\$19,545,000, School Improvement Bonds, 2011 due in annual installments of \$1,220,000 to \$1,580,000 at an interest rate of 2.00% - 4.00%, through 2026	13,765,000
\$5,950,000 Refunding School Bonds, 2015, due in annual installments of \$580,000 to \$595,000 at an interest rate of 2% - 5% through 2026	5,880,000
\$13,800,000 School Improvement Bonds, 2016 due in annual installments of \$1,220,000 to \$,580,000 at an interest rate of 1.5% - 2% through 2031	<u>13,800,000</u>
	<u>\$ 41,425,000</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

The City's schedule of principal and interest for long-term debt issued and outstanding on behalf of the District at December 31, 2015 is as follows:

**Governmental Activities:**

Fiscal Year	School Bonds		Total
	Principal	Interest	
2017	\$ 3,970,000	\$ 1,236,048	\$ 5,206,048
2018	4,265,000	1,164,250	5,429,250
2019	4,340,000	1,045,900	5,385,900
2020	4,360,000	905,875	5,265,875
2021	3,105,000	759,250	3,864,250
2022	3,170,000	655,900	3,825,900
2023	3,190,000	547,775	3,737,775
2024	2,980,000	436,525	3,416,525
2025	3,055,000	329,750	3,384,750
2026	3,140,000	223,300	3,363,300
2027	1,585,000	117,000	1,702,000
2028	1,020,000	85,300	1,105,300
2029	1,050,000	64,900	1,114,900
2030	1,080,000	43,900	1,123,900
2031	1,115,000	22,300	1,137,300
	<u>\$ 41,425,000</u>	<u>\$ 7,637,973</u>	<u>\$ 49,062,973</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 278,689,697
Less: Net Debt	<u>49,215,985</u>
Remaining Borrowing Power	<u>\$ 229,473,712</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**G. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance,</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental activities:</b>					
Net Pension Liability	\$ 18,473,376	\$ 4,936,253	\$ 876,821	\$ 22,532,808	
Compensated absences	<u>1,160,897</u>	<u>149,069</u>	<u>151,750</u>	<u>1,158,216</u>	<u>\$ 150,000</u>
Governmental activity					
Long-term liabilities	<u>\$ 19,634,273</u>	<u>\$ 5,085,322</u>	<u>\$ 1,028,571</u>	<u>\$ 23,691,024</u>	<u>\$ 150,000</u>

Compensated absences and the net pension liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District has established a minimum premium health benefits plan for its employees. Pursuant to 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, 2016 all claims payable have been accrued as a liability. Additionally, an accrued liability for insurance claims in the amount of \$1,536,675 has been recorded as a liability in the General Fund as of June 30, 2016, 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 FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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>
2016		\$ 59,335	\$ 48,180	\$ 500,878
2015		66,440	34,853	487,796
2014	\$ 200,000	64,080	80,017	454,343

**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, 2016, 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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

**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. PERS is a cost sharing multi-employer defined benefit pension plan.

**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. TPAF is a cost sharing plan with special funding situations.

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, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**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 but are currently suspended as a result of reform legislation.

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).

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. 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 or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and \$22.4 billion, respectively.

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 funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the July 1, 2014 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 (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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 6.92% for PERS, 6.92% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 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.

During the fiscal years ended June 30, 2016, 2015 and 2014 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>
2016	\$ 876,821	\$ 2,509,250	\$ 29,992
2015	820,714	1,706,674	29,029
2014	728,094	1,291,825	32,850

For fiscal years 2015/2016 and 2014/2015, the state contributed \$2,509,250 and \$1,706,674, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$1,291,825 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,415,032 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS)**

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$22,532,808 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .10038 percent, which was an increase of .00171 percent from its proportionate share measured as of June 30, 2014 of .09867 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,625,407 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 537,554	
Changes of Assumptions	2,419,844	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 362,284
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>608,335</u>	<u>-</u>
Total	<u>\$ 3,565,733</u>	<u>\$ 362,284</u>

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

Fiscal Year Ending <u>June 30,</u>	
2017	\$ 606,908
2018	606,908
2019	606,908
2020	882,137
2021	<u>500,588</u>
	<u>\$ 3,203,449</u>



**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 28,005,523</u>	<u>\$ 22,532,808</u>	<u>\$ 17,944,523</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. 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).

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,182,636 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$199,522,349. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .31568 percent, which was a decrease of .00317 percent from its proportionate share measured as of June 30, 2014 of .31885 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial	June 30, 2012
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

\* The municipal bond return rate used is 3.80%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	<b>1% Decrease <u>(3.13%)</u></b>	<b>Current Discount Rate <u>(4.13%)</u></b>	<b>1% Increase <u>(5.13%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 237,124,854</u>	<u>\$ 199,522,349</u>	<u>\$ 167,125,541</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. 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).

**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 classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides paid 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 paid 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 state 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).

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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 includes 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 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 or 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, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.



**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion 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 employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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 fiscal years ended June 30, 2016, 2015 and 2014 were \$2,987,824, \$2,709,346 and \$2,118,106, 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.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISONS**

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 61,764,695		\$ 61,764,695	\$ 61,764,695	
Tuition	706,782		706,782	1,149,840	\$ 443,058
Miscellaneous	130,000	-	130,000	405,305	275,305
<b>Total Local Sources</b>	<u>62,601,477</u>	<u>-</u>	<u>62,601,477</u>	<u>63,319,840</u>	<u>718,363</u>
<b>State Sources</b>					
Extraordinary Special Education Costs Aid	190,534		190,534	200,211	9,677
Special Educational Aid	1,420,941		1,420,941	1,420,941	-
Security Aid	75,284		75,284	75,284	
Transportation Aid	29,508		29,508	29,508	
PARCC Readiness Aid	40,670		40,670	40,670	
Per Pupil Growth Aid	40,670		40,670	40,670	
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				2,390,186	2,390,186
NCGI Premium				119,064	119,064
Post-Retirement Medical Contribution				2,987,824	2,987,824
TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,415,032	2,415,032
<b>Total State Sources</b>	<u>1,797,607</u>	<u>-</u>	<u>1,797,607</u>	<u>9,719,390</u>	<u>7,921,783</u>
<b>Federal Sources</b>					
Medicaid Reimbursement	31,108	-	31,108	48,245	17,137
<b>Total Federal Sources</b>	<u>31,108</u>	<u>-</u>	<u>31,108</u>	<u>48,245</u>	<u>17,137</u>
<b>Total Revenues</b>	<u>64,430,192</u>	<u>-</u>	<u>64,430,192</u>	<u>73,087,475</u>	<u>8,657,283</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool	64,201	\$ (64,201)			-
Kindergarten	584,659	117,059	701,718	699,362	2,356
Grades 1-5	8,741,162	(229,420)	8,511,742	8,509,869	1,873
Grades 6-8	4,962,159	61,413	5,023,572	5,022,626	946
Grades 9-12	7,091,375	320,111	7,411,486	7,411,485	1
<b>Home Instruction</b>					
Salaries and Wages	20,000	-	20,000	17,000	3,000
Pur. Prof. and Ed. Svs.	66,049	(30,000)	36,049	32,807	3,242
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	631,386	6,587	637,973	637,972	1
Purchased Technical Services	14,745	(2,940)	11,805	11,790	15
Other Purchased Services	268,658	21,848	290,506	286,925	3,581
General Supplies	1,139,527	(63,813)	1,075,714	1,006,541	69,173
Textbooks	126,106	154,741	280,847	242,263	38,584
Other Objects	-	250	250	250	-
<b>Total Regular Programs</b>	<u>23,710,027</u>	<u>291,635</u>	<u>24,001,662</u>	<u>23,878,890</u>	<u>122,772</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 418,180	\$ 5,298	\$ 423,478	\$ 423,478	-
General Supplies	5,500	(727)	4,773	965	\$ 3,808
<b>Total Learning and/or Language Disabilities</b>	<b>423,680</b>	<b>4,571</b>	<b>428,251</b>	<b>424,443</b>	<b>3,808</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	3,301,844	(43,504)	3,258,340	3,253,617	4,723
Other Salaries for Instruction	1,903,540	27,262	1,930,802	1,927,115	3,687
General Supplies	14,420	-	14,420	12,695	1,725
<b>Total Resource Room/Resource Center</b>	<b>5,219,804</b>	<b>(16,242)</b>	<b>5,203,562</b>	<b>5,193,427</b>	<b>10,135</b>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	380,092	63,883	443,975	443,634	341
Other Salaries for Instruction	611,152	12,682	623,834	619,957	3,877
General Supplies	5,750	(51)	5,699	2,996	2,703
<b>Total Preschool Disabilities - Part-Time</b>	<b>996,994</b>	<b>76,514</b>	<b>1,073,508</b>	<b>1,066,587</b>	<b>6,921</b>
<b>Total Special Education</b>	<b>6,640,478</b>	<b>64,843</b>	<b>6,705,321</b>	<b>6,684,457</b>	<b>20,864</b>
<b>Basic Skills/Remedial Instruction</b>					
Salaries of Teachers	546,632	10,476	557,108	557,108	-
Other Purchased Services	500	(500)	-	-	-
General Supplies	3,500	(625)	2,875	2,875	-
<b>Total Basic Skills/Remedial Instruction</b>	<b>550,632</b>	<b>9,351</b>	<b>559,983</b>	<b>559,983</b>	<b>-</b>
<b>Bilingual Education</b>					
Salaries of Teachers	657,651	(4,358)	653,293	653,293	-
Purchased Professional-Educational Services	1,800	-	1,800	-	1,800
General Supplies	6,926	-	6,926	5,637	1,289
<b>Total Bilingual Education</b>	<b>666,377</b>	<b>(4,358)</b>	<b>662,019</b>	<b>658,930</b>	<b>3,089</b>
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	265,200	43,146	308,346	308,345	1
Purchased Services	5,500	5,433	10,933	10,932	1
Supplies and Materials	7,844	(4,435)	3,409	3,408	1
<b>Total School Sponsored Co-Curricular Activities</b>	<b>278,544</b>	<b>44,144</b>	<b>322,688</b>	<b>322,685</b>	<b>3</b>
<b>School Sponsored Athletics</b>					
Salaries	793,399	34,425	827,824	820,469	7,355
Purchased Services	162,873	(55,632)	107,241	92,708	14,533
Supplies and Materials	101,560	43,096	144,656	141,893	2,763
Other Objects	4,450	(3,018)	1,432	1,431	1
<b>Total School Sponsored Athletics</b>	<b>1,062,282</b>	<b>18,871</b>	<b>1,081,153</b>	<b>1,056,501</b>	<b>24,652</b>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Other Instructional Programs - Instruction					
Salaries	\$ 4,500	\$ (1,983)	\$ 2,517	\$ 2,516	\$ 1
Other Objects	1,250	1,210	2,460	2,460	-
Total Other Instructional Programs-Instruction	<u>5,750</u>	<u>(773)</u>	<u>4,977</u>	<u>4,976</u>	<u>1</u>
Summer School - Instruction					
Salaries of Teachers	104,025	(480)	103,545	103,544	1
General Supplies	2,100	(1,358)	742	741	1
Total Summer School - Instruction	<u>106,125</u>	<u>(1,838)</u>	<u>104,287</u>	<u>104,285</u>	<u>2</u>
Total Instruction	<u>33,020,215</u>	<u>421,875</u>	<u>33,442,090</u>	<u>33,270,707</u>	<u>171,383</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State- Special	490,092	-	490,092	450,764	39,328
Tuition to County Voc. School Dist.-Regular	94,050	76,950	171,000	156,000	15,000
Tuition to County Voc. School Dist.-Special	84,618	-	84,618	53,850	30,768
Tuition to CSSD & Reg. Day Schools	453,873	(202,746)	251,127	108,715	142,412
Tuition to Priv. Sch. For the Disabled W/I State	1,157,797	(64,363)	1,093,434	1,082,360	11,074
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S State	113,607	(80,000)	33,607	1,935	31,672
Tuition - State Facilities	4,500	4,500	4,500	4,500	4,500
Tuition - Other	4,500	36,473	40,973	40,973	-
Total Undistributed Expenditures - Instruction	<u>2,398,537</u>	<u>(229,186)</u>	<u>2,169,351</u>	<u>1,894,597</u>	<u>274,754</u>
Health Services					
Salaries	757,449	(1,879)	755,570	755,569	1
Purchased Professional & Technical Services	22,950	(3,830)	19,120	17,945	1,175
Other Purchased Services	2,925	(65)	2,860	2,860	-
Supplies and Materials	7,500	6,297	13,797	13,605	192
Total Health Services	<u>790,824</u>	<u>523</u>	<u>791,347</u>	<u>789,979</u>	<u>1,368</u>
Speech, OT/PT and Related Serv.					
Salaries	688,074	(11,122)	676,952	676,951	1
Purchased Professional/Educational Services	35,000	111,814	146,814	146,814	-
Total Speech, OT/PT and Related Serv.	<u>723,074</u>	<u>100,692</u>	<u>823,766</u>	<u>823,765</u>	<u>1</u>
Guidance					
Salaries of Other Professional Staff	988,152	(72,609)	915,543	915,543	-
Salaries of Secretarial & Clerical Assistants	202,779	(4,083)	198,696	198,695	1
Other Purchased Services	2,500	(499)	2,001	367	1,634
Supplies and Materials	12,639	4,901	17,540	14,650	2,890
Other Objects	50	30	80	80	-
Total Guidance	<u>1,206,120</u>	<u>(72,260)</u>	<u>1,133,860</u>	<u>1,129,335</u>	<u>4,525</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 1,280,669	\$ (50,496)	\$ 1,230,173	\$ 1,230,172	\$ 1
Salaries of Secretarial & Clerical Assistants	99,791	(509)	99,282	99,282	-
Purchased Professional- Educat. Services	10,500	10,258	20,758	20,757	1
Miscellaneous Purchased Services	5,000	3,001	8,001	8,000	1
Supplies and Materials	18,000	(5,490)	12,510	12,509	1
Other Objects	250	30	280	280	-
Total Child Study Teams	<u>1,414,210</u>	<u>(43,206)</u>	<u>1,371,004</u>	<u>1,371,000</u>	<u>4</u>
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	609,752	6,561	616,313	616,312	1
Salaries of Other Professional Staff	74,123	(60,845)	13,278	13,277	1
Other Salaries	100,105	-	100,105	97,695	2,410
Sal. Of Facilitators, Math & Literacy Coaches		167,001	167,001	167,001	-
Purchased Professional - Educational Services	92,500	(59,028)	33,472	28,350	5,122
Supplies and Materials	42,800	6,751	49,551	49,550	1
Total Improvement of Instruction Services	<u>919,280</u>	<u>60,440</u>	<u>979,720</u>	<u>972,185</u>	<u>7,535</u>
Educational Media/School Library					
Salaries	912,069	(80,053)	832,016	831,920	96
Supplies and Materials	171,502	(35)	171,467	163,678	7,789
Total Educational Media/School Library	<u>1,083,571</u>	<u>(80,088)</u>	<u>1,003,483</u>	<u>995,598</u>	<u>7,885</u>
Instructional Staff Training Services					
Other Objects	244,695	(1,038)	243,657	197,688	45,969
Total Instructional Staff Training Services	<u>244,695</u>	<u>(1,038)</u>	<u>243,657</u>	<u>197,688</u>	<u>45,969</u>
Support Services General Administration					
Salaries	587,413	(14,546)	572,867	572,703	164
Legal Services	210,000	46,654	256,654	161,840	94,814
Audit Fees	50,000	31,654	81,654	48,365	33,289
Other Purchased Professional Services	10,000	66,224	76,224	57,767	18,457
Communications/Telephone	200,000	(31,163)	168,837	155,872	12,965
BOE Other Purchased Services	9,300	5,755	15,055	15,054	1
Miscellaneous Purchased Services	69,186	7,838	77,024	76,273	751
General Supplies	15,000	(3,109)	11,891	10,183	1,708
BOE In-House Training/Meeting Supplies	500	181	681	681	-
Judgments Against the School District		53,615	53,615	53,615	-
BOE Membership Dues and Fees	50,000	(3,009)	46,991	46,990	1
Total Support Services General Administration	<u>1,201,399</u>	<u>160,094</u>	<u>1,361,493</u>	<u>1,199,343</u>	<u>162,150</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,687,140	(45,534)	1,641,606	1,641,606	-
Salaries of Other Professional Staff	383,606	1,249	384,855	384,854	1
Salaries of Secretarial and Clerical Assistants	996,561	1,739	998,300	998,025	275
Other Purchased Services	37,400	(16,038)	21,362	14,191	7,171
General Supplies	2,700	5,376	8,076	7,736	340
Other Objects	20,000	7,136	27,136	27,136	-
Total Support Services School Administration	<u>3,127,407</u>	<u>(46,072)</u>	<u>3,081,335</u>	<u>3,073,548</u>	<u>7,787</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 850,242	\$ 55,154	\$ 905,396	\$ 904,952	\$ 444
Purchased Professional Services		25,513	25,513	25,513	
Miscellaneous Purchased Services	8,500	(2,211)	6,289	5,329	960
Supplies and Materials	35,500	13,896	49,396	45,682	3,714
Miscellaneous Expenditures	52,000	(3,894)	48,106	43,217	4,889
<b>Total Central Services</b>	<b>946,242</b>	<b>88,458</b>	<b>1,034,700</b>	<b>1,024,693</b>	<b>10,007</b>
Admin. Info. Tech.					
Salaries	194,682	(34,901)	159,781	159,772	9
Other Purchased Services	2,000	10	2,010	2,009	1
<b>Total Admin. Info. Tech.</b>	<b>196,682</b>	<b>(34,891)</b>	<b>161,791</b>	<b>161,781</b>	<b>10</b>
Required Maintenance for School Facilities					
Salaries	746,881	27,631	774,512	774,511	1
Cleaning, Repair and Maintenance Services	186,060	66,921	252,981	239,433	13,548
Other Purchased Services		2,750	2,750	2,240	510
General Supplies	103,603	121,601	225,204	223,839	1,365
Other Objects	-	800	800	-	800
<b>Total Required Maintenance for School Facilities</b>	<b>1,036,544</b>	<b>219,703</b>	<b>1,256,247</b>	<b>1,240,023</b>	<b>16,224</b>
Custodial Services					
Salaries	2,082,938	23,186	2,106,124	2,104,194	1,930
Purchased Professional & Technical Services	133,603	(65,899)	67,704	67,704	-
Cleaning, Repair and Maintenance Services	83,500	119,955	203,455	200,675	2,780
Other Purchased Property Services	72,000	700	72,700	71,713	987
Insurance	357,145	(14,666)	342,479	342,478	1
General Supplies	213,610	(19,058)	194,552	181,884	12,668
Energy (Natural Gas)	170,000	18,198	188,198	185,220	2,978
Energy (Electricity)	500,000	40,127	540,127	539,241	886
Other Objects	42,864	(14,635)	28,229	27,607	622
<b>Total Custodial Services</b>	<b>3,655,660</b>	<b>87,908</b>	<b>3,743,568</b>	<b>3,720,716</b>	<b>22,852</b>
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	26,920	(1,504)	25,416	24,577	839
General Supplies	11,500	22,062	33,562	33,562	-
<b>Total Care &amp; Upkeep of Grounds</b>	<b>38,420</b>	<b>20,558</b>	<b>58,978</b>	<b>58,139</b>	<b>839</b>



**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Security					
Salaries	\$ 150,741	\$ (15,025)	\$ 135,716	\$ 134,708	\$ 1,008
Other Objects	5,000	18,074	23,074	23,074	-
Total Security	<u>155,741</u>	<u>3,049</u>	<u>158,790</u>	<u>157,782</u>	<u>1,008</u>
Student Transportation Services					
Salaries for Pupil Transport ( Between Home and School)- Spec. Ed.	62,922	(924)	61,998	61,997	1
Cleaning, Repair, & Maint. Services	2,000	4,762	6,762	6,761	1
Contracted Services (Oth. Than Bet. Home & Sch)- Vendors	229,170	7,397	236,567	177,434	59,133
Contracted Services (Special Ed. Students) - Vendors	2,864	833	3,697	3,696	1
Contracted Services (Reg. Students) - ESCs & CTAs	106,320	(10,319)	96,001	76,323	19,678
Contracted Services (Special Ed. Students) - ESCs & CTAs	303,095	28,400	331,495	259,998	71,497
Miscellaneous Purchased Services - Transportation	324	-	324	250	74
Supplies and Materials	13,800	9,225	23,025	19,212	3,813
Total Student Transportation Services	<u>720,495</u>	<u>39,374</u>	<u>759,869</u>	<u>605,671</u>	<u>154,198</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	925,902	27,308	953,210	942,870	10,340
Other Retirement Contributions - PERS	911,015	(34,193)	876,822	876,821	1
Other Retirement Contributions - DCRP	60,800	(28,559)	32,241	29,992	2,249
Workers' Compensation	348,052	-	348,052	342,748	5,304
Health Benefits	9,077,040	(390,643)	8,686,397	8,029,989	656,408
Tuition Reimbursement	105,000	12,000	117,000	117,000	-
Other Employee Benefits	193,271	(29,769)	163,502	157,716	5,786
Total Unallocated Benefits	<u>11,621,080</u>	<u>(443,856)</u>	<u>11,177,224</u>	<u>10,497,136</u>	<u>680,088</u>
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Normal Costs				2,390,186	(2,390,186)
NCGI Premium				119,064	(119,064)
Post-Retirement Medical Contribution				2,987,824	(2,987,824)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	2,415,032	(2,415,032)
Total Undistributed Expenditures	<u>31,479,981</u>	<u>(169,798)</u>	<u>31,310,183</u>	<u>37,825,085</u>	<u>(6,514,902)</u>
Total Current Expenditures	<u>64,500,196</u>	<u>252,077</u>	<u>64,752,273</u>	<u>71,095,792</u>	<u>(6,343,519)</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
<b>CAPITAL OUTLAY</b>					
Equipment					
Grades 1-5	\$ 192,971	\$ (96,683)	\$ 96,288	\$ 95,565	\$ 723
Grades 6-8	281,574	(27,283)	254,291	254,290	1
Grades 9-12	207,179	(11,687)	195,492	195,491	1
Athletics		4,399	4,399	4,399	
Undistributed					
Instruction	97,560	210,818	308,378	308,378	-
General Administration		15,318	15,318		15,318
Required Maintenance of School Facilities	66,325	75,763	142,088	123,727	18,361
Student Trns.-Non-Inst. Equip.	45,400	(45,400)	-	-	-
Total Equipment	891,009	125,245	1,016,254	981,850	34,404
Facilities Acquisition and Construction Services					
Construction Services	270,692	176,638	447,330	335,870	111,460
Assessment for Debt Service on SDA Funding	35,021	-	35,021	35,021	-
Total Facilities Acq. And Construction Services	305,713	176,638	482,351	370,891	111,460
Total Capital Outlay	1,196,722	301,883	1,498,605	1,352,741	145,864
Transfer Funds To Charter School	86,354	15,999	102,353	102,353	-
Total General Fund	65,783,272	569,959	66,353,231	72,550,886	(6,197,655)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,353,080)	(569,959)	(1,923,039)	536,589	2,459,628
Other Financing Sources (Uses)					
Transfer Out		(90,507)	(90,507)	(90,507)	
Transfer In	-	-	-	-	-
Total Other Financing Sources (Uses)	-	(90,507)	(90,507)	(90,507)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(1,353,080)	(660,466)	(2,013,546)	446,082	2,459,628
Fund Balance, Beginning of Year	6,053,811	-	6,053,811	6,053,811	-
Fund Balance, End of Year	\$ 4,700,731	\$ (660,466)	\$ 4,040,265	\$ 6,499,893	\$ 2,459,628
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 853,248	
Reserve for Excess Surplus				1,279,068	
Capital Reserve				1,063,718	
Capital Reserve- Designated for Subsequent Year's Expenditures				729,220	
Maintenance Reserve				250,000	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				150,000	
Emergency Reserve				400,000	
<b>Assigned Fund Balance:</b>					
Year-end Encumbrances				291,962	
Designated for Subsequent Year's Expenditures				178,414	
<b>Unassigned Fund Balance</b>				<u>1,304,263</u>	
				6,499,893	
Reconciliation to Governmental Fund Statements (GAAP)					
Last two State Aid Payments				146,655	
Extraordinary Aid Payment				<u>200,211</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 6,153,027</u>	

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 205,520	\$ 154,240	\$ 359,760	\$ 214,948	\$ (144,812)
Federal	1,195,754	593,632	1,789,386	1,515,749	(273,637)
Local Sources					
Miscellaneous	-	1,085,015	1,085,015	675,261	(409,754)
Total Revenues	<u>1,401,274</u>	<u>1,832,887</u>	<u>3,234,161</u>	<u>2,405,958</u>	<u>(828,203)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	1,169,809	(883,424)	286,385	264,845	21,540
Other Salaries		280,509	280,509	90,245	190,264
Purchased Professional Services		3,293	3,293	3,293	-
Purchased Professional/Educational Services	33,943	94,357	128,300	72,860	55,440
Other Purchased Services		4,100	4,100	1,525	2,575
Tuition		361,255	361,255	361,255	-
General Supplies	28,342	784,336	812,678	545,734	266,944
Textbooks	47,858	11,217	59,075	27,559	31,516
Other Objects	1,902	28,595	30,497	3,438	27,059
Total Instruction	<u>1,281,854</u>	<u>684,238</u>	<u>1,966,092</u>	<u>1,370,754</u>	<u>595,338</u>
<b>Support Services</b>					
Salaries of Other Professional Staff		39,735	39,735	30,111	9,624
Personal Services-Employee Benefits		46,988	46,988	42,619	4,369
Purchased Professional Services		498,233	498,233	404,471	93,762
Purchased Professional/Educational Services	73,087	143,943	217,030	191,950	25,080
Purchased Professional/Tech Services	46,333	55,357	101,690	80,906	20,784
Other Purchased Services		134,857	134,857	85,705	49,152
Rentals		6,000	6,000	3,588	2,412
Supplies and Materials		33,430	33,430	10,478	22,952
Other Objects	-	8,974	8,974	7,694	1,280
Total Support Services	<u>119,420</u>	<u>967,517</u>	<u>1,086,937</u>	<u>857,522</u>	<u>229,415</u>
<b>Facilities Acquisition and Construction</b>					
Instructional Equipment	-	181,132	181,132	177,682	3,450
Total Facilities Acq. & Construction	<u>-</u>	<u>181,132</u>	<u>181,132</u>	<u>177,682</u>	<u>3,450</u>
Total Expenditures	<u>1,401,274</u>	<u>1,832,887</u>	<u>3,234,161</u>	<u>2,405,958</u>	<u>828,203</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>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**SUMMIT PUBLIC SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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) \$ 73,087,475	(C-2)	\$ 2,405,958
Difference - Budget to GAAP:			
State Aid and Extraordinary Aid payments (2014/2015) recognized for GAAP purposes not recognized for Budgetary statements	395,866		
State Aid and Extraordinary Aid payments (2015/2016) recognized for budgetary purposes not recognized for GAAP statements	<u>(346,866)</u>		<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 73,136,475</u>	(B-2)	<u>\$ 2,405,958</u>
<b>Uses/outflows of resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) <u>\$ 72,550,886</u>	(C-2)	<u>\$ 2,405,958</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 72,550,886</u>	(B-2)	<u>\$ 2,405,958</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**SUMMIT PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.10038 %	0.09867 %	0.09611 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 22,532,808	\$ 18,473,376	\$ 18,368,982
District's Covered-Employee Payroll	\$ 6,885,387	\$ 6,711,653	\$ 6,501,378
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	327.3% %	275.0 %	282.0% %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**SUMMIT PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Three Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 876,821	\$ 820,714	\$ 728,094
Contributions in Relation to the Contractually Required Contribution	<u>876,821</u>	<u>820,714</u>	<u>728,094</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 6,885,387	\$ 6,711,653	\$ 6,501,378
Contributions as a Percentage of Covered-Employee Payroll	0.12735 %	0.12228 %	0.11199 %

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.



**SUMMIT PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	%	%	%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 199,522,349</u>	<u>\$163,208,297</u>	<u>\$ 161,142,215</u>
Total	<u>\$ 199,522,349</u>	<u>\$163,208,297</u>	<u>\$ 161,142,215</u>
District's Covered-Employee Payroll	\$ 32,393,898	\$ 30,976,568	\$ 30,710,105
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	%	%	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**SUMMIT PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Change of Benefit Terms:** None.

**Change of Assumptions:** The discount rate changed from the District's rate as of June 30, 2015 to the District's rate as of June 30, 2016, in accordance with GASB Statement No. 67.

**SPECIAL REVENUE FUND**

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**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, 2016**

	<u>EXHIBIT E-1A</u>	<u>EXHIBIT E-1B</u>	<u>EXHIBIT E-1C</u>	<u>Total</u>
<b>REVENUES</b>				
Intergovernmental				
State		\$ 124,607	\$ 90,341	\$ 214,948
Federal	\$ 458,588	1,057,161		1,515,749
Local Sources				
Miscellaneous	-	-	675,261	675,261
Total Revenues	<u>\$ 458,588</u>	<u>\$ 1,181,768</u>	<u>\$ 765,602</u>	<u>\$ 2,405,958</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers	\$ 234,573	-	\$ 30,272	\$ 264,845
Other Salaries		-	90,245	90,245
Purchased Professional Services	3,293	-		3,293
Purchased Professional/Ed Services	-	72,860		72,860
Tuition	-	361,255		361,255
Other Purchased Services	1,525			1,525
General Supplies	117,340	128,588	299,806	545,734
Textbooks	-	25,229	2,330	27,559
Other Objects	3,013	425	-	3,438
Total Instruction	<u>359,744</u>	<u>588,357</u>	<u>422,653</u>	<u>1,370,754</u>
Support Services				
Salaries of Other Professional Staff	28,147	1,964		30,111
Personal Services-Employee Benefits	42,469	150		42,619
Purchased Professional Services	13,581	362,580	\$ 28,310	404,471
Purchased Professional/Educational Services	-	100,455	91,495	191,950
Purchased Professional/Tech Services		32,510	48,396	80,906
Other Purchased Services	5,131	80,574		85,705
Rentals		3,588		3,588
Supplies and Materials	1,822	7,874	782	10,478
Other Objects	7,694	-	-	7,694
Total Support Services	<u>98,844</u>	<u>589,695</u>	<u>168,983</u>	<u>857,522</u>
Facilities Acquisition and Construction				
Instructional Equipment	-	3,716	173,966	177,682
Total Facilities Acq. & Construction	<u>-</u>	<u>3,716</u>	<u>173,966</u>	<u>177,682</u>
Total Expenditures	<u>\$ 458,588</u>	<u>\$ 1,181,768</u>	<u>\$ 765,602</u>	<u>\$ 2,405,958</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, 2016**

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	<u>NCLB Title I</u>	<u>NCLB Title I Carrvover</u>	<u>NCLB Title II A</u>	<u>NCLB Title II A Carrvover</u>	<u>NCLB Title III</u>	<u>NCLB Title III Carrvover</u>	<u>NCLB Title III Immigrant</u>	<u>Subtotal E-1A</u>
<b>REVENUES</b>								
Intergovernmental								
State								
Federal	\$ 308,059	\$ 22,350	\$ 51,111	\$ 1,442	\$ 35,518	\$ 19,989	\$ 20,119	\$ 458,588
Miscellaneous- Local	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 308,059</u>	<u>\$ 22,350</u>	<u>\$ 51,111</u>	<u>\$ 1,442</u>	<u>\$ 35,518</u>	<u>\$ 19,989</u>	<u>\$ 20,119</u>	<u>\$ 458,588</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 192,919		\$ 33,654		\$ 8,000			\$ 234,573
Purchased Professional Services	2,888	\$ 405						3,293
Purchased Professional-Ed Services								-
Tuition								-
Other Purchased Services	1,525							1,525
General Supplies	72,093	17,946			21,893	\$ 5,408		117,340
Textbooks								-
Other Objects	<u>32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,981</u>	<u>-</u>	<u>-</u>	<u>3,013</u>
Total Instruction	<u>269,457</u>	<u>18,351</u>	<u>33,654</u>	<u>-</u>	<u>32,874</u>	<u>5,408</u>	<u>-</u>	<u>359,744</u>
Support Services								
Salaries Other Professional Staff		3,715			324	13,400	10,708	28,147
Personal Services-Employee Benefits	29,952	284	8,393		1,995	1,026	819	42,469
Purchased Professional Services			9,064	\$ 1,442			3,075	13,581
Purchased Professional-Ed Services								-
Other Purchased Services							5,131	5,131
Supplies and Materials	1,560				71	155	36	1,822
Other Objects	<u>7,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254</u>	<u>-</u>	<u>350</u>	<u>7,694</u>
Total Support Services	<u>38,602</u>	<u>3,999</u>	<u>17,457</u>	<u>1,442</u>	<u>2,644</u>	<u>14,581</u>	<u>20,119</u>	<u>98,844</u>
Facilities Acquisition and Construction								
Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 308,059</u>	<u>\$ 22,350</u>	<u>\$ 51,111</u>	<u>\$ 1,442</u>	<u>\$ 35,518</u>	<u>\$ 19,989</u>	<u>\$ 20,119</u>	<u>\$ 458,588</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, 2016**

	IDEA Part B	IDEA Part B	IDEA	Non-Public				Subtotal
	Basic	Basic Carryover	Preschool	Technology	Textbooks	Nursing	Security	E-1B
<b>REVENUES</b>								
Intergovernmental								
State				\$ 26,518	\$ 25,229	\$ 50,455	\$ 22,405	\$ 124,607
Federal	\$ 799,972	\$ 225,340	\$ 31,849					1,057,161
Miscellaneous- Local	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 799,972</b>	<b>\$ 225,340</b>	<b>\$ 31,849</b>	<b>\$ 26,518</b>	<b>\$ 25,229</b>	<b>\$ 50,455</b>	<b>\$ 22,405</b>	<b>\$ 1,181,768</b>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers								
Other Salaries								
Purchased Professional Services								
Purchased Professional-Ed Services						\$ 50,455	\$ 22,405	\$ 72,860
Tuition	\$ 361,255							361,255
Other Purchased Services								-
General Supplies	8,657	\$ 93,413		\$ 26,518				128,588
Textbooks					\$ 25,229			25,229
Other Objects	411	14	-	-	-	-	-	425
<b>Total Instruction</b>	<b>370,323</b>	<b>93,427</b>	<b>-</b>	<b>26,518</b>	<b>25,229</b>	<b>50,455</b>	<b>22,405</b>	<b>588,357</b>
Support Services								
Salaries Other Professional Staff		1,964						1,964
Personal Services-Employee Benefits		150						150
Purchased Professional Services	339,580	23,000						362,580
Purchased Professional-Ed Services		68,606	\$ 31,849					100,455
Purchased Professional/Tech Services	32,510							32,510
Other Purchased Services	51,940	28,634						80,574
Rentals	3,588							3,588
Supplies and Materials	2,031	5,843	-	-	-	-	-	7,874
<b>Total Support Services</b>	<b>429,649</b>	<b>128,197</b>	<b>31,849</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>589,695</b>
Facilities Acquisition and Construction								
Non-Instructional Equipment	-	3,716	-	-	-	-	-	3,716
<b>Total Facilities Acq. &amp; Construction</b>	<b>-</b>	<b>3,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,716</b>
<b>Total Expenditures</b>	<b>799,972</b>	<b>225,340</b>	<b>31,849</b>	<b>\$ 26,518</b>	<b>\$ 25,229</b>	<b>\$ 50,455</b>	<b>\$ 22,405</b>	<b>\$ 1,181,768</b>

Continued

**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, 2016**

	<u>Non Public Chapter 192/193</u>							<u>Subtotal</u>
	<u>Compensatory</u>	<u>Home</u>		<u>Supplemental</u>	<u>Examination &amp;</u>	<u>Corrective</u>	<u>Miscellaneous</u>	<u>E-1C</u>
	<u>Services</u>	<u>Instruction</u>	<u>Transportation</u>	<u>Instruction</u>	<u>Classification</u>	<u>Speech</u>		
<b>REVENUES</b>								
Intergovernmental								
State	\$ 5,245	\$ 3,479	\$ 4,088	\$ 23,021	\$ 44,308	\$ 10,200		\$ 90,341
Federal								
Miscellaneous- Local	-	-	-	-	-	-	\$ 675,261	675,261
Total Revenues	<u>\$ 5,245</u>	<u>\$ 3,479</u>	<u>\$ 4,088</u>	<u>\$ 23,021</u>	<u>\$ 44,308</u>	<u>\$ 10,200</u>	<u>\$ 675,261</u>	<u>\$ 765,602</u>
<b>EXPENDITURES</b>								
<b>Instruction</b>								
Salaries of Teachers							\$ 30,272	\$ 30,272
Purchased Professional-Ed Services							90,245	90,245
Purchased Professional/Tech Services								
Other Purchased Services								
General Supplies							299,806	299,806
Textbooks							2,330	2,330
Other Objects	-	-	-	-	-	-	-	-
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>422,653</u>	<u>422,653</u>
<b>Support Services</b>								
Salaries Other Professional Staff								
Personal Services-Employee Benefits								
Purchased Professional Services							\$ 28,310	28,310
Purchased Professional-Ed Services	\$ 5,245	\$ 3,479		\$ 23,021		\$ 10,200	49,550	91,495
Purchased Professional/Tech Services			\$ 4,088		\$ 44,308			48,396
Other Purchased Services								-
Supplies and Materials	-	-	-	-	-	-	782	782
Total Support Services	<u>5,245</u>	<u>3,479</u>	<u>4,088</u>	<u>23,021</u>	<u>44,308</u>	<u>10,200</u>	<u>78,642</u>	<u>168,983</u>
<b>Facilities Acquisition and Construction</b>								
Instructional Equipment	-	-	-	-	-	-	173,966	173,966
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,966</u>	<u>173,966</u>
Total Expenditures	<u>\$ 5,245</u>	<u>\$ 3,479</u>	<u>\$ 4,088</u>	<u>\$ 23,021</u>	<u>\$ 44,308</u>	<u>\$ 10,200</u>	<u>\$ 675,261</u>	<u>\$ 765,602</u>



**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Unexpended Appropriations June 30, 2016</u>
			<u>Prior Years</u>	<u>Current Year</u>		
<b>Type I School District Projects</b>						
School Improvements	3/20/2015	\$ 20,406,535 *	\$ 15,664,232	\$ 3,380,655		\$ 1,361,648
<b>Local Projects-</b>						
Franklin Roof and Elementary Improvements	2007/08	300,000	260,423			
Media Literacy Center	2009/10	333,010	327,912			
Lincoln-Hubbard School Site	2012/2013	469,689	383,788			
Roof Replacement/Security Upgrades	2013/14	2,362,362 *	1,572,983	175,719	-	613,660
		<u>\$ 23,871,596</u>	<u>\$ 18,209,338</u>	<u>\$ 3,556,374</u>	<u>\$ -</u>	<u>\$ 1,975,308</u>
* - Additional Funding by Capital Reserve			Project Balances			\$ 1,975,308
			Less: Unrealized Revenue on Type I Projects - Current			<u>(1,361,648)</u>
			Fund Balance, June 30, 2016 - GAAP Basis			<u>\$ 613,660</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, 2016**

**Revenues and Other Financing  
Sources**

Transfer In from Capital Reserve	\$ 90,507
Funded by City of Summit	<u>3,290,148</u>
Total Revenues	<u>3,380,655</u>

**Expenditures and Other  
Financing Uses**

Other Purchased and Technical Services	323,831
Construction Services	3,036,402
Equipment/Supplies	<u>196,141</u>
Total Expenditures	<u>3,556,374</u>

Excess (Deficit) of Revenues over (under) Expenditures	(175,719)
---	-----------

Fund Balance- Beginning	<u>789,379</u>
Fund Balance- Ending	<u><u>\$ 613,660</u></u>

**SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
ROOF REPLACEMENT/SECURITY UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 905,252		\$ 905,252	\$ 905,252
Transfer from Capital Reserve	1,457,110		1,457,110	1,457,110
	<u>2,362,362</u>		<u>2,362,362</u>	<u>2,362,362</u>
Total Revenues	<u>2,362,362</u>	<u>-</u>	<u>2,362,362</u>	<u>2,362,362</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	211,736		211,736	212,000
Construction Services (450)	1,353,554	\$ 175,719	1,529,273	2,140,362
Equipment	7,693		7,693	10,000
	<u>1,572,983</u>	<u>175,719</u>	<u>1,748,702</u>	<u>2,362,362</u>
Total Expenditures	<u>1,572,983</u>	<u>175,719</u>	<u>1,748,702</u>	<u>2,362,362</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 789,379</u>	<u>\$ (175,719)</u>	<u>\$ 613,660</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	Various			
Grant Date	4/23/2014			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 2,362,362			
Additional Authorized Cost				
Revised Authorized Cost	\$ 2,362,362			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	20.00%			
Original Target Completion Date	12/31/14			
Revised Target Completion Date	12/31/15			

**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, 2016**

	<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	\$ 1,689,615		\$ 1,689,615	\$ 1,689,615
City of Summit	11,208,589	\$ 3,290,148	14,498,737	15,860,385
Transfer from Capital Reserve	2,766,028	90,507	2,856,535	2,856,535
	<u>15,664,232</u>	<u>3,380,655</u>	<u>19,044,887</u>	<u>20,406,535</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	2,790,462	323,831	3,114,293	3,000,000
Construction Services (450)	12,409,283	2,860,683	15,269,966	16,916,535
Supplies/Equipment	464,487	196,141	660,628	490,000
	<u>15,664,232</u>	<u>3,380,655</u>	<u>19,044,887</u>	<u>20,406,535</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Unearned City Funding			<u>1,361,648</u>	
Project Balance			<u>\$ 1,361,648</u>	
<b>Additional project information:</b>				
Ordinance	14-3045			
Grant Date	4/23/14	Various SDA Project Numbers		
Bond Authorization Date	3/20/14			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 20,406,535			
Additional Authorized Cost				
Revised Authorized Cost	\$ 20,406,535			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	20.00%			
Original Target Completion Date	6/30/15			
Revised Target Completion Date	12/31/15			

**PROPRIETARY FUNDS**

**EXHIBIT G-1**

**SUMMIT PUBLIC SCHOOLS  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6



**EXHIBIT G-4**

**SUMMIT PUBLIC SCHOOLS  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-5**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

**FIDUCIARY FUNDS**

**SUMMIT PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY FUND NET POSITION  
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 340,198	\$ 89,816	\$ 430,014
Due from Other Funds	<u>-</u>	<u>8,432</u>	<u>8,432</u>
Total Assets	<u>\$ 340,198</u>	<u>\$ 98,248</u>	<u>\$ 438,446</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 87,792	\$ 87,792
Due to Other Funds		10,456	10,456
Due to Student Groups	<u>\$ 340,198</u>	<u>-</u>	<u>340,198</u>
Total Liabilities	<u>\$ 340,198</u>	<u>\$ 98,248</u>	<u>\$ 438,446</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

<u>School</u>	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
<b>ELEMENTARY SCHOOLS</b>				
Brayton	\$ 11,778	\$ 23,226	\$ 22,821	\$ 12,183
Franklin	2,595	10,704	8,225	5,074
Wilson Primary Center	545	343	340	548
Jefferson	6,827	23,168	17,493	12,502
Lincoln - Hubbard	3,328	2,504	2,461	3,371
Washington	8,263	7,152	6,345	9,070
Jefferson Primary Center	89	-	-	89
<b>JUNIOR HIGH SCHOOLS</b>				
Lawton C Johnson Middle School	103,037	310,861	285,567	128,331
<b>SENIOR HIGH SCHOOL</b>				
Summit High School	165,769	599,558	596,297	169,030
<b>ATHLETICS</b>				
High School Athletics	-	107,500	107,500	-
<b>Total</b>	<u>\$ 302,231</u>	<u>\$ 1,085,016</u>	<u>\$ 1,047,049</u>	<u>\$ 340,198</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2016</u>
Due to/(From) Other Funds	\$ (8,404)	\$ 18,860	\$ 8,432	\$ 2,024
Payroll Deductions and Withholdings	24,489	23,154,707	23,091,404	87,792
Accrued Summer Salaries and Wages	509,851	142	509,993	-
Accrued Salaries and Wages	-	27,664,493	27,664,493	-
<b>Total</b>	<u>\$ 525,936</u>	<u>\$ 50,838,202</u>	<u>\$ 51,274,322</u>	<u>\$ 89,816</u>

**LONG-TERM DEBT**

**EXHIBIT I-1**

**SUMMIT PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**EXHIBIT I-2**

**LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOT APPLICABLE**

**EXHIBIT I-3**

**LONG TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	2007	2008	2009	2010	Fiscal Year Ended June 30,		2013	2014 (2)	2015	2016
					2011 (1)	2012				
Governmental Activities										
Investment In Capital Assets	\$ 40,112,283	\$ 50,945,383	\$ 40,894,131	\$ 47,595,041	\$ 54,449,486	\$ 59,918,722	\$ 60,891,572	\$ 63,466,575	\$ 76,308,217	\$ 79,075,844
Restricted	30,731	70,308	3,374,302	1,177,690	2,220,078	2,415,870	3,932,364	4,711,655	2,508,419	3,206,598
Unrestricted	(686,348)	(963,673)	1,130,566	2,098,144	2,495,918	2,246,136	1,702,640	(15,778,464)	(15,802,765)	(16,927,486)
Total Governmental Activities Net Position	<u>\$ 39,456,666</u>	<u>\$ 50,052,018</u>	<u>\$ 45,398,999</u>	<u>\$ 50,870,875</u>	<u>\$ 59,165,482</u>	<u>\$ 64,580,728</u>	<u>\$ 66,526,576</u>	<u>\$ 52,399,766</u>	<u>\$ 63,013,871</u>	<u>\$ 65,354,956</u>
Business-Type Activities										
Investment In Capital Assets	\$ 42,225	\$ 56,217	\$ 136,139	\$ 137,150	\$ 166,159	\$ 201,851	\$ 315,636	\$ 345,388	\$ 342,331	\$ 431,646
Restricted										
Unrestricted	493,523	225,859	371,155	440,685	475,532	559,208	553,282	595,915	619,349	538,729
Total Business-Type Activities Net Position	<u>\$ 535,748</u>	<u>\$ 282,076</u>	<u>\$ 507,294</u>	<u>\$ 577,835</u>	<u>\$ 641,691</u>	<u>\$ 761,059</u>	<u>\$ 868,918</u>	<u>\$ 941,303</u>	<u>\$ 961,680</u>	<u>\$ 970,375</u>
District-Wide										
Investment In Capital Assets	\$ 40,154,508	\$ 51,001,600	\$ 41,030,270	\$ 47,732,191	\$ 54,615,645	\$ 60,120,573	\$ 61,207,208	\$ 63,811,963	\$ 76,650,548	\$ 79,507,490
Restricted	30,731	70,308	3,374,302	1,177,690	2,220,078	2,415,870	3,932,364	4,711,655	2,508,419	3,206,598
Unrestricted	(192,825)	(737,814)	1,501,721	2,538,829	2,971,450	2,805,344	2,255,922	(15,183,549)	(15,183,416)	(16,388,757)
Total District Net Position	<u>\$ 39,992,414</u>	<u>\$ 50,334,094</u>	<u>\$ 45,906,293</u>	<u>\$ 51,448,710</u>	<u>\$ 59,807,173</u>	<u>\$ 65,341,787</u>	<u>\$ 67,395,494</u>	<u>\$ 53,340,069</u>	<u>\$ 63,975,551</u>	<u>\$ 66,325,331</u>

Source: District financial records

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".



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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular	\$ 29,149,306	\$ 30,506,819	\$ 29,380,082	\$ 30,266,224	\$ 30,453,508	\$ 30,780,236	\$ 31,375,219	\$ 32,260,299	\$ 37,264,045	\$ 40,482,290
Special Education	6,518,307	8,572,883	8,711,060	9,655,370	9,942,089	10,200,882	10,984,562	9,992,167	12,801,840	13,344,736
Other Instruction	3,192,560	1,944,729	1,920,361	1,862,999	2,012,592	1,783,671	2,002,165	1,793,562	2,098,300	2,625,431
School Sponsored Activities & Athletics		1,740,836	1,583,790	1,508,797	1,569,698	1,693,314	1,671,636	1,716,135	2,103,338	2,370,065
Support Services:										
Tuition	1,622,870									
Student and Instruction Related Services	6,043,994	4,264,899	4,741,485	5,287,762	5,604,698	5,647,971	5,673,707	5,690,517	7,363,674	7,538,884
Health Services		758,553	914,710	974,556	1,020,282	1,045,437	1,124,322	1,123,937	1,390,791	1,396,846
Educational Media/School Library		1,295,886	1,358,833	1,393,968	1,507,626	1,474,330	1,598,382	1,509,632	1,703,893	1,912,289
General Administrative Services	3,194,567	1,356,768	1,470,247	1,375,967	1,431,802	1,760,134	1,501,356	1,667,992	1,636,224	2,341,790
School Administrative Services	3,624,973	3,723,390	3,940,227	3,911,979	4,187,205	5,071,401	5,258,803	5,285,003	4,991,596	4,767,242
Plant Operations And Maintenance	1	5,703,195	6,200,892	6,217,401	6,049,846	6,128,905	5,986,778	6,225,201	6,248,907	6,939,247
Pupil Transportation	1,622,870	818,962	871,795	971,030	808,430	835,282	732,508	704,629	783,899	887,653
Central Services		1,363,041	1,397,147	1,402,625	1,502,470	1,521,391	1,562,170	1,605,161	1,481,281	1,595,472
Interest and Other Charges		56,542	52,905	64,027	20,399	16,998	35,021	35,021	35,021	35,021
Charter Schools	8,609									
<b>Total Governmental Activities Expenses</b>	<b>54,978,057</b>	<b>62,106,503</b>	<b>62,543,534</b>	<b>64,892,705</b>	<b>66,110,645</b>	<b>67,959,952</b>	<b>69,506,629</b>	<b>69,609,256</b>	<b>79,902,809</b>	<b>86,236,966</b>
Business-Type Activities:										
Food Service	1,144,674	1,252,461	1,155,810	1,304,953	1,453,855	1,572,080	1,658,357	1,770,238	1,741,238	1,768,912
Summer Flash Program	157,610	181,139	193,999	186,868	170,511	160,373	167,250	243,187	245,984	246,620
<b>Total Business-Type Activities</b>	<b>1,302,284</b>	<b>1,433,600</b>	<b>1,349,809</b>	<b>1,491,821</b>	<b>1,624,366</b>	<b>1,732,453</b>	<b>1,825,607</b>	<b>2,013,425</b>	<b>1,987,222</b>	<b>2,015,532</b>
<b>Total District-Wide Expenses</b>	<b>\$ 56,280,341</b>	<b>\$ 63,540,103</b>	<b>\$ 63,893,343</b>	<b>\$ 66,384,526</b>	<b>\$ 67,735,011</b>	<b>\$ 69,692,405</b>	<b>\$ 71,332,236</b>	<b>\$ 71,622,681</b>	<b>\$ 81,890,031</b>	<b>\$ 88,252,498</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services						\$ 184,733	\$ 309,373	\$ 324,367	\$ 679,483	\$ 1,149,840
Capital Grants and Contributions							1,047,756	3,020,365	11,519,361	3,476,015
Operating Grants And Contributions	\$ 9,041,147	\$ 9,624,296	\$ 8,301,900	\$ 16,449,795	\$ 14,453,423	13,287,268	10,335,360	9,725,573	17,410,834	21,729,577
<b>Total Governmental Activities Program Revenues</b>	<b>9,041,147</b>	<b>9,624,296</b>	<b>8,301,900</b>	<b>16,449,795</b>	<b>14,453,423</b>	<b>13,472,001</b>	<b>11,692,489</b>	<b>13,070,305</b>	<b>29,609,678</b>	<b>26,355,432</b>
Business-Type Activities:										
Charges For Services										
Food Service	937,966	966,889	1,021,014	1,079,175	1,207,769	1,308,842	1,369,102	1,443,347	1,413,289	1,400,386
Summer Flash Program	171,090	202,480	194,167	194,291	162,200	193,065	221,394	253,252	224,904	222,380
Operating Grants And Contributions	237,312	261,110	266,505	288,896	318,253	349,914	342,970	388,211	370,406	401,461
<b>Total Business Type Activities Program Revenues</b>	<b>1,346,368</b>	<b>1,430,479</b>	<b>1,481,686</b>	<b>1,562,362</b>	<b>1,688,222</b>	<b>1,851,821</b>	<b>1,933,466</b>	<b>2,084,810</b>	<b>2,008,599</b>	<b>2,024,227</b>
<b>Total District-Wide Program Revenues</b>	<b>\$ 10,387,515</b>	<b>\$ 11,054,775</b>	<b>\$ 9,783,586</b>	<b>\$ 18,012,157</b>	<b>\$ 16,141,645</b>	<b>\$ 15,323,822</b>	<b>\$ 13,625,955</b>	<b>\$ 15,155,115</b>	<b>\$ 31,618,277</b>	<b>\$ 28,379,659</b>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (45,936,910)	\$ (52,482,207)	\$ (54,241,634)	\$ (48,442,910)	\$ (51,657,222)	\$ (54,487,951)	\$ (57,814,140)	\$ (56,538,951)	\$ (50,293,131)	\$ (59,881,534)
Business-Type Activities	44,084	(3,121)	131,877	70,541	63,856	119,368	107,859	71,385	21,377	8,695
<b>Total District-Wide Net Expense</b>	<u>\$ (45,892,826)</u>	<u>\$ (52,485,328)</u>	<u>\$ (54,109,757)</u>	<u>\$ (48,372,369)</u>	<u>\$ (51,593,366)</u>	<u>\$ (54,368,583)</u>	<u>\$ (57,706,281)</u>	<u>\$ (56,467,566)</u>	<u>\$ (50,271,754)</u>	<u>\$ (59,872,839)</u>
<b>General Revenues And Other Changes In Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes Levied For General Purposes	\$ 49,248,088	\$ 51,641,731	\$ 55,419,648	\$ 56,808,725	\$ 59,646,434	\$ 59,644,537	\$ 59,401,147	\$ 60,517,972	\$ 60,674,206	\$ 61,764,695
State Aid not Restricted	164,354	353,756	15,828						72,410	82,938
Tuition (Other than Special Schools)	99,942									
Investment Earnings	224,821									
Miscellaneous Income	7,344,306	10,305,852	4,598,021	380,261	379,644	258,660	358,841	263,151	160,620	405,305
N.J. Economic Development Authority Grants	(29,619)									
Loss on Disposal of Assets					(75,249)					(30,319)
Adjustment to Amount Due from City	(300,003)									
<b>Total Governmental Activities</b>	<u>56,751,889</u>	<u>62,301,339</u>	<u>60,033,497</u>	<u>57,188,986</u>	<u>59,950,829</u>	<u>59,903,197</u>	<u>59,759,988</u>	<u>60,781,123</u>	<u>60,907,236</u>	<u>62,222,619</u>
<b>Total District-Wide General Revenues</b>	<u>\$ 56,751,889</u>	<u>\$ 62,301,339</u>	<u>\$ 60,033,497</u>	<u>\$ 57,188,986</u>	<u>\$ 59,950,829</u>	<u>\$ 59,903,197</u>	<u>\$ 59,759,988</u>	<u>\$ 60,781,123</u>	<u>\$ 60,907,236</u>	<u>\$ 62,222,619</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 10,814,979	\$ 9,819,132	\$ 5,791,863	\$ 8,746,076	\$ 8,293,607	\$ 5,415,246	\$ 1,945,848	\$ 4,242,172	\$ 10,614,105	\$ 2,341,085
Business-Type Activities	44,084	(3,121)	131,877	70,541	63,856	119,368	107,859	71,385	21,377	8,695
<b>Total District-Wide Change in Net Position</b>	<u>\$ 10,859,063</u>	<u>\$ 9,816,011</u>	<u>\$ 5,923,740</u>	<u>\$ 8,816,617</u>	<u>\$ 8,357,463</u>	<u>\$ 5,534,614</u>	<u>\$ 2,053,707</u>	<u>\$ 4,313,557</u>	<u>\$ 10,635,482</u>	<u>\$ 2,349,780</u>

Source: District financial records

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

	2007	2008	2009	2010	Fiscal Year Ended June 30		2013	2014	2015	2016
					2011	2012				
General Fund										
Reserved	\$ 503,475	\$ 100,111	\$ 2,109,638	\$ 2,698,122						
Unreserved	2,111	218,980	737,061	810,119						
Restricted					\$ 2,589,575	\$ 3,927,832	\$ 5,500,543	\$ 3,509,038	\$ 3,931,841	\$ 4,725,254
Assigned					989,641	526,566	242,468	795,118	801,906	470,376
Unassigned					998,106	919,828	883,996	958,106	924,198	957,397
<b>Total General Fund</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>	<b>6,627,007</b>	<b>5,262,262</b>	<b>5,657,945</b>	<b>6,153,027</b>
All Other Governmental Funds										
Reserved	7,757,479	630,363	3,684,040	5,980,934						
Unreserved, reported in:										
Special Revenue Fund	(4,191)	(4,191)								
Capital Projects Fund	(7,726,749)	(560,056)	(659,739)	(4,820,235)			240,186	3,252,857	789,379	613,660
Restricted, reported in:										
Capital Projects Fund					1,353,087	473,692				
<b>Total All Other Governmental Funds</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>240,186</b>	<b>3,252,857</b>	<b>789,379</b>	<b>613,660</b>
<b>Total Fund Balances</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>	<b>\$ 6,867,193</b>	<b>\$ 8,515,119</b>	<b>\$ 6,447,324</b>	<b>\$ 6,766,687</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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 49,248,088	\$ 51,641,731	\$ 55,419,648	\$ 56,808,725	\$ 59,646,434	\$ 59,644,537	\$ 59,401,147	\$ 60,517,972	\$ 60,674,206	\$ 61,764,695
Tuition Charges	99,942							324,367	679,483	1,149,840
Interest Earnings	224,821									
Miscellaneous	329,977	10,569,602	5,195,800	883,187	6,218,243	5,706,859	1,799,253	1,717,845	12,053,319	4,370,714
Amount Due from City of Summit	7,014,329									
State Sources	8,273,744	8,409,350	6,680,924	14,294,085	6,838,981	6,686,190	8,909,484	9,792,430	8,791,864	9,983,338
Federal Sources	931,756	1,304,952	1,039,025	1,640,824	1,769,402	1,371,671	1,315,743	1,493,814	1,263,254	1,563,994
<b>Total Revenue</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>71,425,627</b>	<b>73,846,428</b>	<b>83,462,126</b>	<b>78,832,581</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	20,772,430	29,841,914	28,560,379	29,577,110	29,950,326	30,050,854	30,521,033	31,392,439	32,184,067	33,592,718
Special Education Instruction	4,539,342	8,446,774	8,524,375	9,497,973	9,772,291	10,012,159	10,753,024	9,830,609	11,267,187	11,415,376
Other Instruction	2,564,720	1,908,397	1,868,355	1,823,941	1,966,605	1,740,029	1,955,835	1,755,669	1,833,353	2,273,611
School Sponsored Activities & Athletics	-	1,707,992	1,548,066	1,480,123	1,538,322	1,659,425	1,634,672	1,670,300	1,833,276	1,939,180
<b>Support Services:</b>										
Tuition	1,622,870									
Student & Inst. Related Services	4,484,227	4,188,446	4,626,186	5,188,632	5,500,124	5,530,213	5,546,577	5,556,735	6,443,973	6,592,198
Health Services		741,952	890,606	954,394	999,374	1,022,095	1,097,562	1,094,644	1,218,251	1,168,831
Educational Media / School Library		1,269,450	1,325,412	1,367,268	1,478,263	1,443,792	1,563,319	1,473,003	1,495,298	1,567,866
General and Business Adm. Svs.	2,183,982	1,334,967	1,449,268	1,358,012	1,412,713	1,738,829	1,479,077	1,644,015	1,498,264	1,995,618
School Administrative Services	2,546,012	3,637,987	3,822,430	3,821,668	4,091,957	4,944,508	5,116,671	5,131,602	4,271,680	3,880,112
Plant Operations And Maintenance	4,522,199	5,616,668	6,087,234	6,125,214	5,957,139	6,027,914	5,876,699	6,104,171	6,080,448	6,686,176
Pupil Transportation	711,080	818,129	871,795	969,126	807,521	834,232	730,431	701,411	780,334	782,285
Central Services		1,330,426	1,358,031	1,371,704	1,469,616	1,485,143	1,521,650	1,560,887	1,424,666	1,532,450
Employee Benefits	15,056,404									
Charter Schools	8,609									
<b>Debt Service</b>										
Principal		666,531	676,965	1,430,833	372,385					
Interest and Other Charges		56,542	52,905	64,027	20,399	16,998	35,021	35,021	35,021	35,021
Capital Outlay	8,908,447	10,956,378	1,740,873	6,998,062	7,874,556	6,937,979	2,574,781	4,247,996	15,143,426	5,051,776
<b>Total Expenditures</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>	<b>70,406,352</b>	<b>72,198,502</b>	<b>85,509,244</b>	<b>78,513,218</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(1,797,665)</b>	<b>(596,918)</b>	<b>4,932,517</b>	<b>1,598,734</b>	<b>1,261,469</b>	<b>(34,913)</b>	<b>1,019,275</b>	<b>1,647,926</b>	<b>(2,047,118)</b>	<b>319,363</b>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)	\$ 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)									
Capital Prior Year Revenues									\$ (20,677)	
Transfers In	200,000	300,000		333,010			\$ 4,204	\$ 3,733,380	599,657	90,507
Transfers Out	(200,000)	(300,000)		(333,010)			(4,204)	(3,733,380)	(599,657)	(90,507)
<b>Total Other Financing Sources (Uses)</b>	<u>422,378</u>	<u>450,000</u>	<u>553,276</u>	<u>473,406</u>	<u>-</u>	<u>(47,578)</u>	<u>-</u>	<u>-</u>	<u>(20,677)</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<u>\$ (1,375,287)</u>	<u>\$ (146,918)</u>	<u>\$ 5,485,793</u>	<u>\$ 2,072,140</u>	<u>\$ 1,261,469</u>	<u>\$ (82,491)</u>	<u>\$ 1,019,275</u>	<u>\$ 1,647,926</u>	<u>\$ (2,067,795)</u>	<u>\$ 319,363</u>
<b>Debt Service As A Percentage Of Noncapital Expenditures</b>	0.00%	1.17%	1.18%	2.30%	0.60%	0.03%	0.05%	0.05%	0.05%	0.05%

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)**

<b>Fiscal Year Ended June 30,</b>	<b><u>Tuition</u></b>	<b><u>Interest</u></b>	<b><u>Gate Receipts</u></b>	<b><u>Prior Year Refunds</u></b>	<b><u>Rentals</u></b>	<b><u>E-Rate</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
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
2013	309,373	48,072	17,827	\$ 57,424	39,863	60,452	135,203	668,214
2014	324,367	54,012	22,660	73,898	7,845	65,759	38,977	587,518
2015	679,483	47,059	12,499	-	34,928	66,134		840,103
2016	1,149,840	50,463	14,174	201,699	8,889	34,647	95,433	1,555,145

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	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2007	\$10,419,600	\$ 2,481,875,600	\$ 322,466,600	\$ 234,816,200	\$ 71,195,700	\$ 3,120,773,700	\$2,982,124	\$ 3,123,755,824	\$ 5,953,058,928	\$ 1.615
2008	12,135,200	2,513,876,375	312,300,700	238,271,000	63,700,200	3,140,283,475	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	3,142,607,600	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	3,122,634,500	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	3,117,381,400	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	3,105,392,000	3,379,495	3,108,771,495	6,857,036,524	2.045
2013	12,397,700	2,511,184,000	300,404,900	238,161,000	60,220,400	3,122,368,000	2,904,517	3,125,272,517	6,918,152,783	1.919
2014	11,933,500	2,520,174,500	294,329,000	236,570,200	60,534,000	3,123,541,200	2,560,736	3,126,101,936	6,767,823,074	1.939
2015	12,823,900	2,528,788,100	283,374,300	219,667,400	60,314,800	3,104,968,500	2,487,837	3,107,456,337	6,965,068,414	1.970
2016	11,306,200	2,548,081,600	282,815,800	202,970,900	64,694,800	3,109,869,300	2,545,696	3,112,414,996	6,967,242,421	2.004

Source: County Abstract of Ratables

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

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality *	County **	
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
2013	1.919	1.041	1.102	4.062
2014	1.939	1.034	1.135	4.108
2015	1.970	1.048	1.199	4.217
2016	2.004	1.050	1.247	4.301

Source: County Abstract of Ratables

\*- Includes the Municipal Library

\*\* - Includes County Open Space



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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Summit West Celgene LLC	\$ 151,686,300	4.85%		
Celgene Corporation	40,283,900	1.29%		
NREF 111 25 Deforest	14,300,200	0.46%		
Summit Clayton Assn.	10,400,000	0.33%		
1st Union National Bank	10,387,400	0.33%		
120 Summit Avenue	8,769,100	0.28%		
Canoe Brook County Club	7,250,000	0.23%		
41 Springfield Avenue LLC	7,000,000	0.22%		
PSI Summit Hospital	6,500,000	0.21%		
Claremont Corporate Center	5,676,800	0.18%		
The Summit Property Company			\$ 226,440,800	7.47%
Ticona LLC			23,135,200	.76%
First Union National Bank			19,000,000	.63%
Bouras Properties, LLC			13,880,600	.46%
Atlantic Health Systems			11,842,300	.39%
Bassett Associates			11,697,100	.39%
Medical Realty Assoc. LLC			10,358,900	.34%
LCOR/Summit SL LLC			9,000,000	.30%
Canoe Brook Country Club			8,040,500	.27%
The Maple Group L.L.C.			7,986,200	.26%
	\$ 262,253,700	8.4%	\$ 341,381,600	11.27%

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		Collections in Subsequent Years	Total Collections to Date
		Amount	Percentage of Levy		Amount
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
2013	59,401,147	59,401,147	100.00%		59,401,147
2014	60,517,972	60,517,972	100.00%		60,517,972
2015	60,674,206	60,674,206	100.00%		60,674,206
2016	61,764,695	61,764,695	100.00%		61,764,695

Source: District financial records

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Bond Anticipation Notes (BANs)	Capital Leases	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		
2013			NONE			NONE		
2014			NONE			NONE		
2015			NONE			NONE		
2016			NONE			NONE		

Source: District financial records

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

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

**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, 2015**  
**(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
City of Summit	\$ 47,018,282
City of Summit School District - Type I	<u>49,215,985</u>
	96,234,267
Overlapping debt Apportioned to the Municipality:	
Union County (2);(A):	
County of Union (A)	<u>59,873,624</u>
Total Direct and Overlapping Debt	<u>\$ 156,107,891</u>

(A) The debt for this entity was apportioned to the City of Summit by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Union County.

Sources:

- (1) City of Summit 2015 Annual Debt Statement
- (2) Union County 2015 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>
2006	20,681	\$ 1,008,053,983	\$ 48,743	2.5%
2007	20,522	1,040,116,526	50,683	2.3%
2008	20,522	1,059,858,690	51,645	3.0%
2009	20,696	1,020,002,360	49,285	5.3%
2010	21,501	1,072,835,397	49,897	5.4%
2011	21,637	1,131,550,189	52,297	5.4%
2012	21,894	1,174,350,372	53,638	5.4%
2013	22,037	1,198,416,134	54,382	5.7%
2014	22,071	1,211,455,119	54,889	4.5%
2015	22,074	1,264,972,644	57,306	3.7%

Source: New Jersey State Department of Education

N/A - Not Available

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

	2016		2007	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment
Employer				

NOT AVAILABLE



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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	304.32	284.29	290.19	300.32	300.95	290.63	294.87	297.73	298.19	303.94
Special education	109.07	107.68	119.88	124.11	125.06	124.63	110.88	132.51	135.46	142.67
School sponsored/other instructional	1.00	1.00	1.00	1.00	1.00	1.00	14.40	14.00	18.50	20.50
Support Services:										
Student & instruction related services	52.27	44.83	47.70	52.70	49.70	50.17	49.17	52.17	55.97	58.37
School administrative services	32.00	32.50	32.00	31.00	31.00	35.69	35.70	36.50	31.70	31.70
General administrative services	7.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Central services	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Administrative Information Technology	1.27	1.30	1.30	1.30	1.30	1.25	1.25	1.30	1.30	1.30
Plant operations and maintenance	43.01	43.50	44.83	48.83	48.03	48.38	48.88	49.83	48.98	51.98
Pupil transportation	1.16	1.16	0.90	0.90	0.70	1.40	2.40	3.40	3.25	2.75
Total	<u>562.10</u>	<u>534.26</u>	<u>555.80</u>	<u>577.16</u>	<u>574.74</u>	<u>570.15</u>	<u>574.55</u>	<u>604.44</u>	<u>610.35</u>	<u>630.21</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	3,732	\$ 59,011,874	\$ 15,812	16.48%	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	38.00%	95.48%
2010	3,887	63,535,165	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%
2013	4,074	67,796,550	16,641	1.17%	390	1:11	1:12	1:10	4,088.4	3,899.2	32.00%	95.37%
2014	4,178	67,915,485	16,256	-1.18%	402	1:11	1:11	1:11	4,118.7	3,935.8	94.00%	95.56%
2015	4,140	70,330,797	16,988	2.08%	416	1:10	1:11	1:10	4,062.1	3,886.6	-1.25%	95.68%
2016	4,168	73,426,421	17,617	8.37%	401	1:11	1:10	1:10	4,116.2	3,934.8	1.24%	95.74%

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 TEN FISCAL YEARS  
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Brayton Elementary (1911)										
Square Feet	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737
Capacity (students)	415	415	415	415	415	415	415	415	15	415
Enrollment <sup>a</sup>	457	465	407	398	389	379	361	375	372	360
Franklin Elementary (1927)										
Square Feet	44,118	44,118	44,118	48,280	48,280	48,280	48,280	48,280	48,280	57,675
Capacity (students)	349	349	349	349	349	349	349	349	349	512
Enrollment	410	409	376	378	377	375	381	382	360	349
Jefferson Elementary (1931)										
Square Feet	38,851	38,851	38,851	44,890	44,890	44,890	44,890	44,890	44,890	53,890
Capacity (students)	263	263	263	263	263	263	263	263	263	347
Enrollment	241	230	215	211	219	224	234	226	214	227
Jefferson Primary Center (2008)										
Square Feet			17,453	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Capacity (students)			137	137	137	137	137	137	137	137
Enrollment			130	160	156	153	164	155	144	138
Lincoln Elementary (1953)										
Square Feet	55,132	55,132	55,132	74,600	74,600	74,600	74,600	74,600	74,600	74,600
Capacity (students)	401	401	401	401	401	401	401	401	401	401
Enrollment	398	384	321	333	338	337	332	306	302	298
Washington Elementary (1922)										
Square Feet	48,093	48,093	48,093	53,340	53,340	53,340	53,340	53,340	53,340	53,340
Capacity (students)	373	373	373	373	373	373	373	373	373	373
Enrollment	356	408	325	323	324	316	317	339	341	349
Wilson Primary Center (2008)										
Square Feet			21,770	32,000	32,000	32,000	32,000	32,000	32,000	32,000
Capacity (students)			175	175	175	175	175	175	175	175
Enrollment			152	172	153	159	171	132	126	163
<b><u>Middle School</u></b>										
LCJ Summit Middle School (1922)										
Square Feet	143,029	143,029	143,029	149,720	149,720	149,720	149,720	149,720	149,720	149,720
Capacity (students)	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Enrollment	826	849	843	867	950	1,019	1,041	1,005	982	954
<b><u>High School</u></b>										
Summit High School (1962)										
Square Feet	190,097	190,097	190,097	206,690	206,690	206,690	206,690	206,690	206,690	206,690
Capacity (students)	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247
Enrollment	1,044	1,049	1,035	1,035	1,025	1,072	1,094	1,183	1,217	1,274

Number of Schools at June 30, 2016

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)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES**

	Project #(s)	Gross Building Area (SF)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>School Facilities</b>												
Summit High School	N/A	206,690	\$ 263,677	\$ 308,273	\$ 260,504	\$ 265,976	\$ 311,025	\$ 354,611	\$ 366,978	\$ 344,929	\$ 354,867	\$ 363,274
Lawton C. Johnson Middle School	5090-060-04-1000	149,720	188,759	193,309	192,636	192,117	201,740	217,807	251,168	253,700	254,294	267,386
	5090-060-05-1000											
Brayton Elementary School	N/A	48,670	80,474	80,474	74,882	60,421	73,261	96,634	81,514	86,972	73,235	92,573
Franklin Elementary School	N/A	48,280	63,781	63,698	57,714	71,714	72,678	91,492	89,706	78,484	84,431	96,467
Jefferson Elementary School	5090-090-03-1010	44,890	59,770	59,770	76,138	92,824	95,086	104,234	110,357	107,852	115,456	136,941
	5090-090-03-1004											
	5090-090-04-2000											
	5090-090-04-3000											
Lincoln-Hubbard Elementary School	5090-100-03-1008	74,600	93,140	98,423	74,632	93,633	99,835	112,896	125,167	114,575	106,813	121,422
Washington Elementary School	5090-120-04-1000	53,340	70,066	70,373	70,243	64,683	69,389	65,713	78,326	81,940	85,003	102,937
	5090-120-03-1028											
	5090-120-04-2000		-	-								
Wilson Primary Center	N/A		-	4,232	23,372	25,204	27,253	36,737	31,117	38,065	45,851	41,695
<b>Total School Facilities</b>			<u>819,667</u>	<u>878,552</u>	<u>830,121</u>	<u>866,572</u>	<u>950,267</u>	<u>1,080,124</u>	<u>1,134,333</u>	<u>1,106,517</u>	<u>1,119,950</u>	<u>1,222,696</u>
<b>Other Facilities</b>												
Stadium			4,244	4,244	4,414	4,591	4,775	4,966	5,165	5,372	5,586	5,809
Administration			11,758	11,758	10,553	10,232	10,394	10,258	10,517	10,560	10,580	11,518
<b>Total Other Facilities</b>			<u>16,002</u>	<u>16,002</u>	<u>14,967</u>	<u>14,823</u>	<u>15,169</u>	<u>15,224</u>	<u>15,682</u>	<u>15,931</u>	<u>16,166</u>	<u>17,327</u>
<b>Grand Total</b>			<u>\$ 835,669</u>	<u>\$ 894,554</u>	<u>\$ 845,088</u>	<u>\$ 881,395</u>	<u>\$ 965,436</u>	<u>\$ 1,095,348</u>	<u>\$ 1,150,015</u>	<u>\$ 1,122,448</u>	<u>\$ 1,136,116</u>	<u>\$ 1,240,023</u>

Source: School District's Financial Statements

**SUMMIT PUBLIC SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2016  
(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	151,283,127	5,000
Blanket Personal Property	9,876,967	5,000
Blanket EDP	2,094,241	5,000
Blanket Miscellaneous Property	978,850	5,000
Mobile Equipment	93,872	5,000
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	
Margaret Gerba, Treasurer of School Monies	375,000	

Source: District records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, 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**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Summit Public Schools' basic financial statements and have issued our report thereon dated October 20, 2016.

**Internal Control Over Financial Reporting**

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

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

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

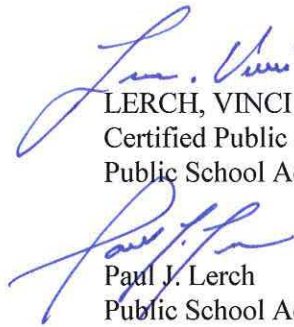
### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Summit Public Schools' financial statements are free from 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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Summit Public Schools in a separate report entitled "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 20, 2016.

### **Purpose of this Report**

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

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
October 20, 2016





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
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ELIZABETH A. SHICK, CPA, RMA, PSA  
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RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA  
ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY  
THE U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal and State Program**

We have audited the Summit Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Summit Public Schools' major federal and state programs for the fiscal year ended June 30, 2016. The Summit Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

### ***Opinion on Each Major Federal and State Program***

In our opinion, the Summit Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

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

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


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

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

**Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools, a component unit of the City of Summit as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 20, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are 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 information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
October 20, 2016

SUMMIT PUBLIC SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2016			Memo Only GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>															
<b>General Fund</b>															
Medicaid Assistance Program (SEMI)	93.778	1605NJ5MAP	N/A	7/1/15-6/30/16	\$ 48,245			\$ 30,483	\$ 48,245			\$ (17,762)			\$ (17,762)
Medicaid Assistance Program (SEMI)	93.778		N/A	7/1/14-6/30/15	40,794	\$ (8,716)	-	8,716	-	-	-	-	-	-	-
<i>Total U.S. Department of Education/Total General Fund</i>						(8,716)	-	39,199	48,245	-	-	(17,762)	-	-	(17,762)
<b>U.S. Department of Agriculture</b>															
<b>Passed-through State Department of Education</b>															
Food Distribution Program - Non Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	66,522			66,522	63,784				\$ 2,738		
Food Distribution Program - Non Cash Assistance	10.555		N/A	7/1/14-6/30/15	51,437	1,247			1,247						
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	302,198			280,083	302,198			(22,115)			(22,115)
National School Lunch Program	10.555		N/A	7/1/14-6/30/15	269,804	(24,895)		24,895							-
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	21,911			20,106	21,911			(1,805)			(1,805)
School Breakfast Program	10.553		N/A	7/1/14-6/30/15	21,342	(2,142)	-	2,142	-	-	-	-	-	-	-
<i>Total U.S. Department of Agriculture- Cluster/Total Food Service Fund</i>						(25,790)	-	393,748	389,140	-	-	(23,920)	2,738	-	(23,920)
<b>Special Revenue Fund</b>															
<b>I.A.S.A. Consolidated Grant/NCLB</b>															
Title I	84.010A	S010A150030	NCLB219016	7/1/15-6/30/16	334,834		49,126	242,200	330,409			(92,634)	53,551		(92,634)
Title I, Carryover	84.010A		NCLB219015	07/1/14-6/30/15	327,519	47,181	\$ (49,126)					(1,945)			(1,945)
Title I, Carryover	84.010A		NCLB219014	9/1/13-8/31/14	296,225	(20,405)		20,405							-
Title IIA	84.367A	S367A150029	NCLB219016	07/1/15-6/30/16	51,449		1,442	36,318	52,553			(15,131)	338		(15,131)
Title IIA, Carryover	84.367A		NCLB219015	07/1/14-6/30/15	53,288	(25,127)	(1,442)	26,569				-			-
Title IIA, Carryover	84.367A		NCLB219014	09/1/13-8/31/14	50,792	(4,923)		4,923							-
Title III	84.365A	S365A50030	NCLB219016	07/1/15-6/30/16	45,953		25,591	39,712	55,507			(6,241)	16,037		(6,241)
Title III, Carryover	84.365A		NCLB219015	07/1/14-6/30/15	42,213	(5,226)	(25,591)	25,215				(5,602)			(5,602)
Title III, Carryover	84.365A		NCLB219014	09/1/13-8/31/14	35,537	(3,279)		3,279							-
Title III, Immigrant	84.365A	S365A50030	NCLB219016	09/1/15-8/31/16	33,402			17,636	20,119			(15,766)	13,283		(15,766)
<b>I.D.E.A. Part B</b>															
Basic Regular	84.027	H027A150100	IDEA219016	7/1/2015-6/30/16	996,766		251,355	577,020	1,025,312			(419,746)	222,809		(419,746)
Basic Regular, Carryover	84.027		IDEA219015	7/1/2014-6/30/15	953,226	(307,059)	(251,355)	532,399				(26,015)			(26,015)
Basic Regular, Carryover	84.027		IDEA219014	9/1/2013-8/31/14	899,213	(76,004)		76,004							-
Basic Regular, Carryover	84.027		IDEA219012	9/1/12-8/31/13	948,580	(43,593)		43,593							-
Preschool	84.173	H173A150114	IDEA219016	7/1/2015-6/30/16	31,849			31,849	31,849						
Preschool	84.173		IDEA219015	7/1/2014-6/30/15	30,524	(30,524)	-	30,524	-	-	-	-	-	-	-
<i>I.D.E.A. Cluster</i>									1,057,161						
<i>Total U.S. Department of Education/Total Special Revenue Fund</i>						(468,959)	-	1,707,646	1,515,749	-	-	(583,080)	306,018	-	(583,080)
<b>Total Federal Awards Subject to Single Audit</b>						\$ (503,465)	\$ -	\$ 2,140,593	\$ 1,953,134	\$ -	\$ -	\$ (624,762)	\$ 308,756	\$ -	\$ (624,762)

FAIN Numbers are only applicable for current year grant awards.

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, Jul 1, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2016			Memo Only		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
<b>General Fund</b>															
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 1,420,941			\$ 1,291,885	\$ 1,420,941								\$ 1,420,941
Special Education Aid	15-495-034-5120-089	7/1/13-6/30/14	1,420,941	\$ (130,978)		130,978									
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	75,284			67,951	75,284								75,284
Security Aid	15-495-034-5120-084	7/1/13-6/30/14	75,284	(5,954)		5,954									
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	40,670			37,004	40,670								40,670
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	40,670	(4,465)		4,465									
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	40,670			37,004	40,670								40,670
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	40,670	(4,465)		4,465									
<i>State Aid Public- Cluster</i>							<u>1,577,565</u>								
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	29,508			26,574	29,508								29,508
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	29,508	(2,977)		2,977									
Extraordinary Special Education Cost A	16-495-034-5120-044	7/1/15-6/30/16	200,211				200,211								200,211
Extraordinary Special Education Cost A	15-495-034-5120-044	7/1/14-6/30/15	247,027	(247,027)		247,027									
<b>On-Behalf TPAF Pension System Contr.</b>															
Pension Cost	16-495-034-5094-002	7/1/15-6/30/16	2,390,186			2,390,186	2,390,186								2,390,186
Non-contributory Insurance	16-495-034-5094-004	7/1/15-6/30/16	119,064			119,064	119,064								119,064
Post Retirement Medical Contribution	16-495-034-5094-001	7/1/15-6/30/16	2,987,824			2,987,824	2,987,824								2,987,824
T.P.A.F. - Social Security	16-495-034-5094-003	7/1/15-6/30/16	2,415,032			2,297,797	2,415,032							\$ (117,235)	2,415,032
T.P.A.F. - Social Security	15-495-034-5094-003	7/1/14-6/30/15	2,278,501	(225,305)		225,305									
<b>Total General Fund</b>				(621,171)		9,876,460	9,719,390				(464,101)			(117,235)	9,719,390
<b>Special Revenue Fund</b>															
<b>New Jersey Nonpublic Aid:</b>															
Security Aid	16-100-034-5120-509	7/1/15-6/30/16	39,650			39,650	22,405						\$ 17,245		22,405
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	56,245			56,245	25,229						31,016		25,229
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	50,901	709				\$ 709							
Technology	16-100-034-5120-373	7/1/15-6/30/16	41,210			41,210	26,518						14,692		26,518
Technology	15-100-034-5120-373	7/1/14-6/30/15	30,840	991				991							
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	88,650			88,650	50,455						38,195		50,455
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	71,643	462				462							
<b>Auxiliary Services:</b>															
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	6,514			6,514	5,245						1,269		5,245
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	5,375	2,636				2,636							
Transportation	16-100-034-5120-067	7/1/15-6/30/16	4,088			4,088	4,088								4,088
Transportation	15-100-034-5120-067	7/1/14-6/30/15	3,363	336				336							
Home Instruction	N/A	7/1/14-6/30/15	3,479				3,479							(3,479)	3,479
Home Instruction	N/A	7/1/13-6/30/14	623	(623)		623									
<i>Auxiliary Services- Cluster</i>							<u>12,812</u>								
<b>Handicapped Services:</b>															
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	65,092			65,092	44,308						20,784		44,308
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	51,146	4,148				4,148							
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	23,410			23,410	10,200						13,210		10,200
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	17,758	3,799				3,799							
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	34,901			34,901	23,021						11,880		23,021
Supplemental Instruction	15-100-034-5120-066	7/1/15-6/30/16	35,311	17,966				17,966							
<i>Handicapped Services- Cluster</i>							<u>77,529</u>								
<b>Total Special Revenue Fund</b>				\$ 30,424		360,383	214,948		31,047		(3,479)		148,291	(3,479)	214,948

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SUMMIT PUBLIC SCHOOLS  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2016			Memo Only	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	\$ 12,321			\$ 11,422	\$ 12,321			\$ (899)			\$ (899)	\$ 12,321
National School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	11,768	\$ (1,037)	-	1,037	-	-	-	-	-	-	-	-
<b>Total Enterprise Fund</b>				<b>(1,037)</b>	<b>-</b>	<b>12,459</b>	<b>12,321</b>	<b>-</b>	<b>-</b>	<b>(899)</b>	<b>-</b>	<b>-</b>	<b>(899)</b>	<b>12,321</b>
State of New Jersey- School Development Authority														
Capital Projects Fund														
School Improvements Ord #14-3045	Various	N/A	1,689,615	(1,689,615)	-	-	-	-	-	(1,689,615)	-	-	(1,689,615)	-
Roof Replacements/Security Upgrades	Various	N/A	905,252	(905,252)	-	-	-	-	-	(905,252)	-	-	(905,252)	-
<b>Total Capital Projects Fund</b>				<b>(2,594,867)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,594,867)</b>	<b>-</b>	<b>-</b>	<b>(2,594,867)</b>	<b>-</b>
<b>Total State Financial Assistance Subject to Single Audit</b>				<b>(3,186,651)</b>	<b>-</b>	<b>10,249,302</b>	<b>9,946,659</b>	<b>-</b>	<b>31,047</b>	<b>(3,063,346)</b>	<b>-</b>	<b>\$ 148,291</b>	<b>(2,716,480)</b>	<b>9,946,659</b>
Less On-Behalf TPAF Pension and Annuity Aid														
On -Behalf TPAF Pension System Contr.														
Pension Cost							2,390,186							
Non-contributory Insurance							119,064							
Post Retirement Medical Contribution							2,987,824							
							5,497,074							
<b>Total State Financial Assistance Subject to Major Program Determination</b>							<b>\$ 4,449,585</b>							

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**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 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 prepared and 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 basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, “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 financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$49,000 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 financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 48,245	\$ 9,768,390	\$ 9,816,635
Special Revenue Fund	1,515,749	214,948	1,730,697
Food Service Fund	<u>389,140</u>	<u>12,321</u>	<u>401,461</u>
Total Financial Assistance	<u>\$ 1,953,134</u>	<u>\$ 9,995,659</u>	<u>\$ 11,948,793</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**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 Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,415,032 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$2,509,250 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,987,824 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

**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. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the basic financial statements noted? \_\_\_\_\_ yes       X  no

**Federal Awards Section**

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of U.S. Uniform Guidance \_\_\_\_\_ yes       X  none

Identification of major programs:

<u>CFDA Numbers</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA Part B Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Preschool</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

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, 2016**

*Section II – 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, 2016**

*Section III – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies audit findings required to be reported by CFR 200 and Section 516 of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for federal awards and NJ OMB Circular Letter 15-08.

**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, 2016**

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*, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.