

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, 2019



COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

City of Summit

Summit Public Schools

Summit, New Jersey

For The Fiscal Year Ended June 30, 2019

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

November 5, 2019

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 - 2019***

Dear Board Members:

The comprehensive annual financial report of the City of Summit Board of Education for the fiscal year ended June 30, 2019 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 U.S. Uniform Guidance, "Audits of State and Local Governments", 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 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 2018-2019 fiscal year with an enrollment of 4,033 students, representing an increase of 1.0% or 40 more 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 21 Out of District Placements, down 10 from last year. Programs remain in force to continue in-district experiences for special needs students and we are working to return students with special needs to their home district with expanded programs designed to meet their needs in the least restrictive environment (LRI). 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 average daily enrollment of the District over the last ten years.

| Fiscal Year | Average Daily Enrollment | Present Change |
|--------------------|---------------------------------|-----------------------|
| 2018/19 | 3,943.0 | -0.05% |
| 2017/18 | 3,945.1 | -3.51% |
| 2016/17 | 4,088.6 | -0.93% |
| 2015/16 | 4,116.2 | 1.24% |
| 2014/15 | 4,062.1 | -1.25% |
| 2013/14 | 4,118.7 | 0.74% |
| 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% |

(2) ECONOMIC CONDITION AND OUTLOOK: Summit, a Union County treasure, has over 22,000 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. 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 remains 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 2019, 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.

(2) ECONOMIC CONDITION AND OUTLOOK: (Continued)

- ✚ The percent of students pursuing further education (94.3%).
- ✚ Two hundred eighty-three students are attending four-year institutions and twenty-nine are attending two-year institutions.
- ✚ The performance on SAT testing remained significantly above state and national levels.

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 Grants¹ 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.

¹ 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 the Every Student Succeeds Act (ESSA) formerly [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, 2019.

(6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds are explained in "Notes to the Basic Financial Statements".

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

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

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

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

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

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

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

After a thorough review it was determined that our current pricing was very competitive and the coverage's provided by Diploma Joint Insurance Fund and B. McCloskey 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 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.

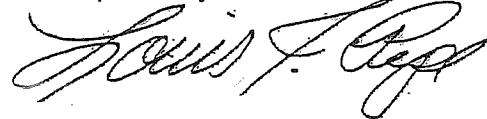
(11) AWARDS AND ACKNOWLEDGMENTS:

The Association of School Business Officials (ASBO) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Summit Public Schools for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the eighth straight year that the district has received this prestigious award. In order to be awarded a 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.

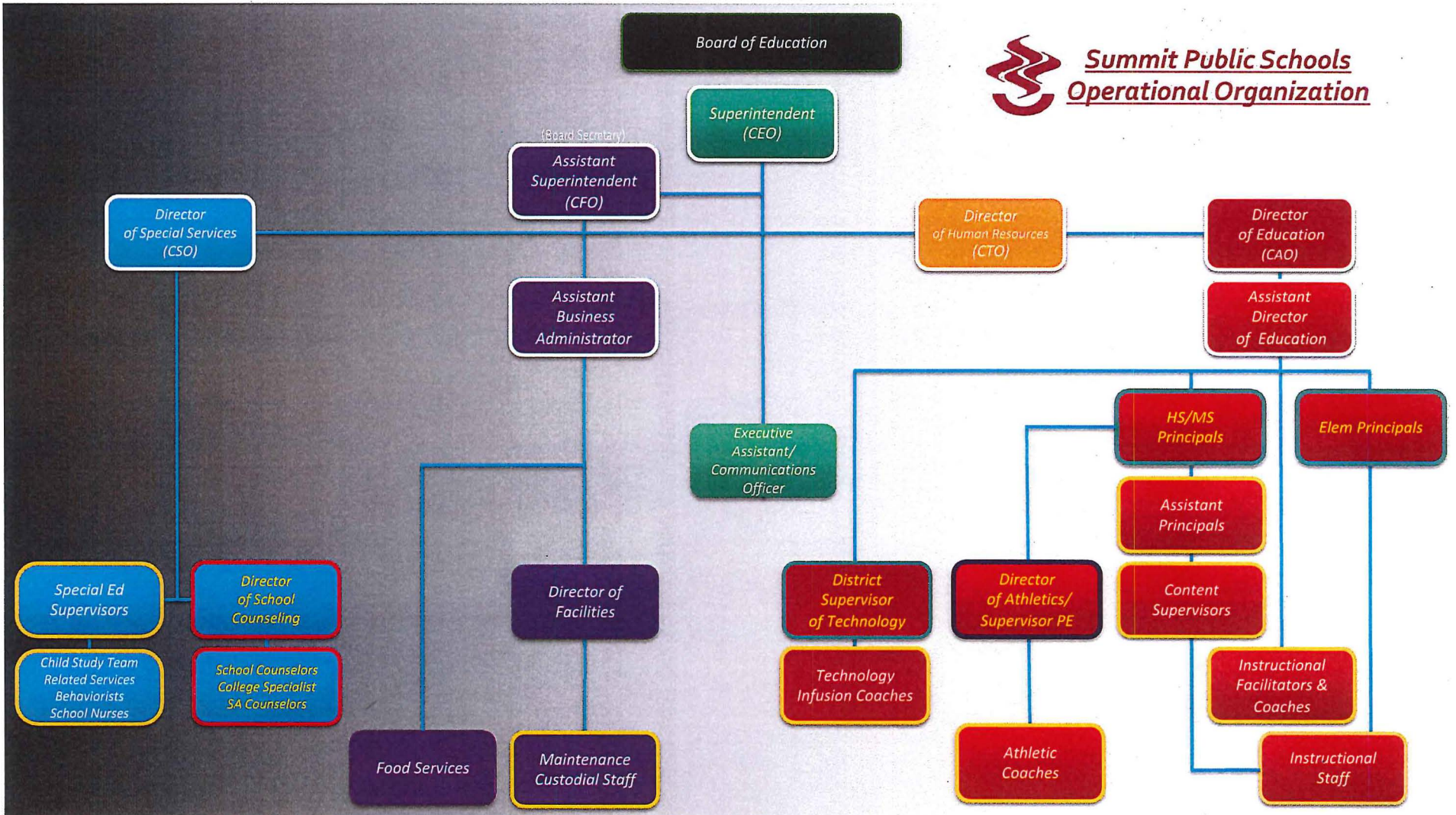
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Louis J. Pepe". The signature is written in a cursive style with a large, stylized initial "L".

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



Summit Public Schools Operational Organization





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

**ROSTER OF OFFICIALS
JUNE 30, 2019**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Ms. Vanessa Primack, President | 2022 |
| Ms. Donna Miller, Vice President | 2020 |
| Mr. Christopher Bonner | 2022 |
| Ms. Debra McCann | 2020 |
| Ms. Peggy Wong | 2021 |
| Mr. Michael Colón | 2021 |
| Mr. Josh Weinreich | 2021 |

OTHER OFFICIALS

Mr. June Chang, Superintendent of Schools
Mr. Louis J. Pepe, RSBA, Assistant Superintendent/Board Secretary
Kathy L. Sarno, CPA, Assistant Business Administrator
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, 2019

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
is presented to**

City of Summit Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2018.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, appearing to read 'Tom Wohlleber'.

Tom Wohlleber, CSRM
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

David J. Lewis
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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees or Board
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 City of Summit Public Schools, a component unit of the City of Summit as of and for the fiscal year ended June 30, 2019 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 City of Summit Public Schools as of June 30, 2019, 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, pension information and other postemployment benefits 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 City of 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 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 City of 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.

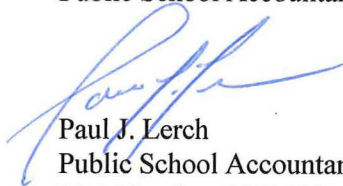
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2019 on our consideration of the City of Summit Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Summit Public Schools' 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 City of 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
November 5, 2019

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, 2019

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, 2019. 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 2019 are as follows:

- District-Wide - General revenues for governmental activities accounted for \$64,482,777 or 71 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$25,178,935 or 28 percent of all total revenues. Charges for services accounted for \$921,335 or 1 percent of total revenues \$90,583,047.
- District-Wide - The governmental activities had \$91,321,947 in expenses; only \$26,100,270 of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$64,482,777 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$79,758,086 in revenues and \$79,042,369 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$6,523,160, an increase of \$202,524 from 2018.
- Fund Financials - At the end of June 30, 2019, the District's unassigned fund balance for the General Fund was \$924,530 a decrease from 2018 of \$34,664.

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

| | District-Wide Statements | Governmental Funds | Proprietary Funds |
|--|---|---|--|
| Scope | Entire district (except fiduciary funds) | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance and food service | Activities the district operates similar to private businesses |
| Required financial statements | 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 |
| Accounting Basis and Measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of asset, deferred outflows/inflows of resources and liability information | 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 |
| Type of inflow/outflow information | 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 2019 and 2018.

Net Position. The District's combined Net Position for 2019 and 2018 were \$60,242,823 and \$60,895,053, 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.

Table A-1
Statement of Net Position
As of June 30, 2019 and 2018

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|----------------------|---------------------------------|-------------------|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Assets | | | | | | |
| Current and Other Assets | \$ 10,308,887 | \$ 8,941,052 | \$ 422,983 | \$ 392,084 | \$ 10,731,870 | \$ 9,333,136 |
| Capital Assets | <u>77,674,925</u> | <u>77,215,235</u> | <u>420,873</u> | <u>425,106</u> | <u>78,095,798</u> | <u>77,640,341</u> |
| Total Assets | <u>87,983,812</u> | <u>86,156,287</u> | <u>843,856</u> | <u>817,190</u> | <u>88,827,668</u> | <u>86,973,477</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Amounts on Net Pension Liability | <u>5,534,910</u> | <u>7,337,760</u> | - | - | <u>5,534,910</u> | <u>7,337,760</u> |
| Total Assets and Deferred Outflows of Resources | <u>93,518,722</u> | <u>93,494,047</u> | <u>843,856</u> | <u>817,190</u> | <u>94,362,578</u> | <u>94,311,237</u> |
| Liabilities | | | | | | |
| Current Liabilities | 2,967,691 | 1,698,226 | 241,185 | 300,677 | 3,208,876 | 1,998,903 |
| Non-Current Liabilities | <u>23,675,703</u> | <u>26,389,665</u> | - | - | <u>23,675,703</u> | <u>26,389,665</u> |
| Total Liabilities | <u>26,643,394</u> | <u>28,087,891</u> | <u>241,185</u> | <u>300,677</u> | <u>26,884,579</u> | <u>28,388,568</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Amounts on Net Pension Liability | 7,234,097 | 5,026,025 | | | 7,234,097 | 5,026,025 |
| Deferred Commodities Revenue | - | - | 1,079 | 1,591 | 1,079 | 1,591 |
| Total Deferred Inflows of Resources | <u>7,234,097</u> | <u>5,026,025</u> | <u>1,079</u> | <u>1,591</u> | <u>7,235,176</u> | <u>5,027,616</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>33,877,491</u> | <u>33,113,916</u> | <u>242,264</u> | <u>302,268</u> | <u>34,119,755</u> | <u>33,416,184</u> |
| Net Position: | | | | | | |
| Net Investment in capital assets | 77,075,628 | 77,215,235 | 420,873 | 425,106 | 77,496,501 | 77,640,341 |
| Restricted | 1,703,192 | 3,344,272 | | | 1,703,192 | 3,344,272 |
| Unrestricted | <u>(19,137,589)</u> | <u>(20,179,376)</u> | <u>180,719</u> | <u>89,816</u> | <u>(18,956,870)</u> | <u>(20,089,560)</u> |
| Total Net Position | <u>\$ 59,641,231</u> | <u>\$ 60,380,131</u> | <u>\$ 601,592</u> | <u>\$ 514,922</u> | <u>\$ 60,242,823</u> | <u>\$ 60,895,053</u> |

Governmental activities. Governmental activities decreased the District's Net Position by \$738,900. Key elements of this increase are as follows:

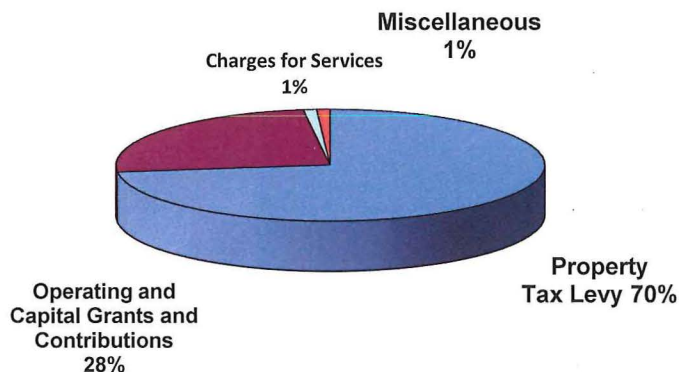
Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|----------------------|---------------------------------|-------------------|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 921,335 | \$ 1,039,603 | \$ 1,715,097 | \$ 1,662,653 | \$ 2,636,432 | \$ 2,702,256 |
| Operating Grants and Contributions | 24,935,243 | 30,004,578 | 381,724 | 408,049 | 25,316,967 | 30,412,627 |
| Capital Grants and Contributions | 243,692 | 243,560 | | - | 243,692 | 243,560 |
| General Revenues and Other Items | | | | | | |
| Property Taxes | 64,005,589 | 63,153,994 | | | 64,005,589 | 63,153,994 |
| Other General Revenues | 477,188 | 466,026 | - | - | 477,188 | 466,026 |
| Total Revenues | <u>90,583,047</u> | <u>94,907,761</u> | <u>2,096,821</u> | <u>2,070,702</u> | <u>92,679,868</u> | <u>96,978,463</u> |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Regular | 41,980,159 | 45,659,443 | | | 41,980,159 | 45,659,443 |
| Special Education | 14,915,451 | 15,323,007 | | | 14,915,451 | 15,323,007 |
| Other Instruction | 2,880,632 | 2,958,374 | | | 2,880,632 | 2,958,374 |
| School Sponsored Activities and Athletics | 2,401,431 | 2,720,396 | | | 2,401,431 | 2,720,396 |
| Support Services | | | | | | |
| Student and Instruction Related Serv. | 8,557,631 | 9,073,412 | | | 8,557,631 | 9,073,412 |
| Health Services | 1,681,456 | 1,658,341 | | | 1,681,456 | 1,658,341 |
| Educational Media/School Library | 1,861,673 | 1,950,316 | | | 1,861,673 | 1,950,316 |
| General Administrative Services | 1,875,953 | 2,009,478 | | | 1,875,953 | 2,009,478 |
| School Administrative Services | 5,139,602 | 5,810,362 | | | 5,139,602 | 5,810,362 |
| Plant Operations and Maintenance | 7,190,553 | 7,227,873 | | | 7,190,553 | 7,227,873 |
| Pupil Transportation | 1,054,288 | 958,686 | | | 1,054,288 | 958,686 |
| Central Services | 1,734,615 | 1,664,986 | | | 1,734,615 | 1,664,986 |
| Interest and Other Charges | 48,503 | 35,021 | | | 48,503 | 35,021 |
| Food Service | - | - | 1,757,794 | 1,785,850 | 1,757,794 | 1,785,850 |
| Summer Flash Program | - | - | 252,357 | 229,284 | 252,357 | 229,284 |
| Total Expenses | <u>91,321,947</u> | <u>97,049,695</u> | <u>2,010,151</u> | <u>2,015,134</u> | <u>93,332,098</u> | <u>99,064,829</u> |
| Transfers | - | 605,000 | - | (605,000) | - | - |
| Increase/(Decrease) in Net Position | (738,900) | (1,536,934) | 86,670 | (549,432) | (652,230) | (2,086,366) |
| Net Position, Beginning of Year | 60,380,131 | 61,917,065 | 514,922 | 1,064,354 | 60,895,053 | 62,981,419 |
| Net Position - End of Year | <u>\$ 59,641,231</u> | <u>\$ 60,380,131</u> | <u>\$ 601,592</u> | <u>\$ 514,922</u> | <u>\$ 60,242,823</u> | <u>\$ 60,895,053</u> |

Table A-2 shows the changes in Net Position for fiscal years ended June 30, 2019 and 2018.

Governmental activities. The District's total governmental revenues were \$90,583,047. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$64,482,777 or 71% of total revenues. Funding from state and federal sources amounted to \$24,935,243 or 28%. Capital grants and contributions amounted to \$243,692. Charges for services amounted to \$921,335 or 1 percent.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2019



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$62,177,673 (68%), student support services totaled \$29,095,771 (32%) and interest and other charges total \$48,503.

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2019

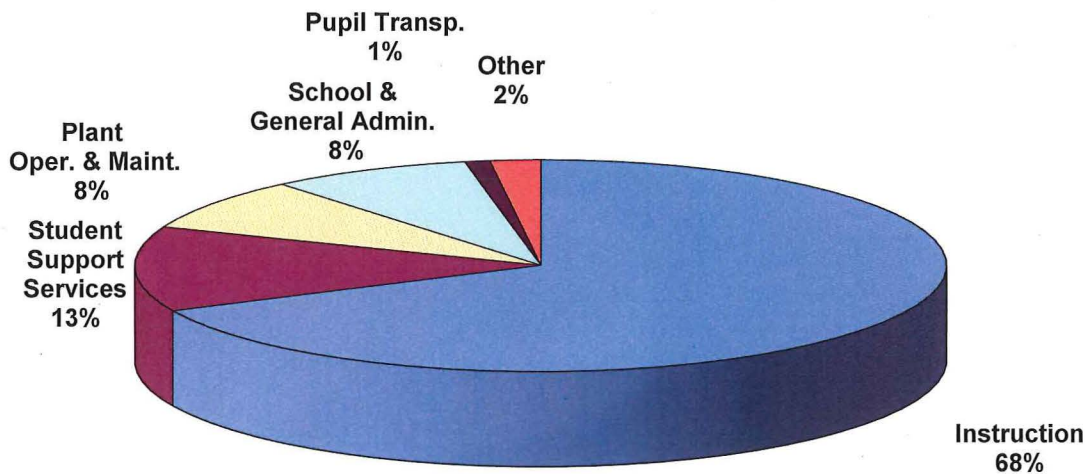


Table A-5 shows the net cost of governmental activities for fiscal years ended June 30, 2019 and 2018.

Table A-5
Total and Net Cost of Services for Governmental Activities
For the Fiscal Years Ended June 30, 2019 and 2018

| <u>Functions/Programs</u> | <u>Total</u> <u>Cost of Services</u> | | <u>Total</u> <u>Net Cost of Services</u> | |
|---|---|----------------------|---|----------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Governmental Activities | | | | |
| Instruction | | | | |
| Regular | 41,980,159 | \$ 45,659,443 | \$ 29,660,679 | \$ 30,319,952 |
| Special Education | 14,915,451 | 15,323,007 | 8,845,707 | 8,648,631 |
| Other Instruction | 2,880,632 | 2,958,374 | 1,820,759 | 1,757,611 |
| School Sponsored Activities and Athletics | 2,401,431 | 2,720,396 | 1,794,334 | 1,935,330 |
| Support Services | | | | |
| Student and Instruction Related Svcs. | 8,557,631 | 9,073,412 | 5,897,225 | 5,740,005 |
| Health Services | 1,681,456 | 1,658,341 | 1,282,057 | 1,182,868 |
| Educational Media/School Library | 1,861,673 | 1,950,316 | 1,439,577 | 1,422,887 |
| General Administrative Services | 1,875,953 | 2,009,478 | 1,519,698 | 1,605,931 |
| School Administrative Services | 5,139,602 | 5,810,362 | 3,756,423 | 3,958,181 |
| Plant Operations and Maintenance | 7,190,553 | 7,227,873 | 6,622,969 | 6,679,093 |
| Pupil Transportation | 1,054,288 | 958,686 | 865,254 | 920,599 |
| Central Services | 1,734,615 | 1,664,986 | 1,668,492 | 1,555,845 |
| Interest and Other Charges | 48,503 | 35,021 | 48,503 | 35,021 |
| | | | | |
| Total Governmental Activities | <u>\$ 91,321,947</u> | <u>\$ 97,049,695</u> | <u>\$ 65,221,677</u> | <u>\$ 65,761,954</u> |

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2019 was \$2,010,151. 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 \$86,670.

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 \$7,341,196. In 2017-2018 the fund balance was \$7,242,821 an increase of \$98,370.

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 \$82,057,527 and expenditures were \$82,618,250.

General Fund

The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2019 and 2018.

Revenues

| | <u>Fiscal</u> <u>Years Ended</u> | | <u>Amount of</u> <u>Increase</u> <u>(Decrease)</u> | <u>Percent</u> <u>Change</u> |
|-----------------|-------------------------------------|----------------------|--|---------------------------------|
| | <u>2019</u> | <u>2018</u> | | |
| Local Sources | \$ 65,393,597 | \$ 64,836,720 | \$ 556,877 | 0.86% |
| State Sources | 14,293,096 | 12,503,202 | 1,789,894 | 14.32% |
| Federal Sources | <u>71,393</u> | <u>32,517</u> | <u>38,876</u> | 119.56% |
| Total Revenues | <u>\$ 79,758,086</u> | <u>\$ 77,372,439</u> | <u>\$ 2,385,647</u> | 3.08% |

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2019 and 2018.

Expenditures

| | <u>Fiscal</u> <u>Years Ended</u> | | <u>Amount of</u> <u>Increase</u> <u>(Decrease)</u> | <u>Percent</u> <u>Change</u> |
|----------------------------|-------------------------------------|----------------------|--|---------------------------------|
| | <u>2019</u> | <u>2018</u> | | |
| Current | | | | |
| Instruction | \$ 52,204,810 | \$ 51,336,677 | \$ 868,133 | 1.69% |
| Undistributed Expenditures | 25,279,116 | 24,572,671 | 706,445 | 2.87% |
| Capital Outlay | 1,450,144 | 1,632,200 | (182,056) | -11.15% |
| Debt Service | | | | |
| Principal | 59,796 | | | |
| Interest and Other Charges | <u>48,503</u> | <u>35,021</u> | <u>13,482</u> | 38.50% |
| Total Expenditures | <u>\$ 79,042,369</u> | <u>\$ 77,576,569</u> | <u>\$ 1,406,004</u> | 1.81% |

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"¹ 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 2018-19 budget received July 17, 2018 was \$2,315,064 or 89.4% of the FY2011 mark. With the July 17, 2018 adjustment notice, the district realized an additional \$306,280 of state aid for the fiscal 2019 school year. As the increase in state aid was after the budget approval and tax levy assessment, the district designated the additional amount as 'legal reserve' for tax levy reduction in the 2019-2020 annual budget. State aid for FY2020 was finalized at \$2,567,656.

As in the past, 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 2018-19 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 2017 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:*

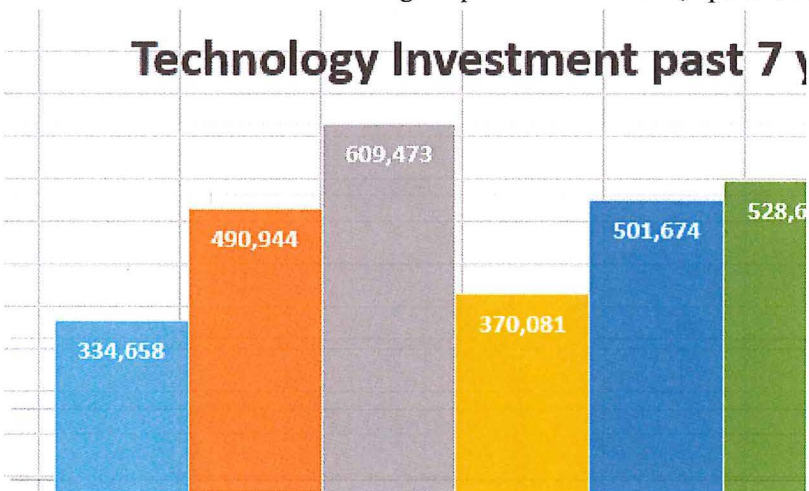
¹ The DOE uses DFG data to analyze the relationship between student achievement and the socioeconomic status of the communities in which they reside.

- *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 refocused our efforts to the Summit High School and Brayton ES and Washington 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 \$491,019. 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 for the past eight years. During development of the FY2020 budget it was recommended and approved to return to leasing based on low interest rates and expanded program opportunities such as Full Day Kindergarten.



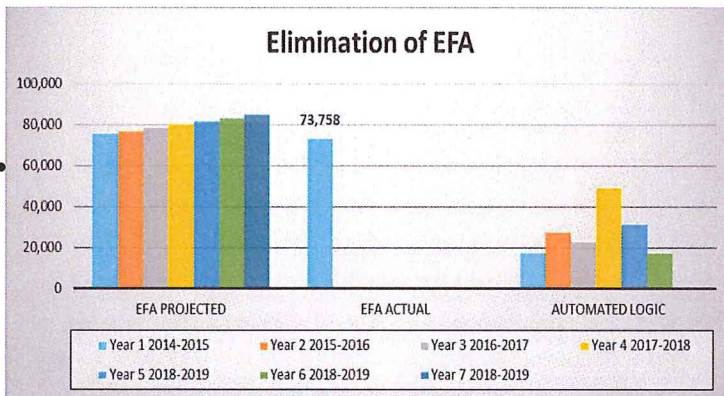
- Planned purchasing has been at the heart of all multi-year budget forecasts in every discipline to include technology. These initiatives have allowed the district to progress as follows in this area:
 - Chromebook Transition at all ES
 - Replace more devices with Chromebooks **2-to-1 with a cost-savings 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 2016-2017 school year, we continued the next leg of our building automation and control systems controls replacements at the Summit High School thus completing our goal of making 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 –

- Gym Lighting Retrofit (LED)** - \$60,000 (Pay back analysis 4-5 years) w/ annual savings of \$12,000

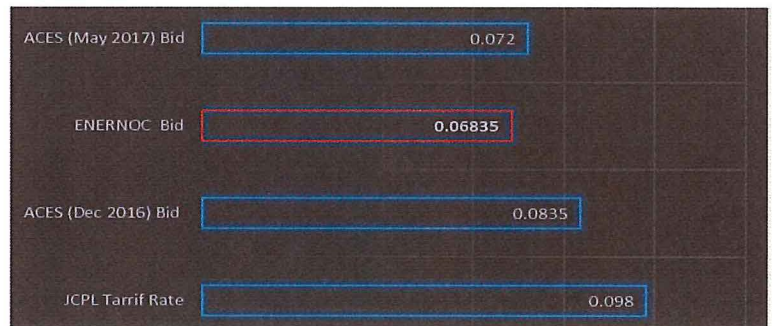
Other Major Initiatives in Energy Management – Changing the way we procure electric –

- Enernoc Electric Bid 2016** – In December of 2016 the Business Office embarked on a change in the way we procure electricity by breaking away from the

Alliance for Competitive Energy Savings (ACES), a New Jersey cooperative sponsored by the NJASBO (Association of Business Administrators), NJASA (Association of School Administrators) and NJSBA (School Boards Association) serving more than 400 districts. Realizing favorable conditions in the Energy Markets, the Board of Education approved the plan to go forward with a Multi-National company committed to providing utilities through a technology platform 'reverse auction' providing demand response and wholesale procurement solutions.

The results yielded a considerable reduction in the per kWh charge of .083 cents [ACES] to less than 7 cents or .0683 cents. Even after the ACES rebid in May of 2017, the Summit Public Schools proprietary bid through ENERNOC remains below the ACES per kWh.

<https://www.enernoc.com/about>



- 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 vehicles² over four years and acquisition of fifteen vehicles during the same five year period.*

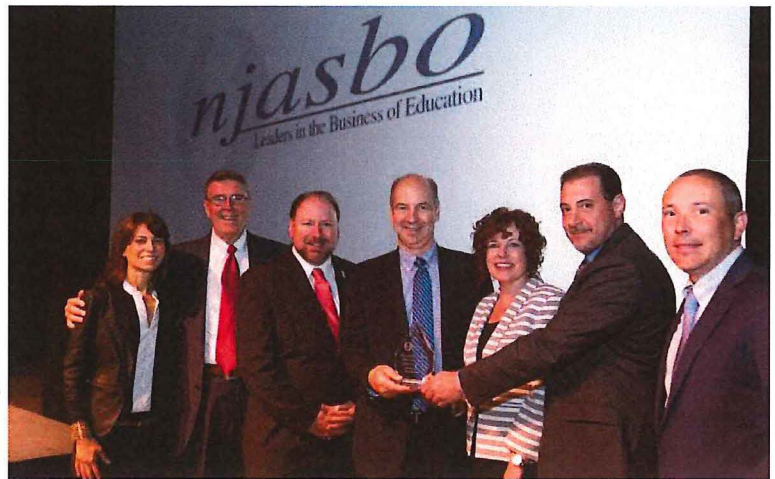
In 2018 we purchased two vehicles in line with our replacement schedule through end of year (EOY) purchasing as follows:

| | | | | | |
|-----------------------|-------------|-----------|-------------|---|----------|
| 2019 Ford 150 Truck | #65MCESCCPS | ESC of NJ | Beyer Fleet | 1 | \$28,656 |
| 2019 Ford Transit Van | #65MCESCCPS | ESC of NJ | Beyer Fleet | 1 | \$31,629 |

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.

Tax Shelter Annuity Plan Administration: 403(b), 457 and 403(b) ROTH – The district engaged the services of OMNI, the Nation’s Largest 403(b) and 457 Independent Plan Administrator at no cost to the district or impact on the employee(s) who elect to make contributions to a particular plan. This move insures compliance with all IRS rules and regulations (IRC 403(b) Tax-Sheltered Annuity Plans - Overview of the 403(b) Final Regulations). This initiative not only strengthened internal controls but expanded offerings to our employees through a well vetted preferred provider network in which the providers pay a participation fee direct to OMNI.

- 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 2016, 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

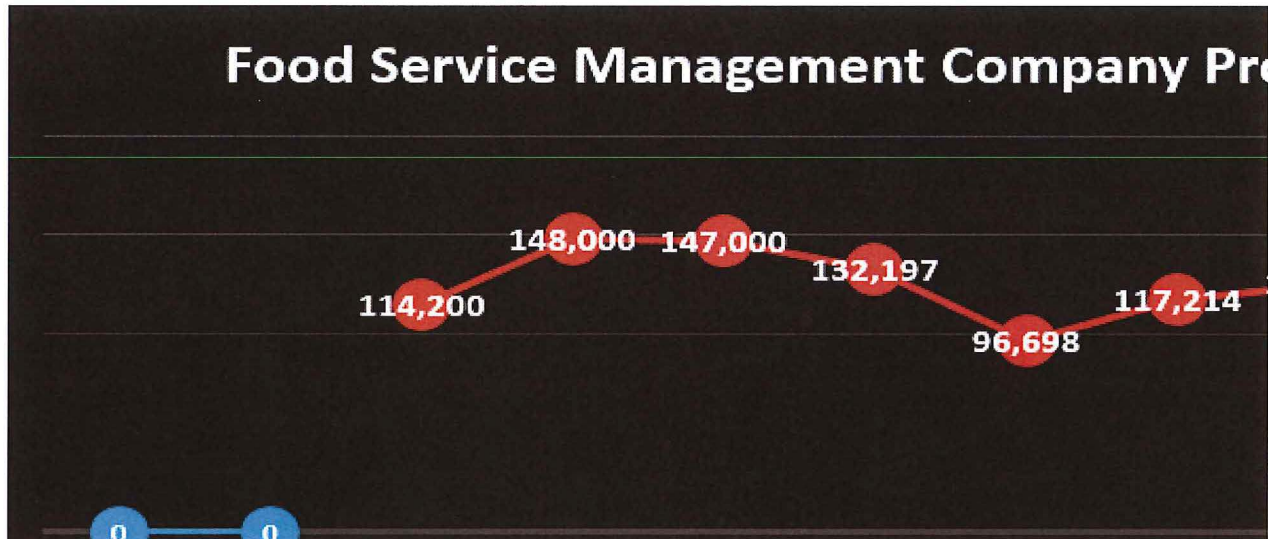
The 2018-2019 school year was the third year of the Block Scheduling single unit/period lunch offering for all 1,200 students.

An additional \$12,000 worth of equipment upgrades and replacements were covered by profits from the food service. The significance of this effort is the continuation of an alternate revenue stream that allows us to fund operational costs without reducing the general fund resources.

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

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 over \$100k at \$125,470.

This continues the trend of year end profit averaging \$125,000 per year for the past seven years.



The combined profits have allowed for the 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 and \$92,998 for expanded block lunch in FY 2016. Additionally, the district received approval from the Department of Education to withdraw \$405,000 from the combined surplus in May of 2018 to support the state of art culinary project at the Summit High School that opened to students in September 2018.

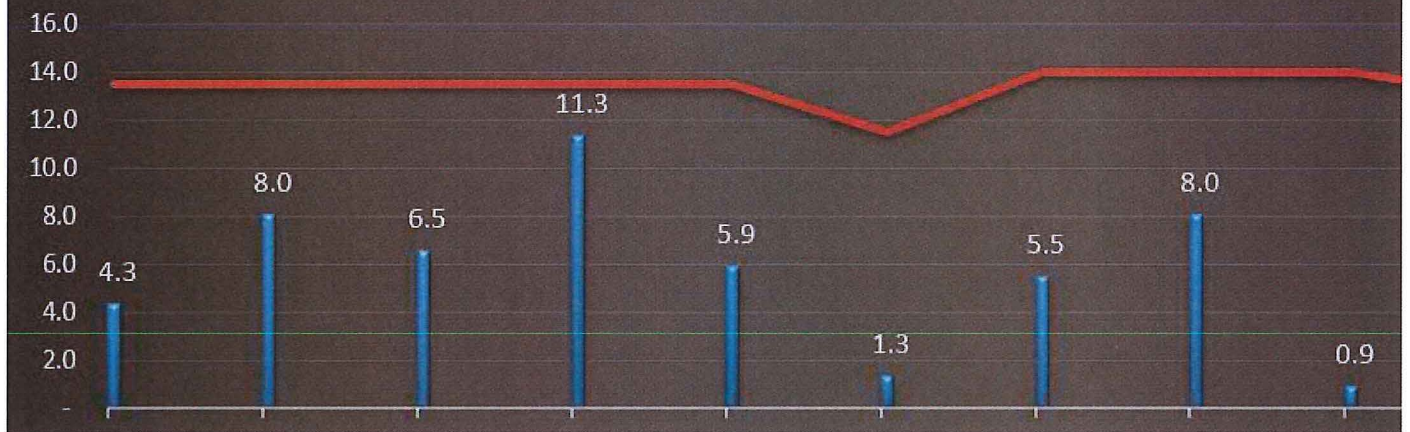
Of note: The continuous gain was driven by an overall increase in student participation rates district wide over the past five years.

- Health Benefits - The 2018-2019 fiscal year ended with respect to the minimum premium policy between Summit Board of Education and Aetna as of June 30th, 2019 as follows:
 1. The District's liability for claims that were filed but unpaid as of June 30th, 2019 is \$12,898.
 2. The District's liability at termination at June 30, 2019 is \$856,535.

The Board of Education re-appointed Brown & Brown (**B&BSM**), as Broker of Record at its May 7, 2019 Regular Meeting.

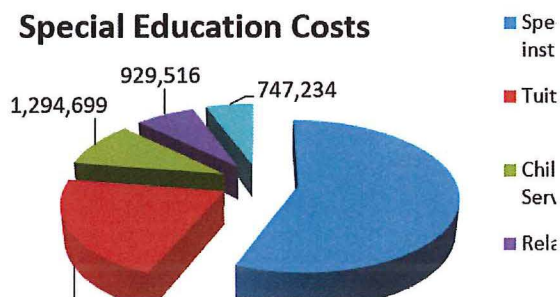
Based on their thorough analysis and market plan option review, the District's renewal of 5% was achieved due a better than projected year of experience with Aetna and as a result, all lines of coverage were changed effective July 1, 2019. This marks the second year of the district's new relationship with Aetna as negotiated by our broker of record, Brown & Brown. Please note this was achieved through strong monitoring of the account in the third year renewal.

Summit Health Benefits renewals against the Mar



- Special Education remains a significant expense against the total budget. 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 **\$13.2 million** as follows:

Special Education Costs



Revenue from other LEA's sending student Summit Special Education Programs



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 \$1.6M over the past seven years. This trend is beginning to decrease as other districts recognize the same opportunity.

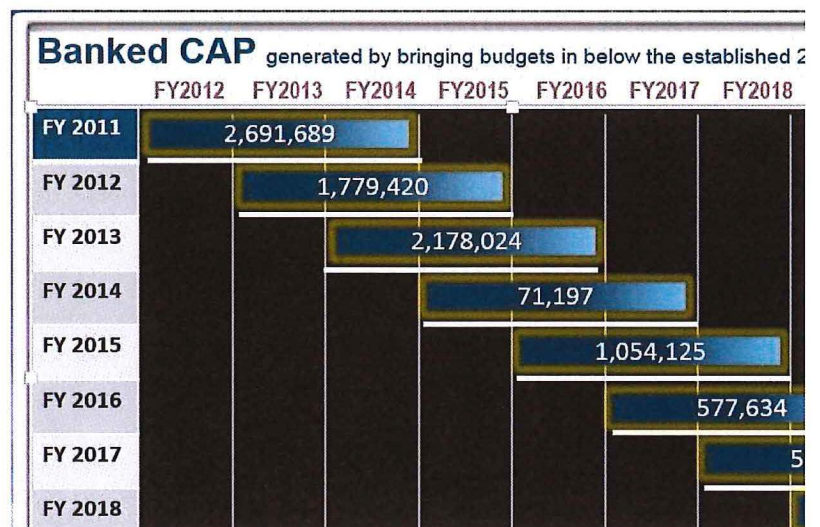
The District continues to explore capital improvement plans that would afford the necessary space to bring out of district special education students back in district to meet their needs in district at a significant cost savings in the area of tuition and transportation.

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 utilized bank cap for the first time this year in formulation of the 2019-2020 budget to allow for expanded full day Kindergarten.*

Moving forward we will continue to monitor and consider use of banked cap 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, 2019 and June 30, 2018 amounts to \$78,095,798 and \$77,640,341, 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, 2019 and 2018
(Net of Depreciation)

| | Governmental | | Business-Type | | 2019 | 2018 |
|-------------------------------------|----------------------|----------------------|----------------------|-------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 1,758,661 | \$ 1,758,661 | | | \$ 1,758,661 | \$ 1,758,661 |
| Construction in Progress | 461,643 | 265,056 | | | 461,643 | 265,056 |
| Land Improvements | 6,222,517 | 5,888,979 | | | 6,222,517 | 5,888,979 |
| Buildings and Building Improvements | 89,579,017 | 88,410,936 | | | 89,579,017 | 88,410,936 |
| Machinery and Equipment | <u>11,798,492</u> | <u>10,526,422</u> | \$ 1,073,521 | \$ 1,038,711 | <u>12,872,013</u> | <u>11,565,133</u> |
| Total | 109,820,330 | 106,850,054 | 1,073,521 | 1,038,711 | 110,893,851 | 107,888,765 |
| Less: Accumulated Depreciation | <u>32,145,405</u> | <u>29,634,819</u> | <u>652,648</u> | <u>613,605</u> | <u>32,798,053</u> | <u>30,248,424</u> |
| Total | <u>\$ 77,674,925</u> | <u>\$ 77,215,235</u> | <u>\$ 420,873</u> | <u>\$ 425,106</u> | <u>\$ 78,095,798</u> | <u>\$ 77,640,341</u> |

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

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

As of June 30, 2019 and 2018, the District had outstanding long-term liabilities of \$23,675,703 and \$26,389,665, respectively, as stated in Table A-7.

Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2019 and 2018

| | 2019 | 2018 |
|------------------------------|----------------------|----------------------|
| Compensated Absences Payable | \$ 1,435,782 | \$ 1,350,550 |
| Capital Lease | 599,297 | - |
| Net Pension Liability | <u>21,640,624</u> | <u>25,039,115</u> |
| Total | <u>\$ 23,675,703</u> | <u>\$ 26,389,665</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.

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, RSBA, MBA, 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, 2019**

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 9,584,739 | \$ 369,974 | \$ 9,954,713 |
| Receivables, net | 724,148 | 18,327 | 742,475 |
| Inventory | | 34,682 | 34,682 |
| Capital Assets, net: | | | |
| Not Being Depreciated | 2,220,304 | | 2,220,304 |
| Being Depreciated | <u>75,454,621</u> | <u>420,873</u> | <u>75,875,494</u> |
| Total Assets | <u>87,983,812</u> | <u>843,856</u> | <u>88,827,668</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | <u>5,534,910</u> | - | <u>5,534,910</u> |
| Total Deferred Outflows of Resources | <u>5,534,910</u> | - | <u>5,534,910</u> |
| Total Assets and Deferred Outflows of Resources | <u>93,518,722</u> | <u>843,856</u> | <u>94,362,578</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 2,571,699 | 12,773 | 2,584,472 |
| Payable to Other Governments | 119,383 | | 119,383 |
| Unearned Revenue | 276,609 | 228,412 | 505,021 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 173,467 | | 173,467 |
| Due Beyond One Year | <u>23,502,236</u> | - | <u>23,502,236</u> |
| Total Liabilities | <u>26,643,394</u> | <u>241,185</u> | <u>26,884,579</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | 7,234,097 | | 7,234,097 |
| Unused Commodities | <u>-</u> | <u>1,079</u> | <u>1,079</u> |
| Total Deferred Inflows of Resources | <u>7,234,097</u> | <u>1,079</u> | <u>7,235,176</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>33,877,491</u> | <u>242,264</u> | <u>34,119,755</u> |
| NET POSITION | | | |
| Investment in Capital Assets | 77,075,628 | 420,873 | 77,496,501 |
| Restricted for: | | | |
| Capital Projects | 1,283,041 | | 1,283,041 |
| Other Purposes | 420,151 | | 420,151 |
| Unrestricted | <u>(19,137,589)</u> | <u>180,719</u> | <u>(18,956,870)</u> |
| Total Net Position | <u>\$ 59,641,231</u> | <u>\$ 601,592</u> | <u>\$ 60,242,823</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, 2019**

| 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 | \$ 41,980,159 | \$ 834,144 | \$ 11,241,644 | \$ 243,692 | \$ (29,660,679) | | \$ (29,660,679) |
| Special Education | 14,915,451 | 87,191 | 5,982,553 | | (8,845,707) | | (8,845,707) |
| Other Instruction | 2,880,632 | | 1,059,873 | | (1,820,759) | | (1,820,759) |
| School Sponsored Activities and Athletics | 2,401,431 | | 607,097 | | (1,794,334) | | (1,794,334) |
| Support Services: | | | | | | | |
| Student & Instruction Related Services | 8,557,631 | | 2,660,406 | | (5,897,225) | | (5,897,225) |
| Health Services | 1,681,456 | | 399,399 | | (1,282,057) | | (1,282,057) |
| Educational Media/School Library | 1,861,673 | | 422,096 | | (1,439,577) | | (1,439,577) |
| General Administrative Services | 1,875,953 | | 356,255 | | (1,519,698) | | (1,519,698) |
| School Administrative Services | 5,139,602 | | 1,383,179 | | (3,756,423) | | (3,756,423) |
| Plant Operations and Maintenance | 7,190,553 | | 567,584 | | (6,622,969) | | (6,622,969) |
| Pupil Transportation | 1,054,288 | | 189,034 | | (865,254) | | (865,254) |
| Central Services | 1,734,615 | | 66,123 | | (1,668,492) | | (1,668,492) |
| Interest and Other Charges | 48,503 | - | - | - | (48,503) | - | (48,503) |
| Total Governmental Activities | 91,321,947 | 921,335 | 24,935,243 | 243,692 | (65,221,677) | - | (65,221,677) |
| Business-Type Activities: | | | | | | | |
| Food Service | 1,757,794 | 1,454,465 | 381,724 | | | \$ 78,395 | 78,395 |
| Summer Flash Program | 252,357 | 260,632 | - | - | - | 8,275 | 8,275 |
| Total Business-Type Activities | 2,010,151 | 1,715,097 | 381,724 | - | - | 86,670 | 86,670 |
| Total Primary Government | \$ 93,332,098 | \$ 2,636,432 | \$ 25,316,967 | \$ 243,692 | (65,221,677) | 86,670 | (65,135,007) |
| General Revenues | | | | | | | |
| | | | | | 64,005,589 | | 64,005,589 |
| | | | | | 10,515 | | 10,515 |
| | | | | | 466,673 | | 466,673 |
| Total General Revenues and Other Items | | | | | 64,482,777 | - | 64,482,777 |
| Change in Net Position | | | | | (738,900) | 86,670 | (652,230) |
| Net Position—Beginning of Year | | | | | 60,380,131 | 514,922 | 60,895,053 |
| Net Position—End of Year | | | | | \$ 59,641,231 | \$ 601,592 | \$ 60,242,823 |

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, 2019

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 8,252,792 | | \$ 1,331,947 | \$ 9,584,739 |
| Receivables, Net | | | | |
| Intergovernmental | | \$ 444,789 | | 444,789 |
| Other | 37,638 | 241,721 | | 279,359 |
| Due from Other Funds | <u>242,437</u> | <u>-</u> | <u>-</u> | <u>242,437</u> |
| Total Assets | <u>\$ 8,532,867</u> | <u>\$ 686,510</u> | <u>\$ 1,331,947</u> | <u>\$ 10,551,324</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable and Other Liabilities | \$ 1,145,635 | \$ 163,011 | \$ 406,518 | \$ 1,715,164 |
| Accrued Liability for Insurance Claims | 856,535 | | | 856,535 |
| Payable to Governments | | 119,383 | | 119,383 |
| Due to Other Funds | | 135,044 | 107,393 | 242,437 |
| Unearned Revenue | <u>7,537</u> | <u>269,072</u> | <u>-</u> | <u>276,609</u> |
| Total Liabilities | <u>2,009,707</u> | <u>686,510</u> | <u>513,911</u> | <u>3,210,128</u> |
| Fund Balances: | | | | |
| Restricted: | | | | |
| Excess Surplus, Designated for Subsequent Year's Expenditures | 1,339,434 | | | 1,339,434 |
| Excess Surplus | 2,746,791 | | | 2,746,791 |
| Capital Reserve | 207,085 | | | 207,085 |
| Capital Reserve, Designated for Subsequent Year's Expenditures | 257,953 | | | 257,953 |
| Emergency Reserve | 20,151 | | | 20,151 |
| Maintenance Reserve | 400,000 | | | 400,000 |
| Capital Projects | | | 818,036 | 818,036 |
| Assigned: | | | | |
| Year End Encumbrances | 244,039 | | | 244,039 |
| Designated for Subsequent Year's Expenditures | 383,177 | | | 383,177 |
| Unassigned: | | | | |
| General Fund | <u>924,530</u> | <u>-</u> | <u>-</u> | <u>924,530</u> |
| Total Fund Balances | <u>6,523,160</u> | <u>-</u> | <u>818,036</u> | <u>7,341,196</u> |
| Total Liabilities and Fund Balances | <u>\$ 8,532,867</u> | <u>\$ 686,510</u> | <u>\$ 1,331,947</u> | |

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

SUMMIT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Total Fund Balances (Exhibit B-1) \$ 7,341,196

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 \$109,820,330 and the accumulated depreciation is \$32,145,405.

77,674,925

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 | \$ 5,534,910 |
| Deferred Inflows of Resources | <u>(7,234,097)</u> |

(1,699,187)

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 | (1,435,782) |
| Capital Lease | (599,297) |
| Net Pension Liability | <u>(21,640,624)</u> |

(23,675,703)

Net position of governmental activities (Exhibit A-1) \$ 59,641,231

SUMMIT PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|---|
| REVENUES | | | | |
| Local Sources: | | | | |
| Local Tax Levy | \$ 64,005,589 | | | \$ 64,005,589 |
| Tuition | 921,335 | | | 921,335 |
| Miscellaneous | 466,673 | \$ 674,669 | - | 1,141,342 |
| Total - Local Sources | <u>65,393,597</u> | <u>674,669</u> | <u>-</u> | <u>66,068,266</u> |
| State Sources | 14,293,096 | 260,103 | | 14,553,199 |
| Federal Sources | 71,393 | 1,364,669 | - | 1,436,062 |
| Total Revenues | <u>79,758,086</u> | <u>2,299,441</u> | <u>-</u> | <u>82,057,527</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Regular Instruction | 35,496,292 | 430,546 | | 35,926,838 |
| Special Education Instruction | 12,545,315 | 476,453 | | 13,021,768 |
| Other Instruction | 2,101,760 | 421,187 | | 2,522,947 |
| School Sponsored Activities and Athletics | 2,061,443 | | | 2,061,443 |
| Support Services | | | | |
| Student & Instruction Related Services | 6,745,327 | 727,563 | | 7,472,890 |
| Health Services | 1,458,678 | | | 1,458,678 |
| Educational Media/School Library | 1,625,692 | | | 1,625,692 |
| General Administrative Services | 1,677,690 | | | 1,677,690 |
| School Administrative Services | 4,363,607 | | | 4,363,607 |
| Plant Operations and Maintenance | 6,759,941 | | | 6,759,941 |
| Pupil Transportation | 1,050,493 | | | 1,050,493 |
| Central Services | 1,597,688 | | | 1,597,688 |
| Debt Service | | | | |
| Principal | 59,796 | | | 59,796 |
| Interest and Other Charges | 48,503 | | | 48,503 |
| Capital Outlay | 1,450,144 | 243,692 | \$ 1,276,440 | 2,970,276 |
| Total Expenditures | <u>79,042,369</u> | <u>2,299,441</u> | <u>1,276,440</u> | <u>82,618,250</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>715,717</u> | <u>-</u> | <u>(1,276,440)</u> | <u>(560,723)</u> |
| OTHER FINANCING SOURCES/(USES) | | | | |
| Capital Leases | 659,093 | | | 659,093 |
| Transfer In | 107,393 | | 1,279,679 | 1,387,072 |
| Transfer Out | (1,279,679) | - | (107,393) | (1,387,072) |
| Total Other Financing Sources and Uses | <u>(513,193)</u> | <u>-</u> | <u>1,172,286</u> | <u>659,093</u> |
| Net Change in Fund Balances | 202,524 | - | (104,154) | 98,370 |
| Fund Balance , Beginning of Year | <u>6,320,636</u> | <u>-</u> | <u>922,190</u> | <u>7,242,826</u> |
| Fund Balance, End of Year | <u>\$ 6,523,160</u> | <u>\$ -</u> | <u>\$ 818,036</u> | <u>\$ 7,341,196</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, 2019**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 98,370**

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 depreciation exceeds capital outlay.

| | | |
|----------------------|--------------------|---------|
| Capital Outlay | \$ 2,970,276 | |
| Depreciation Expense | <u>(2,510,586)</u> | |
| | | 459,690 |

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):

| | | |
|-------------------------------|------------------|------------------|
| Increase Compensated Absences | (85,232) | |
| Increase in Pension Expense | <u>(612,431)</u> | |
| | | <u>(697,663)</u> |

In the statement of activities "the issuance of long-term debt (capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

| | | |
|-------------------------|---------------|------------------|
| Capital Leases | (659,093) | |
| Capital Lease Principal | <u>59,796</u> | |
| | | <u>(599,297)</u> |

Change in net position of governmental activities (Exhibit A-2) **\$ (738,900)**

**SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2019**

| | Business-Type Activities Enterprise Fund <u>Food Services</u> | Business-Type Activities Enterprise Fund Summer Flash <u>Program</u> | Business-Type Activities Enterprise Fund <u>Totals</u> |
|--------------------------------------|--|---|---|
| ASSETS | | | |
| Current Assets | | | |
| Cash | \$ 121,724 | \$ 248,250 | \$ 369,974 |
| Intergovernmental Receivable | | | |
| State | 853 | | 853 |
| Federal | 17,474 | | 17,474 |
| Inventories | <u>34,682</u> | <u>-</u> | <u>34,682</u> |
| Total Current Assets | <u>174,733</u> | <u>248,250</u> | <u>422,983</u> |
| Capital Assets | | | |
| Equipment | 1,073,521 | - | 1,073,521 |
| Less: Accumulated Depreciation | <u>(652,648)</u> | <u>-</u> | <u>(652,648)</u> |
| Total Capital Assets | <u>420,873</u> | <u>-</u> | <u>420,873</u> |
| Total Assets | <u>595,606</u> | <u>248,250</u> | <u>843,856</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 6,240 | 6,533 | 12,773 |
| Unearned Revenue | <u>59,642</u> | <u>168,770</u> | <u>228,412</u> |
| Total Current Liabilities | <u>65,882</u> | <u>175,303</u> | <u>241,185</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Commodities Revenue | <u>1,079</u> | <u>-</u> | <u>1,079</u> |
| Total Deferred Inflows of Resources | <u>1,079</u> | <u>-</u> | <u>1,079</u> |
| NET POSITION | | | |
| Investment in Capital Assets | 420,873 | | 420,873 |
| Unrestricted | <u>107,772</u> | <u>72,947</u> | <u>180,719</u> |
| Total Net Position | <u>\$ 528,645</u> | <u>\$ 72,947</u> | <u>\$ 601,592</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, 2019**

| | Business-Type Activities Enterprise Fund <u>Food Services</u> | Business-Type Activities Enterprise Fund Summer Flash <u>Program</u> | Business-Type Activities Enterprise Fund <u>Totals</u> |
|---|--|---|---|
| OPERATING REVENUES | | | |
| Charges for Services | | | |
| Daily Sales - reimbursable programs | \$ 632,813 | | \$ 632,813 |
| Daily Sales - non-reimbursable programs | 778,426 | | 778,426 |
| Special Functions | 43,226 | | 43,226 |
| Program Fees | - | \$ 260,632 | 260,632 |
| | <hr/> | <hr/> | <hr/> |
| Total Operating Revenues | 1,454,465 | 260,632 | 1,715,097 |
| OPERATING EXPENSES | | | |
| Salaries and Employee Benefits | 653,354 | 228,525 | 881,879 |
| Cost of Sales - reimbursable | 598,323 | | 598,323 |
| Cost of Sales - non-reimbursable | 233,730 | | 233,730 |
| Other Purchased Services | 154,105 | | 154,105 |
| Supplies and Materials | 79,239 | 23,832 | 103,071 |
| Depreciation | 39,043 | - | 39,043 |
| | <hr/> | <hr/> | <hr/> |
| Total Operating Expenses | 1,757,794 | 252,357 | 2,010,151 |
| Operating Income (Loss) | <hr/> (303,329) | <hr/> 8,275 | <hr/> (295,054) |
| NONOPERATING REVENUES | | | |
| State Sources | | | |
| School Lunch Program | 14,108 | | 14,108 |
| Federal Sources | | | |
| School Breakfast Program | 15,763 | | 15,763 |
| National School Lunch Program | 280,914 | | 280,914 |
| Food Distribution Program | 70,939 | - | 70,939 |
| | <hr/> | <hr/> | <hr/> |
| Total Nonoperating Revenues | 381,724 | - | 381,724 |
| Net Income | <hr/> 78,395 | <hr/> 8,275 | <hr/> 86,670 |
| Change in Net Position | 78,395 | 8,275 | 86,670 |
| Total Net Position - Beginning of Year | <hr/> 450,250 | <hr/> 64,672 | <hr/> 514,922 |
| Total Net Position - End of Year | <u>\$ 528,645</u> | <u>\$ 72,947</u> | <u>\$ 601,592</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, 2019**

| | Business-Type Activities Enterprise Fund <u>Food Services</u> | Business-Type Activities Enterprise Fund Summer Flash <u>Program</u> | Business-Type Activities Enterprise Fund <u>Totals</u> |
|--|--|---|---|
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$ 1,458,360 | \$ 220,854 | \$ 1,679,214 |
| Cash Payments for Employees' Salaries and Benefits | (653,354) | (228,484) | (881,838) |
| Cash Payments to Suppliers for Goods and Services | <u>(1,035,381)</u> | <u>(18,734)</u> | <u>(1,054,115)</u> |
| Net Cash Provided/(Used) by Operating Activities | <u>(230,375)</u> | <u>(26,364)</u> | <u>(256,739)</u> |
| Cash Flows/Used in Noncapital Financing Activities | | | |
| Cash Received from State and Federal Subsidy Reimbursement | <u>315,660</u> | <u>-</u> | <u>315,660</u> |
| Net Cash Provided/(Used) by Noncapital Financing Activities | <u>315,660</u> | <u>-</u> | <u>315,660</u> |
| Cash Flows from Capital Financing Activities | | | |
| Acquisition of Capital Assets | <u>(34,810)</u> | <u>-</u> | <u>(34,810)</u> |
| Net Cash (Used) by Noncapital Financing Activities | <u>(34,810)</u> | <u>-</u> | <u>(34,810)</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 50,475 | (26,364) | 24,111 |
| Cash and Cash Equivalents, Beginning of Year | <u>71,249</u> | <u>274,614</u> | <u>345,863</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 121,724</u> | <u>\$ 248,250</u> | <u>\$ 369,974</u> |
| Reconciliation of Operating Loss to Net Cash Provided/ (Used) by Operating Activities | | | |
| Operating Income (Loss) | \$ (303,329) | \$ 8,275 | \$ (295,054) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities | | | |
| Depreciation | 39,043 | | 39,043 |
| Food Distribution Program - Non-Cash Assistance | 70,939 | | 70,939 |
| Change in Assets and Liabilities | | | |
| Increase/(Decrease) in Accounts Payable | (28,747) | 5,098 | (23,649) |
| Increase/(Decrease) in Unearned Revenue | 3,382 | (39,737) | (36,355) |
| (Increase)/Decrease in Inventory | <u>(11,663)</u> | <u>-</u> | <u>(11,663)</u> |
| Total Adjustments | <u>72,954</u> | <u>(34,639)</u> | <u>38,315</u> |
| Net Cash Provided/(Used) by Operating Activities | <u>\$ (230,375)</u> | <u>\$ (26,364)</u> | <u>\$ (256,739)</u> |
| Non-Cash Investing, Capital and Financial Activities | | | |
| Value Received - Food Distribution Program | <u>\$ 70,427</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, 2019**

| | <u>Unemployment Trust Fund</u> | <u>Scholarship Trust Fund</u> | <u>Agency Fund</u> |
|---|---|--|---------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 537,958 | \$ 171,628 | \$ 398,039 |
| Due from Other Funds | <u>-</u> | <u>-</u> | <u>9,349</u> |
| Total Assets | <u>537,958</u> | <u>171,628</u> | <u>\$ 407,388</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | | \$ 24,483 |
| Accrued Salary and Wages | | | 4,499 |
| Intergovernmental Payable | 11,509 | | |
| Due to Other Funds | 9,349 | | |
| Due to Student Groups | <u>-</u> | <u>-</u> | <u>378,406</u> |
| Total Liabilities | <u>20,858</u> | <u>-</u> | <u>\$ 407,388</u> |
| NET POSITION | | | |
| Held in Trust for Unemployment Claims and Other Purposes | <u>\$ 517,100</u> | <u>\$ 171,628</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, 2019**

| | Unemployment Trust Fund | Scholarship Trust Fund |
|---------------------------------|------------------------------------|-----------------------------------|
| ADDITIONS | | |
| Contributions | | |
| Employee | \$ 72,792 | |
| Investment Earnings | | |
| Donations | | \$ 69,567 |
| Interest | <u>8,258</u> | <u>2,082</u> |
| Total Additions | <u>81,050</u> | <u>71,649</u> |
| DEDUCTIONS | | |
| Unemployment Claims | 139,706 | |
| Other Expenses | | 22,264 |
| Scholarship Payments | <u>-</u> | <u>33,050</u> |
| Total Deductions | <u>139,706</u> | <u>55,314</u> |
| Change in Net Position | (58,656) | 16,335 |
| Net Position, Beginning of Year | <u>575,756</u> | <u>155,293</u> |
| Net Position, End of Year | <u>\$ 517,100</u> | <u>\$ 171,628</u> |

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

NOTES TO THE FINANCIAL STATEMENTS

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2019, the District adopted the following GASB statements:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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.

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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 inventory at year-end is reported as deferred inflows of resources.

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 acquisition 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 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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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 and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category are 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 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 inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. 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 and proprietary fund types in the fund 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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*

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.

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 – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that was appropriated in the 2019/2020 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 2019/2020 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. (See Note 2).

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2).

SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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 (Continued)

Restricted Fund Balance (Continued)

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 investment earnings 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 1st 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 2017-2018 and 2018-2019 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 of the summer flash program enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$3,064,114. The increase was funded by additional capital reserve appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

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

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------|-----------------|
| General Fund | | | |
| Required Maintenance for School Facilities | | | |
| Cleaning, Repair and Maintenance Services | \$ 56,680 | \$ 62,090 | \$ (5,410) |

The overexpenditure was caused by an audit adjustment which resulted in an unfavorable variance. The variance was offset with other available resources.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. 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.

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

| | | |
|---|------------------|-------------------|
| Balance, July 1, 2018 | | \$ 2,001,931 |
| Increased by: | | |
| Unexpended Funds Appropriated in Capital Outlay 2018-2019 Budget | \$ 51,692 | |
| Unexpended Funds Transferred Back from Capital Projects | <u>107,393</u> | |
| Total Increases | | <u>159,085</u> |
| Withdrawals: | | |
| Approved in District Budget | 374,672 | |
| Approved by Board Resolution | <u>1,321,306</u> | |
| Total Withdrawals | | <u>1,695,978</u> |
| Balance, June 30, 2019 | | <u>\$ 465,038</u> |

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects is \$29,581,571. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$257,953 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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, 2019 is as follows:

| | |
|------------------------|-------------------|
| Balance, July 1, 2018 | <u>\$ 400,000</u> |
| Balance, June 30, 2019 | <u>\$ 400,000</u> |

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,019,169.

E. 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 or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. 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, 2019 is as follows:

| | |
|------------------------|------------------|
| Balance, July 1, 2018 | <u>\$ 20,151</u> |
| Balance, June 30, 2019 | <u>\$ 20,151</u> |

F. Transfers to Capital Outlay

During the 2018/2019 school year, the district transferred \$41,627 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to fund the Summit High School Field Turf Project which is a Department of Education approved project.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

G. 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, 2019 is \$4,086,225. Of this amount, \$1,339,434 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$2,746,791 will be appropriated in the 2020/2021 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), National Credit Union Share Insurance Fund (NCUSIF), 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 and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$11,062,338 and bank and brokerage firm balances of the Board's deposits amounted to \$12,473,321. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

| | |
|---------|----------------------|
| Insured | \$ <u>12,473,321</u> |
|---------|----------------------|

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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments (Continued)

As of June 30, 2019, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds in the aggregate are as follows:

| | <u>General</u> | <u>Special Revenue</u> | <u>Food Service</u> | <u>Total</u> |
|-----------------------|------------------|----------------------------|-------------------------|-------------------|
| Receivables: | | | | |
| Accounts | | | | |
| Intergovernmental | | | | |
| Federal | | \$ 444,129 | \$ 17,474 | \$ 461,603 |
| State | | 660 | 853 | 1,513 |
| Other | \$ 37,638 | 241,741 | - | 279,379 |
| | | | | |
| Net Total Receivables | <u>\$ 37,638</u> | <u>\$ 686,530</u> | <u>\$ 18,327</u> | <u>\$ 742,495</u> |

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 | \$ 7,537 |
| Special Revenue Fund | |
| Unencumbered Grant Draw Downs | 254,722 |
| Grant Draw Downs Reserve for Encumbrances | <u>14,350</u> |
| Total Unearned Revenue for Governmental Funds | <u>\$ 276,609</u> |

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

| | <u>Balance, July 1, 2018</u> | <u>Increases</u> | <u>Adjustments</u> | <u>Balance, June 30, 2019</u> |
|--|----------------------------------|---------------------|-----------------------|-----------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,758,661 | | | \$ 1,758,661 |
| Construction in Progress | <u>265,056</u> | <u>\$ 1,285,440</u> | <u>\$ (1,088,853)</u> | <u>461,643</u> |
| Total capital assets, not being depreciated | <u>2,023,717</u> | <u>1,285,440</u> | <u>(1,088,853)</u> | <u>2,220,304</u> |
| Capital assets, being depreciated: | | | | |
| Land Improvements | 5,888,979 | 333,538 | | 6,222,517 |
| Buildings and Building Improvements | 88,410,936 | 79,228 | 1,088,853 | 89,579,017 |
| Machinery and Equipment | <u>10,526,422</u> | <u>1,272,070</u> | <u>-</u> | <u>11,798,492</u> |
| Total capital assets being depreciated | <u>104,826,337</u> | <u>1,684,836</u> | <u>1,088,853</u> | <u>107,600,026</u> |
| Less accumulated depreciation for: | | | | |
| Land Improvements | (3,500,623) | (250,229) | | (3,750,852) |
| Buildings and Building Improvements | (19,950,097) | (1,374,103) | | (21,324,200) |
| Machinery and Equipment | <u>(6,184,099)</u> | <u>(886,254)</u> | <u>-</u> | <u>(7,070,353)</u> |
| Total accumulated depreciation | <u>(29,634,819)</u> | <u>(2,510,586)</u> | <u>-</u> | <u>(32,145,405)</u> |
| Total capital assets, being depreciated, net | <u>75,191,518</u> | <u>(825,750)</u> | <u>1,088,853</u> | <u>75,454,621</u> |
| Governmental activities capital assets, net | <u>\$ 77,215,235</u> | <u>\$ 459,690</u> | <u>\$ -</u> | <u>\$ 77,674,925</u> |
| | | | | |
| | <u>Balance, July 1, 2018</u> | <u>Increases</u> | | <u>Balance, June 30, 2019</u> |
| Business-type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Machinery and Equipment | \$ 1,038,711 | \$ 34,810 | | \$ 1,073,521 |
| Total capital assets being depreciated | <u>1,038,711</u> | <u>34,810</u> | | <u>1,073,521</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and Equipment | <u>(613,605)</u> | <u>(39,043)</u> | | <u>(652,648)</u> |
| Total accumulated depreciation | <u>(613,605)</u> | <u>(39,043)</u> | | <u>(652,648)</u> |
| Total capital assets, being depreciated, net | <u>425,106</u> | <u>(4,233)</u> | | <u>420,873</u> |
| Business-type activities capital assets, net | <u>\$ 425,106</u> | <u>\$ (4,233)</u> | | <u>\$ 420,873</u> |

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

| | |
|---|---------------------|
| Instruction | |
| Regular | 1,233,083 |
| Special Education | 386,779 |
| Other Instruction | 72,847 |
| School Sponsored/Activities and Athletics | <u>69,244</u> |
| Total Instruction | <u>1,761,953</u> |
| Support Services | |
| Student and Instruction Related Services | 220,455 |
| Health Services | 45,555 |
| Educational Media School Library | 48,143 |
| General Administration | 40,633 |
| School Administration | 157,761 |
| Operation and Plant Maintenance | 177,099 |
| Pupil Transportation | 1,499 |
| Central Services | <u>57,488</u> |
| Total Support Services | <u>748,633</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 2,510,586</u> |
| Business-type activities: | |
| Food Service Fund | <u>\$ 39,043</u> |
| Total Depreciation Expense - Business-Type Activities | <u>\$ 39,043</u> |

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has other significant commitments at June 30, 2019 as follows:

| <u>Purposes</u> | <u>Remaining Commitment</u> |
|-----------------|---------------------------------|
| Field Turf | <u>\$ 818,036</u> |

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-------------------------|-------------------|
| General Fund | Special Revenue Fund | \$ 135,044 |
| General Fund | Capital Projects Fund | 107,393 |
| Payroll Agency Fund | Unemployment Trust Fund | <u>9,349</u> |
| Total | | <u>\$ 251,786</u> |

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

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

Interfund transfers

| | <u>Transfer In:</u> | |
|------------------|---------------------|-------------------------|
| | <u>General</u> | <u>Capital Projects</u> |
| Transfer Out: | | |
| General Fund | | \$ 1,279,679 |
| Capital Projects | <u>\$ 107,393</u> | <u>-</u> |
| | <u>\$ 107,393</u> | <u>\$ 1,279,679</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, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases technology storage space for five years under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2019 were \$29,708. The future minimum lease payments for these operating leases are as follows:

| Fiscal Year Ending <u>June 30,</u> | <u>Amount</u> |
|--|------------------|
| 2020 | \$ 29,708 |
| 2021 | <u>29,707</u> |
| Total | <u>\$ 59,415</u> |

Capital Leases

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

| Fiscal Year Ending <u>June 30,</u> | Governmental <u>Activities</u> |
|--|-----------------------------------|
| 2020 | \$ 146,556 |
| 2021 | 146,556 |
| 2022 | 146,556 |
| 2023 | 146,556 |
| 2024 | <u>73,278</u> |
| Total minimum lease payments | 659,502 |
| Less: amount representing interest | <u>(60,205)</u> |
| Present value of minimum lease payments | <u>\$ 599,297</u> |

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. 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, 2018 are comprised of the following issues:

| | |
|--|----------------------|
| \$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 | \$ 4,185,000 |
| \$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 | 11,305,000 |
| \$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 | 5,285,000 |
| \$13,800,000 School Improvement Bonds, 2016 due in annual installments of \$560,000 to \$1,080,000 at an interest rate of 1.5% - 2% through 2031 | <u>12,415,000</u> |
| | <u>\$ 33,190,000</u> |

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

| <u>Fiscal Year</u> | <u>School Bonds</u> | | <u>Total</u> |
|--------------------|----------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 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 | <u>1,115,000</u> | <u>22,300</u> | <u>1,137,300</u> |
| | <u>\$ 33,190,000</u> | <u>\$ 5,237,675</u> | <u>\$ 38,427,675</u> |

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

| | |
|---|-----------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 291,967,722 |
| Less: Net Debt | <u>35,571,985</u> |
| Remaining Borrowing Power | <u>\$ 256,395,737</u> |

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

| | <u>Balance, July 1, 2018</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance, June 30, 2019</u> | <u>Due Within One Year</u> |
|--|----------------------------------|---------------------|---------------------|-----------------------------------|------------------------------------|
| Governmental activities: | | | | | |
| Net Pension Liability | \$ 25,039,115 | \$ 612,431 | \$ 4,010,922 | \$ 21,640,624 | |
| Capital Lease | | 659,093 | 59,796 | 599,297 | \$ 123,467 |
| Compensated absences | <u>1,350,550</u> | <u>292,232</u> | <u>207,000</u> | <u>1,435,782</u> | <u>50,000</u> |
| Governmental activity Long-term liabilities | <u>\$ 26,389,665</u> | <u>\$ 1,563,756</u> | <u>\$ 4,277,718</u> | <u>\$ 23,675,703</u> | <u>\$ 173,467</u> |

For the governmental activities, the liabilities for compensated absences, capital leases and net pension liability are generally liquidated by the general fund.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019 all claims payable have been accrued as a liability. Additionally, an accrued liability for insurance claims in the amount of \$856,535 has been recorded as a liability in the General Fund as of June 30, 2019, 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 (DJIF). The Fund 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 fund, 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.

DJIF provide 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>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------------|-------------------------------|--------------------------|-----------------------|
| 2019 | \$ 72,792 | \$ 139,706 | \$ 517,100 |
| 2018 | 71,757 | 45,173 | 575,756 |
| 2017 | 62,285 | 23,180 | 542,678 |

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

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, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems 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 (“Division”), 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.

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.us/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended <u>June 30,</u> | <u>PERS</u> | On-behalf <u>TPAF</u> | <u>DCRP</u> |
|---|--------------|--------------------------|-------------|
| 2019 | \$ 1,093,852 | \$ 6,366,195 | \$ 33,752 |
| 2018 | 1,019,452 | 4,882,232 | 30,932 |
| 2017 | 935,405 | 3,521,628 | 30,802 |

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$7,343, \$22,989 and \$9,387, respectively for PERS and the State contributed \$8,010, \$8,051 and \$9,498, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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 Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$2,425,874 during the fiscal year ended June 30, 2019 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. 85.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$21,640,624 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .10991 percent, which was an increase of .00778 percent from its proportionate share measured as of June 30, 2017 of .10213 percent.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,713,626 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Difference Between Expected and Actual Experience | \$ 412,690 | \$ 111,586 |
| Changes of Assumptions | 3,566,016 | 6,919,521 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 202,990 |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>1,556,204</u> | <u>-</u> |
| Total | <u>\$ 5,534,910</u> | <u>\$ 7,234,097</u> |

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

| Year Ending <u>June 30,</u> | <u>Total</u> |
|--|-----------------------|
| 2020 | \$ 407,572 |
| 2021 | 346,637 |
| 2022 | (1,050,042) |
| 2023 | (1,040,297) |
| 2024 | (363,057) |
| Thereafter | <u>-</u> |
| | <u>\$ (1,699,187)</u> |

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | <u>PERS</u> |
|---------------------------|----------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| Through 2026 | 1.65-4.15% Based on Age |
| Thereafter | 2.65-5.15% Based on Age |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | RP-2000 |

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| US Equities | 30.00% | 8.19% |
| Non-US Developed Markets Equity | 11.50% | 9.00% |
| Emerging Market Equities | 6.50% | 11.64% |
| High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% |
| Private Real Estate | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| Buyouts/Venture Capital | 8.25% | 13.08% |

Discount Rate

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

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|--------------------|-------------------------|----------------------|
| 2019 | June 30, 2018 | 5.66% |
| 2018 | June 30, 2017 | 5.00% |

SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2046 |
| Municipal Bond Rate * | From July 1, 2046 and Thereafter |

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

| | 1% Decrease <u>4.66%</u> | Current Discount Rate <u>5.66%</u> | 1% Increase <u>6.66%</u> |
|---|---|---|---|
| District's Proportionate Share of the PERS Net Pension Liability | <u>\$ 27,210,591</u> | <u>\$ 21,640,624</u> | <u>\$ 16,967,778</u> |

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 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 report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,004,050 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$205,913,727. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .32367 percent, which was an increase of .01058 percent from its proportionate share measured as of June 30, 2017 of .31309 percent.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | <u>TPAF</u> |
|---------------------------|-------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| 2011-2026 | 1.55-4.55% |
| Thereafter | 2.00-5.45% |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | RP-2006 |

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% |
| Private Real Estate | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |

SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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>Fiscal</u> <u>Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|------------------------------|-------------------------|----------------------|
| 2019 | June 30, 2018 | 4.86% |
| 2018 | June 30, 2017 | 4.25% |

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, 2040 |
| Municipal Bond Rate * | From July 1, 2040 and Thereafter |

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

| | 1% Decrease (3.86%) | Current Discount Rate (4.86%) | 1% Increase (5.86%) |
|--|------------------------------------|--|------------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 243,386,115</u> | <u>\$ 205,913,727</u> | <u>\$ 174,850,030</u> |

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 report may be accessed via the New Jersey, Division of Pensions and Benefits, website at 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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

| | |
|---|--------------------|
| Active Plan Members | 217,131 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 145,050 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | <u> -</u> |
| Total | <u>362,181</u> |

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$2,887,696, \$3,153,329 and \$2,934,317, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$5,775,361. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$110,569,955. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .24089 percent, which was a decrease of .00120 percent from its proportionate share measured as of June 30, 2017 of .24209 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | |
|-------------------------------------|---|
| Inflation Rate | 2.50% |
| Salary Increases * | |
| Initial Fiscal Year Applied Through | 2026 |
| Rate | 1.55% to 4.55% |
| Rate Thereafter | 2.00% to 5.45% |
| Mortality | Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. |
| Long-Term Rate of Return | 1.00% |

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

Discount Rate

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

| <u>Fiscal Year</u> | <u>Measurement Date</u> | <u>Discount Rate</u> |
|--------------------|-------------------------|----------------------|
| 2019 | June 30, 2018 | 3.87% |
| 2018 | June 30, 2017 | 3.58% |

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

| | Total OPEB Liability (State Share 100%) |
|---|--|
| Balance, June 30, 2017 Measurement Date | \$ 129,854,724 |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | (2,284,679) |
| Interest on the Total OPEB Liability | 3,815,904 |
| Changes of Assumptions | (14,607,891) |
| Gross Benefit Payments | (6,445,440) |
| Contributions from the Member | 237,337 |
| Net Changes | \$ (19,284,769) |
| Balance, June 30, 2018 Measurement Date | \$ 110,569,955 |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|------------------------|----------------------------------|------------------------|
| State's Proportionate Share of the OPEB Liability Attributable to the District | <u>\$ 131,254,514</u> | <u>\$ 110,569,955</u> | <u>\$ 94,162,766</u> |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% <u>Decrease</u> | Healthcare Cost Trend <u>Rates</u> | 1% <u>Increase</u> |
|--|-------------------------------|---|-------------------------------|
| Total OPEB Liability (School Retirees) | <u>\$ 90,933,099</u> | <u>\$ 110,569,955</u> | <u>\$ 136,647,468</u> |

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

E. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Summit Public Schools, the District's share of abated taxes resulting from the municipality/county (**Delete one**) having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISONS

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Original Budget | Adjustments | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|----------------|-------------------|-------------------|----------------------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 64,005,589 | | \$ 64,005,589 | \$ 64,005,589 | |
| Tuition | 1,051,875 | | 1,051,875 | 921,335 | \$ (130,540) |
| Miscellaneous | 123,000 | - | 123,000 | 466,673 | 343,673 |
| Total Local Sources | 65,180,464 | - | 65,180,464 | 65,393,597 | 213,133 |
| State Sources | | | | | |
| Extraordinary Special Education Costs Aid- 18-19 | 220,047 | | 220,047 | 405,907 | 185,860 |
| Extraordinary Special Education Costs Aid -17-18 | | | | 1,282 | 1,282 |
| Special Educational Aid | 1,574,342 | \$ 145,579 | 1,719,921 | 1,719,921 | - |
| Security Aid | 231,178 | 160,701 | 391,879 | 391,879 | |
| Transportation Aid | 203,264 | | 203,264 | 203,264 | |
| On-behalf TPAF Pension System Contr. (Non-Budgeted) | | | | | |
| Normal Costs | | | | 6,235,666 | 6,235,666 |
| NCGI Premium | | | | 130,529 | 130,529 |
| Post-Retirement Medical Contribution | | | | 2,887,696 | 2,887,696 |
| Long-Term Disability | | | | 8,010 | 8,010 |
| TPAF Social Security Contributions (Non-Budget) | - | - | - | 2,425,874 | 2,425,874 |
| Total State Sources | 2,228,831 | 306,280 | 2,535,111 | 14,410,028 | 11,874,917 |
| Federal Sources | | | | | |
| Medicaid Reimbursement | 36,598 | - | 36,598 | 71,393 | 34,795 |
| Total Federal Sources | 36,598 | - | 36,598 | 71,393 | 34,795 |
| Total Revenues | 67,445,893 | 306,280 | 67,752,173 | 79,875,018 | 12,122,845 |
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES | | | | | |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Kindergarten | 536,747 | 19,792 | 556,539 | 545,444 | 11,095 |
| Grades 1-5 | 8,688,089 | 158,114 | 8,846,203 | 8,830,545 | 15,658 |
| Grades 6-8 | 5,113,657 | (21,296) | 5,092,361 | 5,070,208 | 22,153 |
| Grades 9-12 | 7,682,182 | (129,309) | 7,552,873 | 7,494,821 | 58,052 |
| Home Instruction | | - | | | |
| Salaries and Wages | 20,000 | 17,075 | 37,075 | 37,075 | - |
| Pur. Prof. and Ed. Svs. | 39,435 | - | 39,435 | 31,980 | 7,455 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 639,808 | 6,158 | 645,966 | 638,199 | 7,767 |
| Purchased Technical Services | 11,930 | 10 | 11,940 | 11,940 | - |
| Other Purchased Services | 284,152 | 36,998 | 321,150 | 317,589 | 3,561 |
| General Supplies | 1,159,132 | 86,090 | 1,245,222 | 1,036,812 | 208,410 |
| Textbooks | 168,109 | (7,842) | 160,267 | 124,032 | 36,235 |
| Total Regular Programs | 24,343,241 | 165,790 | 24,509,031 | 24,138,645 | 370,386 |

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Original Budget | Adjustments | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|-------------|-----------------|------------|----------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Special Education | | | | | |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | \$ 468,058 | \$ 52,631 | \$ 520,689 | \$ 501,712 | \$ 18,977 |
| General Supplies | 2,500 | 27,464 | 29,964 | 9,791 | 20,173 |
| Total Learning and/or Language Disabilities | 470,558 | 80,095 | 550,653 | 511,503 | 39,150 |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | 3,460,360 | (185,739) | 3,274,621 | 3,274,621 | - |
| Other Salaries for Instruction | 2,231,077 | 93,958 | 2,325,035 | 2,286,700 | 38,335 |
| General Supplies | 12,000 | - | 12,000 | 9,526 | 2,474 |
| Total Resource Room/Resource Center | 5,703,437 | (91,781) | 5,611,656 | 5,570,847 | 40,809 |
| Preschool Disabilities - Part-Time | | | | | |
| Salaries of Teachers | 528,822 | (45,585) | 483,237 | 470,978 | 12,259 |
| Other Salaries for Instruction | 457,627 | 109,222 | 566,849 | 559,997 | 6,852 |
| General Supplies | 3,500 | - | 3,500 | 2,237 | 1,263 |
| Total Preschool Disabilities - Part-Time | 989,949 | 63,637 | 1,053,586 | 1,033,212 | 20,374 |
| Total Special Education | 7,163,944 | 51,951 | 7,215,895 | 7,115,562 | 100,333 |
| Basic Skills/Remedial Instruction | | | | | |
| Salaries of Teachers | 711,778 | (65,570) | 646,208 | 644,251 | 1,957 |
| General Supplies | 3,000 | - | 3,000 | 1,569 | 1,431 |
| Total Basic Skills/Remedial Instruction | 714,778 | (65,570) | 649,208 | 645,820 | 3,388 |
| Bilingual Education | | | | | |
| Salaries of Teachers | 741,954 | (137) | 741,817 | 691,847 | 49,970 |
| Purchased Professional-Educational Services | 2,000 | - | 2,000 | - | 2,000 |
| General Supplies | 8,120 | - | 8,120 | 1,356 | 6,764 |
| Total Bilingual Education | 752,074 | (137) | 751,937 | 693,203 | 58,734 |
| School Sponsored Co-Curricular Activities | | | | | |
| Salaries | 303,571 | 42,149 | 345,720 | 327,706 | 18,014 |
| Purchased Services | 9,254 | 20,192 | 29,446 | 5,220 | 24,226 |
| Supplies and Materials | 7,000 | 1,006 | 8,006 | 6,599 | 1,407 |
| Total School Sponsored Co-Curricular Activities | 319,825 | 63,347 | 383,172 | 339,525 | 43,647 |
| School Sponsored Athletics | | | | | |
| Salaries | 824,077 | 14,687 | 838,764 | 838,764 | - |
| Purchased Services | 162,762 | (20,353) | 142,409 | 110,420 | 31,989 |
| Supplies and Materials | 108,260 | 95,014 | 203,274 | 150,672 | 52,602 |
| Other Objects | 4,450 | - | 4,450 | - | 4,450 |
| Total School Sponsored Athletics | 1,099,549 | 89,348 | 1,188,897 | 1,099,856 | 89,041 |

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Original Budget | Adjustments | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|------------------|-------------------|-------------------|----------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Summer School - Instruction | | | | | |
| Salaries of Teachers | \$ 97,148 | \$ 6,400 | \$ 103,548 | \$ 103,548 | - |
| General Supplies | 500 | 58 | 558 | 558 | - |
| Total Summer School - Instruction | 97,648 | 6,458 | 104,106 | 104,106 | - |
| Total Instruction | 34,491,059 | 311,187 | 34,802,246 | 34,136,717 | \$ 665,529 |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition to Other LEAs Within the State- Special | 90,395 | 13,782 | 104,177 | 104,177 | - |
| Tuition to County Voc. School Dist.-Regular | 254,900 | - | 254,900 | 226,800 | 28,100 |
| Tuition to County Voc. School Dist.-Special | 89,165 | 17,002 | 106,167 | 100,767 | 5,400 |
| Tuition to CSSD & Reg. Day Schools | 343,082 | (46,557) | 296,525 | 257,197 | 39,328 |
| Tuition to Priv. Sch. For the Disabled W/ State | 1,669,641 | (341,373) | 1,328,268 | 1,322,459 | 5,809 |
| Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S State | 108,300 | 39,930 | 148,230 | 148,157 | 73 |
| Total Undistributed Expenditures - Instruction | 2,555,483 | (317,216) | 2,238,267 | 2,159,557 | 78,710 |
| Health Services | | | | | |
| Salaries | 807,573 | 47,719 | 855,292 | 835,524 | 19,768 |
| Purchased Professional & Technical Services | 19,114 | 2,997 | 22,111 | 22,111 | - |
| Other Purchased Services | 5,500 | 818 | 6,318 | 6,318 | - |
| Supplies and Materials | 11,000 | 15,095 | 26,095 | 26,079 | 16 |
| Total Health Services | 843,187 | 66,629 | 909,816 | 890,032 | 19,784 |
| Speech, OT/PT and Related Serv. | | | | | |
| Salaries | 755,123 | 37,172 | 792,295 | 768,938 | 23,357 |
| Purchased Professional/Educational Services | 97,416 | - | 97,416 | 74,714 | 22,702 |
| Total Speech, OT/PT and Related Serv. | 852,539 | 37,172 | 889,711 | 843,652 | 46,059 |
| Guidance | | | | | |
| Salaries of Other Professional Staff | 995,520 | 11,431 | 1,006,951 | 1,003,916 | 3,035 |
| Salaries of Secretarial & Clerical Assistants | 159,648 | 27,091 | 186,739 | 186,739 | - |
| Other Purchased Services | 2,500 | - | 2,500 | 1,435 | 1,065 |
| Supplies and Materials | 21,700 | (4,094) | 17,606 | 13,699 | 3,907 |
| Other Objects | 50 | 355 | 405 | 405 | - |
| Total Guidance | 1,179,418 | 34,783 | 1,214,201 | 1,206,194 | 8,007 |

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Original Budget | Adjustments | Final Budget | Actual | Variance with Final Budget |
|--|--------------------|-----------------|------------------|------------------|----------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Child Study Teams | | | | | |
| Salaries of Other Professional Staff | \$ 1,201,241 | \$ (81,300) | \$ 1,119,941 | \$ 1,119,941 | |
| Salaries of Secretarial & Clerical Assistants | 108,462 | 183 | 108,645 | 106,811 | \$ 1,834 |
| Purchased Professional- Educat. Services | 15,000 | (540) | 14,460 | 14,460 | |
| Miscellaneous Purchased Services | 5,000 | 2,383 | 7,383 | 7,383 | |
| Supplies and Materials | 12,500 | 7,846 | 20,346 | 19,767 | 579 |
| Other Objects | 250 | 1,480 | 1,730 | 1,730 | - |
| Total Child Study Teams | 1,342,453 | (69,948) | 1,272,505 | 1,270,092 | 2,413 |
| Improvement of Instruction Services | | | | | |
| Salaries of Supervisor of Instruction | 655,349 | 38,675 | 694,024 | 694,024 | - |
| Salaries of Other Professional Staff | 11,000 | - | 11,000 | 11,000 | - |
| Other Salaries | 159,144 | (8,882) | 150,262 | 150,262 | - |
| Sal. Of Facilitators, Math & Literacy Coaches | 476,753 | 23,403 | 500,156 | 500,156 | - |
| Purchased Professional - Educational Services | 7,500 | 14,812 | 22,312 | 22,312 | - |
| Supplies and Materials | 25,800 | (3,483) | 22,317 | 6,049 | 16,268 |
| Total Improvement of Instruction Services | 1,335,546 | 64,525 | 1,400,071 | 1,383,803 | 16,268 |
| Educational Media/School Library | | | | | |
| Salaries | 892,187 | (3,768) | 888,419 | 883,004 | 5,415 |
| Supplies and Materials | 149,989 | (503) | 149,486 | 141,727 | 7,759 |
| Total Educational Media/School Library | 1,042,176 | (4,271) | 1,037,905 | 1,024,731 | 13,174 |
| Instructional Staff Training Services | | | | | |
| Salaries of Other Professional Staff | 2,500 | (332) | 2,168 | 1,784 | 384 |
| Other Objects | 79,140 | 6,011 | 85,151 | 46,599 | 38,552 |
| Total Instructional Staff Training Services | 81,640 | 5,679 | 87,319 | 48,383 | 38,936 |
| Support Services General Administration | | | | | |
| Salaries | 748,961 | (3,672) | 745,289 | 745,269 | 20 |
| Legal Services | 210,000 | (32,017) | 177,983 | 169,586 | 8,397 |
| Audit Fees | 49,500 | 61,334 | 110,834 | 75,134 | 35,700 |
| Other Purchased Professional Services | 18,000 | 10,329 | 28,329 | 22,691 | 5,638 |
| Communications/Telephone | 154,000 | (9,493) | 144,507 | 139,743 | 4,764 |
| BOE Other Purchased Services | 16,000 | (1,749) | 14,251 | 14,251 | - |
| Miscellaneous Purchased Services | 79,253 | 14,614 | 93,867 | 92,063 | 1,804 |
| General Supplies | 10,000 | (1,584) | 8,416 | 6,580 | 1,836 |
| BOE In-House Training/Meeting Supplies | 250 | - | 250 | - | 250 |
| BOE Membership Dues and Fees | 48,000 | (665) | 47,335 | 47,335 | - |
| Total Support Services General Administration | 1,333,964 | 37,097 | 1,371,061 | 1,312,652 | 58,409 |
| Support Services School Administration | | | | | |
| Salaries of Principals/Asst. Principals | 1,673,169 | 3,464 | 1,676,633 | 1,645,162 | 31,471 |
| Salaries of Other Professional Staff | 402,105 | (55,102) | 347,003 | 347,003 | - |
| Salaries of Secretarial and Clerical Assistants | 961,894 | (12,583) | 949,311 | 901,378 | 47,933 |
| Other Purchased Services | 37,900 | 1,541 | 39,441 | 24,376 | 15,065 |
| General Supplies | 2,700 | (2,013) | 687 | - | 687 |
| Other Objects | 27,200 | 1,213 | 28,413 | 28,413 | - |
| Total Support Services School Administration | 3,104,968 | (63,480) | 3,041,488 | 2,946,332 | 95,156 |

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Original Budget | Adjustments | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|----------------|------------------|------------------|----------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Central Services | | | | | |
| Salaries | \$ 878,309 | \$ 5,445 | \$ 883,754 | \$ 883,599 | \$ 155 |
| Purchased Professional Services | | 750 | 750 | 750 | |
| Miscellaneous Purchased Services | 8,000 | 2,435 | 10,435 | 9,935 | 500 |
| Supplies and Materials | 38,500 | (11,654) | 26,846 | 26,827 | 19 |
| Interest on Lease Purchase Agreements | | - | | | - |
| Miscellaneous Expenditures | 44,000 | 20,646 | 64,646 | 53,074 | 11,572 |
| Total Central Services | 968,809 | 17,622 | 986,431 | 974,185 | 12,246 |
| Admin. Info. Tech. | | | | | |
| Salaries | 170,151 | 656 | 170,807 | 170,807 | - |
| Other Purchased Services | 2,500 | 3,523 | 6,023 | 4,099 | 1,924 |
| Total Admin. Info. Tech. | 172,651 | 4,179 | 176,830 | 174,906 | 1,924 |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 931,458 | (9,357) | 922,101 | 922,101 | - |
| Cleaning, Repair and Maintenance Services | 236,685 | 73,644 | 310,329 | 287,539 | 22,790 |
| Other Purchased Services | | 4,933 | 4,933 | 4,933 | - |
| General Supplies | 223,283 | 66,335 | 289,618 | 283,584 | 6,034 |
| Other Objects | - | - | - | - | - |
| Total Required Maintenance for School Facilities | 1,391,426 | 135,555 | 1,526,981 | 1,498,157 | 28,824 |
| Custodial Services | | | | | |
| Salaries | 2,154,648 | 25,691 | 2,180,339 | 2,166,045 | 14,294 |
| Purchased Professional & Technical Services | 67,688 | (21,858) | 45,830 | 45,830 | - |
| Cleaning, Repair and Maintenance Services | 49,048 | 7,632 | 56,680 | 62,090 | (5,410) |
| Other Purchased Property Services | 69,000 | - | 69,000 | 66,677 | 2,323 |
| Insurance | 382,383 | 10,219 | 392,602 | 392,602 | - |
| General Supplies | 184,850 | 1,104 | 185,954 | 180,244 | 5,710 |
| Energy (Natural Gas) | 235,000 | 52,592 | 287,592 | 274,814 | 12,778 |
| Energy (Electricity) | 535,000 | - | 535,000 | 521,523 | 13,477 |
| Other Objects | 36,250 | 4,651 | 40,901 | 40,901 | - |
| Total Custodial Services | 3,713,867 | 80,031 | 3,793,898 | 3,750,726 | 43,172 |
| Care & Upkeep of Grounds | | | | | |
| Cleaning, Repair and Maintenance Services | 31,953 | - | 31,953 | 24,671 | 7,282 |
| General Supplies | 27,250 | - | 27,250 | 24,816 | 2,434 |
| Total Care & Upkeep of Grounds | 59,203 | - | 59,203 | 49,487 | 9,716 |

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Original Budget | Adjustments | Final Budget | Actual | Variance with Final Budget |
|---|--------------------|------------------|-------------------|-------------------|----------------------------------|
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Security | | | | | |
| Salaries | \$ 161,629 | \$ 529 | \$ 162,158 | \$ 160,080 | \$ 2,078 |
| Other Objects | 12,000 | - | 12,000 | 11,051 | 949 |
| Total Security | 173,629 | 529 | 174,158 | 171,131 | 3,027 |
| Student Transportation Services | | | | | |
| Salaries for Pupil Transport (Between Home and School)- Spec. Ed. | 51,696 | (15,330) | 36,366 | 27,496 | 8,870 |
| Cleaning, Repair, & Maint. Services | 7,500 | 1,729 | 9,229 | 9,229 | - |
| Contracted Services (Oth. Than Bet. Home & Sch)- Vendors | 225,495 | 86,339 | 311,834 | 270,972 | 40,862 |
| Contracted Services (Special Ed. Students) - Vendors | 7,468 | (179) | 7,289 | 7,289 | - |
| Contracted Services (Reg. Students) - ESCs & CTSA's | 64,441 | 31,559 | 96,000 | 96,000 | - |
| Contracted Services (Special Ed. Students) - ESCs & CTSA's | 597,133 | 81,368 | 678,501 | 617,531 | 60,970 |
| Miscellaneous Purchased Services - Transportation Supplies and Materials | 395 | - | 395 | - | 395 |
| | 14,500 | 271 | 14,771 | 11,052 | 3,719 |
| Total Student Transportation Services | 968,628 | 185,757 | 1,154,385 | 1,039,569 | 114,816 |
| Unallocated Benefits- Employee Benefits | | | | | |
| Social Security Contributions | 1,043,485 | - | 1,043,485 | 1,007,404 | 36,081 |
| Other Retirement Contributions - PERS | 1,146,474 | (40,000) | 1,106,474 | 1,101,195 | 5,279 |
| Pension Contributions - DCRP | 35,000 | - | 35,000 | 33,752 | 1,248 |
| Workers' Compensation | 378,849 | - | 378,849 | 375,658 | 3,191 |
| Health Benefits | 9,794,041 | (583,617) | 9,210,424 | 8,057,606 | 1,152,818 |
| Tuition Reimbursement | 105,000 | 12,958 | 117,958 | 115,741 | 2,217 |
| Other Employee Benefits | 159,750 | 63,000 | 222,750 | 212,650 | 10,100 |
| Total Unallocated Benefits | 12,662,599 | (547,659) | 12,114,940 | 10,904,006 | 1,210,934 |
| Reimbursed TPAF Pension Contributions- (Non-Budgeted) | | | | | |
| Normal Costs | | | | 6,235,666 | (6,235,666) |
| NCGI Premium | | | | 130,529 | (130,529) |
| Post-Retirement Medical Contribution | | | | 2,887,696 | (2,887,696) |
| Long Term Disability | | | | 8,010 | (8,010) |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) | - | - | - | 2,425,874 | (2,425,874) |
| Total Undistributed Expenditures | 33,782,186 | (333,016) | 33,449,170 | 43,335,370 | (9,886,200) |
| Total Current Expenditures | 68,273,245 | (21,829) | 68,251,416 | 77,472,087 | (9,220,671) |

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | Original Budget | Adjustments | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|-----------------------|---------------------|---------------------|----------------------------------|
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Grades 1-5 | \$ 169,692 | \$ (5,000) | \$ 164,692 | \$ 164,692 | |
| Grades 6-8 | 58,011 | (5,710) | 52,301 | 43,056 | \$ 9,245 |
| Grades 9-12 | 117,372 | 10,710 | 128,082 | 128,082 | - |
| Undistributed | | | | | |
| Instruction | 128,896 | - | 128,896 | 119,673 | 9,223 |
| Required Maintenance of School Facilities | 201,441 | 76,284 | 277,725 | 60,353 | 217,372 |
| General Administration | - | 3,000 | 3,000 | - | 3,000 |
| Total Equipment | <u>675,412</u> | <u>79,284</u> | <u>754,696</u> | <u>515,856</u> | <u>238,840</u> |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | 282,195 | (264,441) | 17,754 | 9,000 | 8,754 |
| Construction Services | | 312,352 | 312,352 | 266,195 | 46,157 |
| Lease Purchase Agreements - Principal | | 29,708 | 29,708 | 29,708 | - |
| Assessment for Debt Service on SDA Funding | <u>35,021</u> | - | <u>35,021</u> | <u>35,021</u> | - |
| Total Facilities Acq. And Construction Services | <u>317,216</u> | <u>77,619</u> | <u>394,835</u> | <u>339,924</u> | <u>54,911</u> |
| Capital Assets Acquired under Capital Lease (Non-Budget) | | | | | |
| Photo-Copiers | - | - | - | 659,093 | (659,093) |
| | - | - | - | 659,093 | (659,093) |
| Total Capital Assets Acquired under Capital Lease (Non-Budget) | | | | | |
| Total Capital Outlay | <u>992,628</u> | <u>156,903</u> | <u>1,149,531</u> | <u>1,514,873</u> | <u>(365,342)</u> |
| Transfer Funds To Charter School | <u>66,553</u> | <u>(5,382)</u> | <u>61,171</u> | <u>55,409</u> | <u>5,762</u> |
| Total General Fund | <u>69,332,426</u> | <u>129,692</u> | <u>69,462,118</u> | <u>79,042,369</u> | <u>(9,580,251)</u> |
| Excess (Deficiency) of Revenues Over/(Under) Expenditures | <u>(1,886,533)</u> | <u>176,588</u> | <u>(1,709,945)</u> | <u>832,649</u> | <u>2,542,594</u> |
| Other Financing Sources (Uses) | | | | | |
| Capital Leases (Non-Budget) | | | | 659,093 | 659,093 |
| Transfer In | | | | 107,393 | 107,393 |
| Transfer Out | - | (1,279,679) | (1,279,679) | (1,279,679) | - |
| Total Other Financing Sources (Uses) | - | <u>(1,279,679)</u> | <u>(1,279,679)</u> | <u>(513,193)</u> | <u>766,486</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses) | <u>(1,886,533)</u> | <u>(1,103,091)</u> | <u>(2,989,624)</u> | <u>319,456</u> | <u>3,309,080</u> |
| Fund Balance, Beginning of Year | <u>6,825,820</u> | - | <u>6,825,820</u> | <u>6,825,820</u> | - |
| Fund Balance, End of Year | <u>\$ 4,939,287</u> | <u>\$ (1,103,091)</u> | <u>\$ 3,836,196</u> | <u>\$ 7,145,276</u> | <u>\$ 3,309,080</u> |
| Recapitulation of Fund Balance: | | | | | |
| Restricted Fund Balance: | | | | | |
| Reserved Excess Surplus - Designated for Subsequent Year's Expenditures | | | | \$ 1,339,434 | |
| Reserve for Excess Surplus | | | | 2,746,791 | |
| Capital Reserve | | | | 207,085 | |
| Capital Reserve- Designated for Subsequent Year's Expenditures | | | | 257,953 | |
| Maintenance Reserve | | | | 400,000 | |
| Emergency Reserve | | | | 20,151 | |
| Assigned Fund Balance: | | | | | |
| Designated for Subsequent Year's expenditures | | | | 383,177 | |
| Year-end Encumbrances | | | | 244,039 | |
| Unassigned Fund Balance | | | | | |
| | | | | <u>1,546,646</u> | |
| | | | | 7,145,276 | |
| Reconciliation to Governmental Fund Statements (GAAP) | | | | <u>622,116</u> | |
| Less: Last two State Aid Payments and Extraordinary Aid Payment | | | | <u>622,116</u> | |
| Fund Balances per Governmental Funds (GAAP) | | | | <u>\$ 6,523,160</u> | |

**SUMMIT PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|--------------------|-------------------------|------------------|---------------------------------------|
| REVENUES | | | | | |
| Intergovernmental | | | | | |
| State | \$ 268,496 | \$ 110,330 | \$ 378,826 | \$ 260,103 | \$ (118,723) |
| Federal | 1,211,509 | 524,329 | 1,735,838 | 1,364,669 | (371,169) |
| Local Sources | | | | | |
| Miscellaneous | - | 1,020,084 | 1,020,084 | 685,819 | (334,265) |
| Total Revenues | <u>1,480,005</u> | <u>1,654,743</u> | <u>3,134,748</u> | <u>2,310,591</u> | <u>(824,157)</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 374,852 | 93,841 | 468,693 | 383,507 | 85,186 |
| Salaries of Other Professional Staff | | 23,792 | 23,792 | 21,576 | |
| Other Salaries | | 4,537 | 4,537 | 4,537 | - |
| Purchased Professional Services | | 10,755 | 10,755 | 10,755 | - |
| Purchased Professional/Educational Services | 182,713 | 24,469 | 207,182 | 70,672 | 136,510 |
| Other Purchased Services | | 3,203 | 3,203 | 3,203 | - |
| Tuition | 814,603 | (380,039) | 434,564 | 429,438 | 5,126 |
| General Supplies | 34,878 | 571,649 | 606,527 | 385,081 | 221,446 |
| Textbooks | 23,374 | 709 | 24,083 | 24,083 | - |
| Other Objects | - | 53,939 | 53,939 | 9,684 | 44,255 |
| Total Instruction | <u>1,430,420</u> | <u>406,855</u> | <u>1,837,275</u> | <u>1,342,536</u> | <u>492,523</u> |
| Support Services | | | | | |
| Salaries of Other Professional Staff | | 3,408 | 3,408 | 2,256 | 1,152 |
| Personal Services-Employee Benefits | | 53,068 | 53,068 | 43,563 | 9,505 |
| Purchased Professional Services | | 628,168 | 628,168 | 386,740 | 241,428 |
| Purchased Professional/Educational Services | | 97,926 | 97,926 | 69,491 | 28,435 |
| Purchased Professional/Tech Services | 44,703 | 119,339 | 164,042 | 157,718 | 6,324 |
| Other Purchased Services | 3,714 | 68,552 | 72,266 | 46,900 | 25,366 |
| Rentals | | 3,500 | 3,500 | 3,471 | 29 |
| Supplies and Materials | | 21,595 | 21,595 | 17,424 | 4,171 |
| Other Objects | 1,168 | (1,168) | - | - | - |
| Total Support Services | <u>49,585</u> | <u>994,388</u> | <u>1,043,973</u> | <u>727,563</u> | <u>316,410</u> |
| Facilities Acquisition and Construction | | | | | |
| Non-Instructional Equipment | | 130,791 | 130,791 | 120,715 | 10,076 |
| Instructional Equipment | - | 122,709 | 122,709 | 119,777 | 2,932 |
| Total Facilities Acq. & Construction | <u>-</u> | <u>253,500</u> | <u>253,500</u> | <u>240,492</u> | <u>2,932</u> |
| Total Expenditures | <u>1,480,005</u> | <u>1,654,743</u> | <u>3,134,748</u> | <u>2,310,591</u> | <u>824,157</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, 2019**

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.

| | General Fund <u>C-1</u> | | Special Revenue Fund <u>C-2</u> |
|---|--|-------|--|
| Sources/inflows of resources | | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | (C-1) \$ 79,875,018 | (C-2) | \$ 2,310,591 |
| Difference - Budget to GAAP: | | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, net of cancellations | | | (11,150) |
| State Aid and Extraordinary Aid payments (2017/2018) recognized for GAAP purposes not recognized for Budgetary statements | 505,184 | | |
| State Aid and Extraordinary Aid payments (2018/2019) recognized for budgetary purposes not recognized for GAAP statements | <u>(622,116)</u> | | <u>-</u> |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. | (B-2) <u>\$ 79,758,086</u> | (B-2) | <u>\$ 2,299,441</u> |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | (C-1) <u>\$ 79,042,369</u> | (C-2) | <u>\$ 2,310,591</u> |
| Difference- Budget to GAAP | | | |
| Encumbrances for goods and services ordered but not received are reported in the year the order is place for budgetary purposes, but in the year the goods and/or services are received for financial reporting purposes. | | | |
| June 30, 2018 | | | \$ 3,200 |
| June 30, 2019 | <u>-</u> | | <u>(14,350)</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds | (B-2) <u>\$ 79,042,369</u> | (B-2) | <u>\$ 2,299,441</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Six Fiscal Years*

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| District's Proportion of the Net Position Liability (Asset) | 0.11091 % | 0.10756 % | 0.10213 % | 0.10038 % | 0.09867 % | 0.09611 % |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 21,640,624 | \$ 25,039,115 | \$ 30,247,699 | \$ 22,532,808 | \$ 18,473,376 | \$ 18,368,982 |
| District's Covered-Employee Payroll | \$ 7,471,215 | \$ 7,456,193 | \$ 6,885,387 | \$ 6,780,626 | \$ 6,711,653 | \$ 6,501,378 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 289.65% | 335.8% | 439.3% % | 332.3% % | 275.0 % | 282.0% % |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 53.60% | 48.11% | 40.14% | 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 Six Fiscal Years*

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|------------------|------------------|----------------|----------------|----------------|----------------|
| Contractually Required Contribution | \$ 1,093,244 | \$ 1,019,452 | \$ 935,405 | \$ 876,821 | \$ 820,714 | \$ 728,094 |
| Contributions in Relation to the Contractually Required Contribution | <u>1,093,244</u> | <u>1,019,452</u> | <u>935,405</u> | <u>876,821</u> | <u>820,714</u> | <u>728,094</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered-Employee Payroll | \$ 7,471,215 | \$ 7,456,193 | \$ 6,885,387 | \$ 6,780,626 | \$ 6,711,653 | \$ 6,501,378 |
| Contributions as a Percentage of Covered-Employee Payroll | 0.14633 % | 0.13673 % | 0.13585 % | 0.12931 % | 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 Six Fiscal Years*

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <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>\$ 205,913,727</u> | <u>\$ 211,095,518</u> | <u>\$ 246,545,120</u> | <u>\$ 199,522,349</u> | <u>\$ 163,208,297</u> | <u>\$161,142,215</u> |
| Total | <u>\$ 205,913,727</u> | <u>\$ 211,095,518</u> | <u>\$ 246,545,120</u> | <u>\$ 199,522,349</u> | <u>\$ 163,208,297</u> | <u>\$151,142,215</u> |
| District's Covered-Employee Payroll | \$ 33,706,072 | \$ 33,099,522 | \$ 32,393,898 | \$ 31,687,581 | \$ 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 | 26.49% | 36.44% | 22.33% | 28.71% | 33.64% | 33.64% |

* 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, 2019**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutory required employer contribution are presented in Note 4C.

**SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Two Fiscal Years*

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------|-----------------------|
| Total OPEB Liability | | |
| Service Cost | \$ (2,284,679) | \$ 6,737,252 |
| Interest on Total OPEB Liability | 3,815,904 | 4,096,419 |
| Changes of Benefit Terms | | |
| Differences Between Expected and Actual Experience | | |
| Changes of Assumptions | (14,607,891) | (17,155,688) |
| Gross Benefit Payments | (6,445,440) | (3,347,116) |
| Contribution from the Member | <u>237,337</u> | <u>123,249</u> |
| Net Change in Total OPEB Liability | (19,284,769.0) | (9,545,884.0) |
| Total OPEB Liability - Beginning | <u>129,854,724</u> | <u>139,400,608</u> |
| Total OPEB Liability - Ending | <u>\$ 110,569,955</u> | <u>\$ 129,854,724</u> |
| | | |
| District's Proportionate Share of OPEB Liability | \$ - | \$ - |
| State's Proportionate Share of OPEB Liability | <u>110,569,955</u> | <u>129,854,724</u> |
| Total OPEB Liability - Ending | <u>\$ 110,569,955</u> | <u>\$ 129,854,724</u> |
| | | |
| District's Covered-Employee Payroll | <u>\$ 41,177,287</u> | <u>\$ 40,555,715</u> |
| | | |
| District's Proportionate Share of the Total OPEB | | |
| Liability as a Percentage of its Covered-Employee Payroll | 0% | 0% |

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4D.

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, 2019**

| | <u>EXHIBIT E-1A</u> | <u>EXHIBIT E-1B</u> | <u>EXHIBIT E-1C</u> | <u>Total</u> |
|---|-------------------------|-------------------------|-------------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental | | | | |
| State | | \$ 198,264 | \$ 61,839 | \$ 260,103 |
| Federal | \$ 402,988 | 961,681 | | 1,364,669 |
| Local Sources | | | | |
| Miscellaneous | - | - | 685,819 | 685,819 |
| | <u>\$ 402,988</u> | <u>\$ 1,159,945</u> | <u>\$ 747,658</u> | <u>\$ 2,310,591</u> |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Salaries of Teachers | \$ 258,684 | \$ 3,000 | \$ 121,823 | \$ 383,507 |
| Salaries Other Professional Staff | | | 21,576 | 21,576 |
| Other Salaries | | 4,537 | | 4,537 |
| Purchased Professional Services | 10,455 | 300 | | 10,755 |
| Purchased Professional/Ed Services | - | 32,601 | 38,071 | 70,672 |
| Tuition | - | 429,438 | | 429,438 |
| Other Purchased Services | - | - | 3,203 | 3,203 |
| General Supplies | 47,374 | 78,484 | 259,223 | 385,081 |
| Textbooks | - | 24,083 | - | 24,083 |
| Other Objects | 5,140 | 3,544 | 1,000 | 9,684 |
| | <u>321,653</u> | <u>575,987</u> | <u>444,896</u> | <u>1,342,536</u> |
| Support Services | | | | |
| Salaries of Other Professional Staff | 2,256 | - | - | 2,256 |
| Personal Services-Employee Benefits | 43,563 | - | - | 43,563 |
| Purchased Professional Services | 18,500 | 367,809 | 431 | 386,740 |
| Purchased Professional/Educational Services | - | 33,118 | 36,373 | 69,491 |
| Purchased Professional/Tech Services | - | 136,425 | 21,293 | 157,718 |
| Other Purchased Services | 3,695 | 39,032 | 4,173 | 46,900 |
| Rentals | | 3,471 | | 3,471 |
| Supplies and Materials | 13,321 | 4,103 | - | 17,424 |
| | <u>81,335</u> | <u>583,958</u> | <u>62,270</u> | <u>727,563</u> |
| Facilities Acquisition and Construction | | | | |
| Non-Instructional Equipment | | | 120,715 | 120,715 |
| Instructional Equipment | - | - | 119,777 | 119,777 |
| | <u>-</u> | <u>-</u> | <u>240,492</u> | <u>240,492</u> |
| Total Facilities Acq. & Construction | <u>-</u> | <u>-</u> | <u>240,492</u> | <u>240,492</u> |
| | <u>\$ 402,988</u> | <u>\$ 1,159,945</u> | <u>\$ 747,658</u> | <u>\$ 2,310,591</u> |

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, 2019**

| | <u>ESEA Title I</u> | <u>ESEA Title I Carrvoer</u> | <u>ESEA Title IIA</u> | <u>ESEA Title IIA Carrvoer</u> | <u>ESEA Title III</u> | <u>ESEA Title III Carrvoer</u> | <u>ESEA Title III Immigrant</u> | <u>Subtotal E-1A</u> |
|-------------------------------------|-------------------------|--------------------------------------|---------------------------|--|---------------------------|--|---|--------------------------|
| REVENUES | | | | | | | | |
| Intergovernmental | | | | | | | | |
| State | | | | | | | | |
| Federal | \$ 255,133 | \$ 24,954 | \$ 59,895 | \$ 6,124 | \$ 19,516 | \$ 15,222 | \$ 22,144 | \$ 402,988 |
| Miscellaneous- Local | - | - | - | - | - | - | - | - |
| Total Revenues | <u>\$ 255,133</u> | <u>\$ 24,954</u> | <u>\$ 59,895</u> | <u>\$ 6,124</u> | <u>\$ 19,516</u> | <u>\$ 15,222</u> | <u>\$ 22,144</u> | <u>\$ 402,988</u> |
| EXPENDITURES | | | | | | | | |
| Instruction | | | | | | | | |
| Salaries of Teachers | \$ 186,919 | \$ 4,560 | \$ 30,629 | | \$ 11,592 | \$ 4,176 | \$ 20,808 | \$ 258,684 |
| Purchased Professional Services | 6,130 | 4,325 | | | | | | 10,455 |
| Purchased Professional-Ed Services | | | | | | | | - |
| Tuition | | | | | | | | - |
| Other Purchased Services | | | | | | | | - |
| General Supplies | 25,822 | 6,823 | | | 7,232 | 7,454 | 43 | 47,374 |
| Textbooks | | | | | | | | - |
| Other Objects | 1,209 | 2,750 | - | - | - | 1,181 | - | 5,140 |
| Total Instruction | <u>220,080</u> | <u>18,458</u> | <u>30,629</u> | <u>-</u> | <u>18,824</u> | <u>12,811</u> | <u>20,851</u> | <u>321,653</u> |
| Support Services | | | | | | | | |
| Salaries Other Professional Staff | 2,256 | | | | | | | 2,256 |
| Personal Services-Employee Benefits | 32,797 | | 10,766 | | | | | 43,563 |
| Purchased Professional Services | | | 18,500 | | | | | 18,500 |
| Purchased Professional-Ed Services | | | | | | | | - |
| Purchased Professional Tech Svcs | | | | | | | | - |
| Other Purchased Services | | 1,356 | | | 692 | 1,647 | | 3,695 |
| Supplies and Materials | - | 5,140 | - | \$ 6,124 | - | 764 | 1,293 | 13,321 |
| Total Support Services | <u>35,053</u> | <u>6,496</u> | <u>29,266</u> | <u>6,124</u> | <u>692</u> | <u>2,411</u> | <u>1,293</u> | <u>81,335</u> |
| Total Expenditures | <u>\$ 255,133</u> | <u>\$ 24,954</u> | <u>\$ 59,895</u> | <u>\$ 6,124</u> | <u>\$ 19,516</u> | <u>\$ 15,222</u> | <u>\$ 22,144</u> | <u>\$ 402,988</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, 2019**

| | ESEA Title III Immigrant <u>Carrvoer</u> | <u>Title IV</u> | IDEA Part B | IDEA Part B | IDEA | Non-Public | | | | Subtotal E-1B |
|--------------------------------------|---|-----------------|-------------------|-------------------|------------------|-------------------|------------------|------------------|-------------------|---------------------|
| | <u>Basic</u> | | <u>Basic</u> | <u>Carrvoer</u> | <u>Preschool</u> | <u>Technology</u> | <u>Textbooks</u> | <u>Nursing</u> | <u>Security</u> | |
| REVENUES | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | |
| State | | | | | | \$ 37,980 | \$ 24,083 | \$ 32,601 | \$ 103,600 | \$ 198,264 |
| Federal | \$ 6,632 | 4,370 | \$ 804,601 | \$ 112,960 | \$ 33,118 | | | | | 961,681 |
| Miscellaneous- Local | - | - | - | - | - | - | - | - | - | - |
| Total Revenues | 6,632 | 4,370 | \$ 804,601 | \$ 112,960 | \$ 33,118 | \$ 37,980 | \$ 24,083 | \$ 32,601 | \$ 103,600 | \$ 1,159,945 |
| EXPENDITURES | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Salaries of Teachers | 3,000 | | | | | | | | | \$ 3,000 |
| Other Salaries | | | \$ 4,537 | | | | | | | 4,537 |
| Purchased Professional Services | | | 300 | | | | | | | 300 |
| Purchased Professional-Ed Services | | | | | | | | \$ 32,601 | | 32,601 |
| Tuition | | | 339,347 | \$ 90,091 | | | | | | 429,438 |
| Other Purchased Services | | | | | | | | | | - |
| General Supplies | 648 | | 27,543 | 12,313 | | \$ 37,980 | | | | 78,484 |
| Textbooks | | | | | | | \$ 24,083 | | | 24,083 |
| Other Objects | 1,222 | - | 2,322 | - | - | - | - | - | - | 3,544 |
| Total Instruction | 4,870 | - | 374,049 | 102,404 | - | 37,980 | 24,083 | 32,601 | - | 575,987 |
| Support Services | | | | | | | | | | |
| Salaries Other Professional Staff | | | | | | | | | | - |
| Personal Services-Employee Benefits | | | | | | | | | | - |
| Purchased Professional Services | | \$ 4,370 | 356,239 | 7,200 | | | | | | 367,809 |
| Purchased Professional-Ed Services | | | | | \$ 33,118 | | | | | 33,118 |
| Purchased Professional/Tech Services | | | 32,825 | | | | | | \$ 103,600 | 136,425 |
| Other Purchased Services | 1,462 | | 37,570 | | | | | | | 39,032 |
| Rentals | | | 3,471 | | | | | | | 3,471 |
| Supplies and Materials | 300 | - | 447 | 3,356 | - | - | - | - | - | 4,103 |
| Total Support Services | 1,762 | 4,370 | 430,552 | 10,556 | 33,118 | - | - | - | 103,600 | 583,958 |
| Total Expenditures | \$ 6,632 | \$ 4,370 | \$ 804,601 | \$ 112,960 | \$ 33,118 | \$ 37,980 | \$ 24,083 | \$ 32,601 | \$ 103,600 | \$ 1,159,945 |

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, 2019

| Non Public Chapter 192/193 | | | | | | | | |
|---|--------------------------|---------------------|-----------------|-----------------------------|---------------------------------|----------------------|-------------------|-------------------|
| | Compensatory Services | Home Instruction | Transportation | Supplemental Instruction | Examination & Classification | Corrective Speech | Various | Subtotal E-1C |
| REVENUES | | | | | | | | |
| Intergovernmental | | | | | | | | |
| State | \$ 1,861 | \$ 660 | \$ 4,173 | \$ 19,746 | \$ 21,293 | \$ 14,106 | | \$ 61,839 |
| Federal | | | | | | | | |
| Miscellaneous- Local | - | - | - | - | - | - | \$ 685,819 | 685,819 |
| Total Revenues | \$ 1,861 | \$ 660 | \$ 4,173 | \$ 19,746 | \$ 21,293 | \$ 14,106 | \$ 685,819 | \$ 747,658 |
| EXPENDITURES | | | | | | | | |
| Instruction | | | | | | | | |
| Salaries of Teachers | | | | | | | \$ 121,823 | \$ 121,823 |
| Salaries Other Professional Staff | | | | | | | 21,576 | 21,576 |
| Purchased Professional-Ed Services | | | | | | | 38,071 | 38,071 |
| Other Purchased Services | | | | | | | 3,203 | 3,203 |
| General Supplies | | | | | | | 259,223 | 259,223 |
| Textbooks | | | | | | | | - |
| Other Objects | - | - | - | - | - | - | 1,000 | 1,000 |
| Total Instruction | - | - | - | - | - | - | 444,896 | 444,896 |
| Support Services | | | | | | | | |
| Salaries Other Professional Staff | | | | | | | | |
| Personal Services-Employee Benefits | | | | | | | | |
| Purchased Professional Services | | | | | | | \$ 431 | 431 |
| Purchased Professional-Ed Services | \$ 1,861 | \$ 660 | | \$ 19,746 | | \$ 14,106 | | 36,373 |
| Purchased Professional/Tech Services | | | | | \$ 21,293 | | | 21,293 |
| Other Purchased Services | | | \$ 4,173 | | | | | 4,173 |
| Supplies and Materials | - | - | - | - | - | - | - | - |
| Total Support Services | 1,861 | 660 | 4,173 | 19,746 | 21,293 | 14,106 | 431 | 62,270 |
| Facilities Acquisition and Construction | | | | | | | | |
| Non-Instructional Equipment | | | | | | | 120,715 | 120,715 |
| Instructional Equipment | - | - | - | - | - | - | 119,777 | 119,777 |
| Total Facilities Acq. & Construction | - | - | - | - | - | - | 240,492 | 240,492 |
| Total Expenditures | \$ 1,861 | \$ 660 | \$ 4,173 | \$ 19,746 | \$ 21,293 | \$ 14,106 | \$ 685,819 | \$ 747,658 |

**SUMMIT PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**SUMMIT PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| <u>Issue/Project Title</u> | <u>Approval Date</u> | <u>Modified Appropriations</u> | <u>Expenditures to Date</u> | | <u>Transfer Out</u> | <u>Unexpended Appropriations June 30, 2019</u> |
|---|----------------------|--------------------------------|--|---------------------|---------------------|--|
| <u>Local Projects-</u> | | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Summit High School Field Turf | 2018/19 | \$ 1,279,679 | | \$ 461,643 | | \$ 818,036 |
| Culinary Arts Project | 2017/18 | <u>1,100,000</u> | <u>\$ 177,810</u> | <u>814,797</u> | <u>\$ 107,393</u> | <u>-</u> |
| | | <u>\$ 2,379,679</u> | <u>\$ -</u> | <u>\$ 1,276,440</u> | <u>\$ -</u> | <u>\$ 818,036</u> |
| * - Additional Funding by Capital Reserve | | | Project Balances | | | <u>\$ 818,036</u> |
| | | | Fund Balance, June 30, 2019 - GAAP Basis | | | <u>\$ 818,036</u> |
| | | | <u>Analysis of Restricted Fund Balance</u> | | | |
| | | | Year End Encumbrances | | | \$ 818,036 |
| | | | Reserve for Capital Projects | | | <u>-</u> |
| | | | | | | <u>\$ 818,036</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, 2019**

| | |
|---|--------------------------|
| Revenues and Other Financing Sources | |
| Transfer In from Capital Reserve | \$ 1,279,679 |
| Total Revenues | <u>1,279,679</u> |
| Expenditures and Other Financing Uses | |
| Other Purchased and Technical Services | 55,125 |
| Construction Services | 1,156,430 |
| Equipment/Supplies | 64,885 |
| Transfer Out General Fund | <u>107,393</u> |
| Total Expenditures | <u>1,383,833</u> |
| Excess (Deficit) of Revenues over (under) Expenditures | (104,154) |
| Fund Balance, Beginning of Year | <u>922,190</u> |
| Fund Balance, End of Year - Budgetary Basis | <u><u>\$ 818,036</u></u> |
| Reconciliation to GAAP: | |
| Project Fund Balances | <u>\$ 818,036</u> |
| Fund Balance - End of Year - GAAP | <u><u>\$ 818,036</u></u> |

**SUMMIT PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
CULINARY ARTS PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|------------------|--|
| Revenues and Other Financing Sources | | | | |
| Transfer from Food Service Fund | \$ 300,000 | | \$ 300,000 | \$ 300,000 |
| Transfer from Flash Program | 200,000 | | 200,000 | 200,000 |
| Transfer from Capital Reserve | 600,000 | | 600,000 | 600,000 |
| | <u>1,100,000</u> | <u>-</u> | <u>1,100,000</u> | <u>1,100,000</u> |
| Expenditures and Other Financing Uses | | | | |
| Other Purchased and Technical Services (390) | 10,447 | | 10,447 | 50,000 |
| Construction Services (450) | 151,038 | \$ 749,912 | 900,950 | 900,000 |
| Equipment/Supplies | 16,325 | 64,885 | 81,210 | 150,000 |
| Transfers Out | - | 107,393 | 107,393 | - |
| | <u>177,810</u> | <u>922,190</u> | <u>1,100,000</u> | <u>1,100,000</u> |
| Excess (deficiency) or Revenues over (under) Expenditures | <u>\$ 922,190</u> | <u>\$ (922,190)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Additional project information: | | | | |
| Project Number | N/A | | | |
| Grant Date | N/A | | | |
| Bond Authorization Date | N/A | | | |
| Bonds Authorized | N/A | | | |
| Bonds Issued | N/A | | | |
| Original Authorized Cost | \$ 1,100,000 | | | |
| Additional Authorized Cost | | | | |
| Revised Authorized Cost | \$ 1,100,000 | | | |
| Percentage Increase over Original Authorized Cost | 0.00% | | | |
| Percentage Completion | 100.00% | | | |
| Original Target Completion Date | 12/31/18 | | | |
| Revised Target Completion Date | 12/31/18 | | | |

**SUMMIT PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
SUMMIT HIGH SCHOOL FIELD TURF
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|---------------|--|
| Revenues and Other Financing Sources | | | | |
| Transfer from Capital Reserve | - | \$ 1,279,679 | \$ 1,279,679 | \$ 1,279,679 |
| Total Revenues | - | 1,279,679 | 1,279,679 | 1,279,679 |
| Expenditures and Other Financing Uses | | | | |
| Other Purchased and Technical Services (390) | | 55,125 | 55,125 | 63,000 |
| Construction Services (450) | | 406,518 | 406,518 | 1,216,679 |
| Equipment/Supplies | | | - | |
| Total Expenditures | - | 461,643 | 461,643 | 1,279,679 |
| Excess (deficiency) or Revenues over (under) Expenditures | \$ - | \$ 818,036 | \$ 818,036 | \$ - |
| Additional project information: | | | | |
| Project Number | N/A | | | |
| Grant Date | N/A | | | |
| Bond Authorization Date | N/A | | | |
| Bonds Authorized | N/A | | | |
| Bonds Issued | N/A | | | |
| Original Authorized Cost | \$ | 1,279,679 | | |
| Additional Authorized Cost | | | | |
| Revised Authorized Cost | \$ | 1,279,679 | | |
| Percentage Increase over Original Authorized Cost | 0.00% | | | |
| Percentage Completion | 36.00% | | | |
| Original Target Completion Date | 12/31/19 | | | |
| Revised Target Completion Date | 12/31/19 | | | |

PROPRIETARY FUNDS

EXHIBIT G-1

**SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

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, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

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, 2019**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FIDUCIARY FUNDS

**SUMMIT PUBLIC SCHOOLS
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY FUND ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

| | <u>Student Activity</u> | <u>Payroll</u> | <u>Total Agency Funds</u> |
|-------------------------------------|-----------------------------|----------------------|-------------------------------|
| ASSETS | | | |
| Cash | \$ 378,406 | \$ 19,633 | \$ 398,039 |
| Due from Other Funds | <u>-</u> | <u>9,349</u> | <u>9,349</u> |
| Total Assets | <u>\$ 378,406</u> | <u>\$ 28,982</u> | <u>\$ 407,388</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | \$ 24,483 | \$ 24,483 |
| Accrued Salary and Wages | | 4,499 | 4,499 |
| Due to Student Groups | <u>\$ 378,406</u> | <u>-</u> | <u>378,406</u> |
| Total Liabilities | <u>\$ 378,406</u> | <u>\$ 28,982</u> | <u>\$ 407,388</u> |

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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, 2019**

| <u>School</u> | <u>Balance July 1, 2018</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance, June 30, 2019</u> |
|--------------------------------|---------------------------------|--------------------------|-------------------------------|-----------------------------------|
| ELEMENTARY SCHOOLS | | | | |
| Brayton | \$ 12,232 | \$ 24,716 | \$ 25,979 | \$ 10,969 |
| Franklin | 2,100 | 3,977 | 3,612 | 2,465 |
| Wilson Primary Center | 975 | 1,016 | 1,161 | 830 |
| Jefferson | 16,986 | 21,573 | 17,349 | 21,210 |
| Lincoln - Hubbard | 722 | 1,362 | 1,396 | 688 |
| Washington | 6,569 | 7,058 | 5,669 | 7,958 |
| Jefferson Primary Center | 302 | 660 | 192 | 770 |
| JUNIOR HIGH SCHOOLS | | | | |
| Lawton C Johnson Middle School | 195,871 | 263,121 | 296,522 | 162,470 |
| SENIOR HIGH SCHOOL | | | | |
| Summit High School | 195,629 | 459,009 | 483,592 | 171,046 |
| ATHLETICS | | | | |
| High School Athletics | 1,001 | 107,500 | 108,501 | - |
| Total | <u>\$ 432,387</u> | <u>\$ 889,992</u> | <u>\$ 943,973</u> | <u>\$ 378,406</u> |

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | <u>Balance, July 1, 2018</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance, June 30, 2019</u> |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| Due to/(From) Other Funds | | | \$ 9,349 | \$ (9,349) |
| Payroll Deductions and Withholdings | \$ 24,323 | \$ 23,572,160 | 23,572,000 | 24,483 |
| Accrued Salaries and Wages | 940 | 29,254,152 | 29,250,593 | 4,499 |
| Total | <u>\$ 25,263</u> | <u>\$ 52,826,312</u> | <u>\$ 52,831,942</u> | <u>\$ 19,633</u> |

LONG-TERM DEBT

EXHIBIT I-1

SUMMIT PUBLIC SCHOOLS
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOT APPLICABLE

EXHIBIT I-2

LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASE/OPERATING LEASE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| <u>Purpose</u> | Amount of Original Issue | Interest Rate | Balance, July 1, 2018 | Issued | Retired | Balance, June 30, 2019 |
|-------------------------------|--------------------------------|------------------|--------------------------|-------------------|------------------|---------------------------|
| <u>Operating Lease</u> | | | | | | |
| Technology-Storage Space | \$ 140,831 | 0% | \$ 89,123 | - | \$ 29,708 | \$ 59,415 |
| | | | <u>\$ 89,123</u> | <u>\$ -</u> | <u>\$ 29,708</u> | <u>\$ 59,415</u> |
| <u>Capital Lease</u> | | | | | | |
| Copier | 659,093 | 4.25% | - | \$ 659,093 | \$ 59,796 | \$ 599,297 |
| | | | <u>-</u> | <u>\$ 659,093</u> | <u>\$ 59,796</u> | <u>\$ 599,297</u> |

EXHIBIT I-3

LONG TERM DEBT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 (1) | 2012 | 2013 | 2014 (2) | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental Activities | | | | | | | | | | |
| Investment In Capital Assets | \$ 47,595,041 | \$ 54,449,486 | \$ 59,918,722 | \$ 60,891,572 | \$ 63,466,575 | \$ 76,308,217 | \$ 79,075,844 | \$ 77,587,661 | \$ 77,215,235 | \$ 77,075,628 |
| Restricted | 1,177,690 | 2,220,078 | 2,415,870 | 3,932,364 | 4,711,655 | 2,508,419 | 3,206,598 | 3,531,095 | 3,344,272 | 1,703,192 |
| Unrestricted | 2,098,144 | 2,495,918 | 2,246,136 | 1,702,640 | (15,778,464) | (15,802,765) | (16,927,486) | (19,201,691) | (20,179,376) | (19,137,589) |
| Total Governmental Activities Net Position | \$ 50,870,875 | \$ 59,165,482 | \$ 64,580,728 | \$ 66,526,576 | \$ 52,399,766 | \$ 63,013,871 | \$ 65,354,956 | \$ 61,917,065 | \$ 60,380,131 | \$ 59,641,231 |
| Business-Type Activities | | | | | | | | | | |
| Investment In Capital Assets | \$ 137,150 | \$ 166,159 | \$ 201,851 | \$ 315,636 | \$ 345,388 | \$ 342,331 | \$ 431,646 | \$ 422,196 | \$ 425,106 | \$ 420,873 |
| Restricted | | | | | | | | | | |
| Unrestricted | 440,685 | 475,532 | 559,208 | 553,282 | 595,915 | 619,349 | 538,729 | 642,158 | 89,816 | 180,719 |
| Total Business-Type Activities Net Position | \$ 577,835 | \$ 641,691 | \$ 761,059 | \$ 868,918 | \$ 941,303 | \$ 961,680 | \$ 970,375 | \$ 1,064,354 | \$ 514,922 | \$ 601,592 |
| District-Wide | | | | | | | | | | |
| Investment In Capital Assets | \$ 47,732,191 | \$ 54,615,645 | \$ 60,120,573 | \$ 61,207,208 | \$ 63,811,963 | \$ 76,650,548 | \$ 79,507,490 | \$ 78,009,857 | \$ 77,640,341 | \$ 77,496,501 |
| Restricted | 1,177,690 | 2,220,078 | 2,415,870 | 3,932,364 | 4,711,655 | 2,508,419 | 3,206,598 | 3,531,095 | 3,344,272 | 1,703,192 |
| Unrestricted | 2,538,829 | 2,971,450 | 2,805,344 | 2,255,922 | (15,183,549) | (15,183,416) | (16,388,757) | (18,559,533) | (20,089,560) | (18,956,870) |
| Total District Net Position | \$ 51,448,710 | \$ 59,807,173 | \$ 65,341,787 | \$ 67,395,494 | \$ 53,340,069 | \$ 63,975,551 | \$ 66,325,331 | \$ 62,981,419 | \$ 60,895,053 | \$ 60,242,823 |

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, | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 30,266,224 | \$ 30,453,508 | \$ 30,780,236 | \$ 31,375,219 | \$ 32,260,299 | \$ 37,264,045 | \$ 40,482,290 | \$ 44,310,886 | \$ 45,659,443 | \$ 41,980,159 |
| Special Education | 9,655,370 | 9,942,089 | 10,200,882 | 10,984,562 | 9,992,167 | 12,801,840 | 13,344,736 | 14,804,687 | 15,323,007 | 14,915,451 |
| Other Instruction | 1,862,999 | 2,012,592 | 1,783,671 | 2,002,165 | 1,793,562 | 2,098,300 | 2,625,431 | 2,716,387 | 2,958,374 | 2,880,632 |
| School Sponsored Activities & Athletics | 1,508,797 | 1,569,698 | 1,693,314 | 1,671,636 | 1,716,135 | 2,103,338 | 2,370,065 | 2,674,707 | 2,720,396 | 2,401,431 |
| Support Services: | | | | | | | | | | |
| Tuition | | | | | | | | | | |
| Student and Instruction Related Services | 5,287,762 | 5,604,698 | 5,647,971 | 5,673,707 | 5,690,517 | 7,363,674 | 7,538,884 | 9,046,759 | 9,073,412 | 8,557,631 |
| Health Services | 974,556 | 1,020,282 | 1,045,437 | 1,124,322 | 1,123,937 | 1,390,791 | 1,396,846 | 1,604,189 | 1,658,341 | 1,681,456 |
| Educational Media/School Library | 1,393,968 | 1,507,626 | 1,474,330 | 1,598,382 | 1,509,632 | 1,703,893 | 1,912,289 | 1,980,111 | 1,950,316 | 1,861,673 |
| General Administrative Services | 1,375,967 | 1,431,802 | 1,760,134 | 1,501,356 | 1,667,992 | 1,636,224 | 2,341,790 | 2,917,540 | 2,009,478 | 1,875,953 |
| School Administrative Services | 3,911,979 | 4,187,205 | 5,071,401 | 5,258,803 | 5,285,003 | 4,991,596 | 4,767,242 | 5,752,566 | 5,810,362 | 5,139,602 |
| Plant Operations And Maintenance | 6,217,401 | 6,049,846 | 6,128,905 | 5,986,778 | 6,225,201 | 6,248,907 | 6,939,247 | 7,197,792 | 7,227,873 | 7,190,553 |
| Pupil Transportation | 971,030 | 808,430 | 835,282 | 732,508 | 704,629 | 783,899 | 887,653 | 1,052,710 | 958,686 | 1,054,288 |
| Central Services | 1,402,625 | 1,502,470 | 1,521,391 | 1,562,170 | 1,605,161 | 1,481,281 | 1,595,472 | 1,622,981 | 1,664,986 | 1,734,615 |
| Interest and Other Charges | 64,027 | 20,399 | 16,998 | 35,021 | 35,021 | 35,021 | 35,021 | 35,021 | 35,021 | 48,503 |
| Charter Schools | | | | | | | | | | |
| Total Governmental Activities Expenses | 64,892,705 | 66,110,645 | 67,959,952 | 69,506,629 | 69,609,256 | 79,902,809 | 86,236,966 | 95,716,336 | 97,049,695 | 91,321,947 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 1,304,953 | 1,453,855 | 1,572,080 | 1,658,357 | 1,770,238 | 1,741,238 | 1,768,912 | 1,790,338 | 1,785,850 | 1,757,794 |
| Summer Flash Program | 186,868 | 170,511 | 160,373 | 167,250 | 243,187 | 245,984 | 246,620 | 242,630 | 229,284 | 252,357 |
| Transfers | | | | | | | | | 605,000 | |
| Total Business-Type Activities | 1,491,821 | 1,624,366 | 1,732,453 | 1,825,607 | 2,013,425 | 1,987,222 | 2,015,532 | 2,032,968 | 2,620,134 | 2,010,151 |
| Total District-Wide Expenses | \$ 66,384,526 | \$ 67,735,011 | \$ 69,692,405 | \$ 71,332,236 | \$ 71,622,681 | \$ 81,890,031 | \$ 88,252,498 | \$ 97,749,304 | \$ 99,669,829 | \$ 93,332,098 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services | | | \$ 184,733 | \$ 309,373 | \$ 324,367 | \$ 679,483 | \$ 1,149,840 | \$ 1,129,474 | \$ 1,039,603 | \$ 921,335 |
| Capital Grants and Contributions | | | | 1,047,756 | 3,020,365 | 11,519,361 | 3,476,015 | 198,818 | 243,560 | 243,692 |
| Operating Grants And Contributions | \$ 16,449,795 | \$ 14,453,423 | 13,287,268 | 10,335,360 | 9,725,573 | 17,410,834 | 21,729,577 | 27,494,986 | 30,004,578 | 24,935,243 |
| Total Governmental Activities Program Revenues | 16,449,795 | 14,453,423 | 13,472,001 | 11,692,489 | 13,070,305 | 29,609,678 | 26,355,432 | 28,823,278 | 31,287,741 | 26,100,270 |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services | | | | | | | | | | |
| Food Service | 1,079,175 | 1,207,769 | 1,308,842 | 1,369,102 | 1,443,347 | 1,413,289 | 1,400,386 | 1,416,710 | 1,388,514 | 1,454,465 |
| Summer Flash Program | 194,291 | 162,200 | 193,065 | 221,394 | 253,252 | 224,904 | 222,380 | 280,340 | 274,139 | 260,632 |
| Operating Grants And Contributions | 288,896 | 318,253 | 349,914 | 342,970 | 388,211 | 370,406 | 401,461 | 429,897 | 408,049 | 381,724 |
| Total Business Type Activities Program Revenues | 1,562,362 | 1,688,222 | 1,851,821 | 1,933,466 | 2,084,810 | 2,008,599 | 2,024,227 | 2,126,947 | 2,070,702 | 2,096,821 |
| Total District-Wide Program Revenues | \$ 18,012,157 | \$ 16,141,645 | \$ 15,323,822 | \$ 13,625,955 | \$ 15,155,115 | \$ 31,618,277 | \$ 28,379,659 | \$ 30,950,225 | \$ 33,358,443 | \$ 28,197,091 |

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

| | 2010 | | 2011 | | 2012 | | 2013 | | Fiscal Year Ended June 30, 2014 | | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------------|------------------------|------|--|------|--|------|--|------|--|------|--|
| Net (Expense)/Revenue | | | | | | | | | | | | | | | | | | | | |
| Governmental Activities | \$ (48,442,910) | \$ (51,657,222) | \$ (54,487,951) | \$ (57,814,140) | \$ (56,538,951) | \$ (50,293,131) | \$ (59,881,534) | \$ (66,893,058) | \$ (65,761,954) | \$ (65,221,677) | | | | | | | | | | |
| Business-Type Activities | 70,541 | 63,856 | 119,368 | 107,859 | 71,385 | 21,377 | 8,695 | 93,979 | (549,432) | 86,670 | | | | | | | | | | |
| Total District-Wide Net Expense | <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> | <u>\$ (66,799,079)</u> | <u>\$ (66,311,386)</u> | <u>\$ (65,135,007)</u> | | | | | | | | | | |
| General Revenues And Other Changes In Net Position | | | | | | | | | | | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | | | | | | | | |
| Property Taxes Levied For General Purposes | \$ 56,808,725 | \$ 59,646,434 | \$ 59,644,537 | \$ 59,401,147 | \$ 60,517,972 | \$ 60,674,206 | \$ 61,764,695 | \$ 62,968,889 | \$ 63,153,994 | \$ 64,005,589 | | | | | | | | | | |
| State Aid not Restricted | | | | | | 72,410 | 82,938 | 119,435 | 119,912 | 10,515 | | | | | | | | | | |
| Miscellaneous Income | 380,261 | 379,644 | 258,660 | 358,841 | 263,151 | 160,620 | 405,305 | 371,703 | 366,514 | 466,673 | | | | | | | | | | |
| Transfers | | | | | | | | | 605,000 | | | | | | | | | | | |
| Loss on Disposal of Assets | | (75,249) | | | | | (30,319) | (4,860) | (20,400) | | | | | | | | | | | |
| Total Governmental Activities | <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> | <u>63,455,167</u> | <u>64,225,020</u> | <u>64,482,777</u> | | | | | | | | | | |
| Total District-Wide General Revenues | <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> | <u>\$ 63,455,167</u> | <u>\$ 64,225,020</u> | <u>\$ 64,482,777</u> | | | | | | | | | | |
| Change in Net Position | | | | | | | | | | | | | | | | | | | | |
| Governmental Activities | \$ 8,746,076 | \$ 8,293,607 | \$ 5,415,246 | \$ 1,945,848 | \$ 4,242,172 | \$ 10,614,105 | \$ 2,341,085 | \$ (3,437,891) | \$ (1,536,934) | \$ (738,900) | | | | | | | | | | |
| Business-Type Activities | 70,541 | 63,856 | 119,368 | 107,859 | 71,385 | 21,377 | 8,695 | 93,979 | (549,432) | 86,670 | | | | | | | | | | |
| Total District-Wide Change in Net Position | <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> | <u>\$ (3,343,912)</u> | <u>\$ (2,086,366)</u> | <u>\$ (652,230)</u> | | | | | | | | | | |

Source: District financial records

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

| | 2010 | 2011 | 2012 | 2013 | Fiscal Year Ended June 30 | | 2016 | 2017 | 2018 | 2019 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | | | | 2014 | 2015 | | | | |
| General Fund | | | | | | | | | | |
| Reserved | \$ 2,698,122 | | | | | | | | | |
| Unreserved | 810,119 | | | | | | | | | |
| Restricted | | \$ 2,589,575 | \$ 3,927,832 | \$ 5,500,543 | \$ 3,509,038 | \$ 3,931,841 | \$ 4,725,254 | \$ 5,547,933 | \$ 5,112,946 | \$ 4,971,414 |
| Assigned | | 989,641 | 526,566 | 242,468 | 795,118 | 801,906 | 470,376 | 190,483 | 248,496 | 627,216 |
| Unassigned | | 998,106 | 919,828 | 883,996 | 958,106 | 924,198 | 957,397 | 944,299 | 959,194 | 924,530 |
| Total General Fund | <u>3,508,241</u> | <u>4,577,322</u> | <u>5,374,226</u> | <u>6,627,007</u> | <u>5,262,262</u> | <u>5,657,945</u> | <u>6,153,027</u> | <u>6,682,715</u> | <u>6,320,636</u> | <u>6,523,160</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | 5,980,934 | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | |
| Capital Projects Fund | (4,820,235) | | | 240,186 | 3,252,857 | 789,379 | 613,660 | 613,660 | | |
| Restricted, reported in: | | | | | | | | | | |
| Capital Projects Fund | | 1,353,087 | 473,692 | | | | | | 922,190 | 818,036 |
| Total All Other Governmental Funds | <u>1,160,699</u> | <u>1,353,087</u> | <u>473,692</u> | <u>240,186</u> | <u>3,252,857</u> | <u>789,379</u> | <u>613,660</u> | <u>613,660</u> | <u>922,190</u> | <u>818,036</u> |
| Total Fund Balances | <u>\$ 4,668,940</u> | <u>\$ 5,930,409</u> | <u>\$ 5,847,918</u> | <u>\$ 6,867,193</u> | <u>\$ 8,515,119</u> | <u>\$ 6,447,324</u> | <u>\$ 6,766,687</u> | <u>\$ 7,296,375</u> | <u>\$ 7,242,826</u> | <u>\$ 7,341,196</u> |

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, | | | | | | | | | |
|--|----------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | | | | | | |
| Tax Levy | \$56,808,725 | \$ 59,646,434 | \$ 59,644,537 | \$59,401,147 | \$ 60,517,972 | \$ 60,674,206 | \$ 61,764,695 | \$ 62,968,889 | \$ 63,153,994 | \$ 64,005,589 |
| Tuition Charges | | | | | 324,367 | 679,483 | 1,149,840 | 1,129,474 | 1,010,265 | 921,335 |
| Interest Earnings | | | | | | | | | | |
| Miscellaneous | 883,187 | 6,218,243 | 5,706,859 | 1,799,253 | 1,717,845 | 12,053,319 | 4,370,714 | 855,893 | 1,320,430 | 1,141,342 |
| State Sources | 14,294,085 | 6,838,981 | 6,686,190 | 8,909,484 | 9,792,430 | 8,791,864 | 9,983,338 | 10,921,923 | 12,760,474 | 14,553,199 |
| Federal Sources | 1,640,824 | 1,769,402 | 1,371,671 | 1,315,743 | 1,493,814 | 1,263,254 | 1,563,994 | 1,404,319 | 1,336,158 | 1,436,062 |
| Total Revenue | 73,626,821 | 74,473,060 | 73,409,257 | 71,425,627 | 73,846,428 | 83,462,126 | 78,832,581 | 77,280,498 | 79,581,321 | 82,057,527 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 29,577,110 | 29,950,326 | 30,050,854 | 30,521,033 | 31,392,439 | 32,184,067 | 33,592,718 | 33,958,217 | 35,687,625 | 35,926,838 |
| Special Education Instruction | 9,497,973 | 9,772,291 | 10,012,159 | 10,753,024 | 9,830,609 | 11,267,187 | 11,415,376 | 11,836,430 | 12,361,050 | 13,021,768 |
| Other Instruction | 1,823,941 | 1,966,605 | 1,740,029 | 1,955,835 | 1,755,669 | 1,833,353 | 2,273,611 | 2,177,927 | 2,366,872 | 2,522,947 |
| School Sponsored Activities & Athletics | 1,480,123 | 1,538,322 | 1,659,425 | 1,634,672 | 1,670,300 | 1,833,276 | 1,939,180 | 2,009,180 | 2,158,354 | 2,061,443 |
| Support Services: | | | | | | | | | | |
| Tuition | | | | | | | | | | |
| Student & Inst. Related Services | 5,188,632 | 5,500,124 | 5,530,213 | 5,546,577 | 5,556,735 | 6,443,973 | 6,592,198 | 7,128,052 | 7,208,227 | 7,472,890 |
| Health Services | 954,394 | 999,374 | 1,022,095 | 1,097,562 | 1,094,644 | 1,218,251 | 1,168,831 | 1,246,028 | 1,317,942 | 1,458,678 |
| Educational Media / School Library | 1,367,268 | 1,478,263 | 1,443,792 | 1,563,319 | 1,473,003 | 1,495,298 | 1,567,866 | 1,515,656 | 1,572,720 | 1,625,692 |
| General and Business Adm. Svs. | 1,358,012 | 1,412,713 | 1,738,829 | 1,479,077 | 1,644,015 | 1,498,264 | 1,995,618 | 2,225,953 | 1,720,572 | 1,677,690 |
| School Administrative Services | 3,821,668 | 4,091,957 | 4,944,508 | 5,116,671 | 5,131,602 | 4,271,680 | 3,880,112 | 4,388,952 | 4,484,354 | 4,363,607 |
| Plant Operations And Maintenance | 6,125,214 | 5,957,139 | 6,027,914 | 5,876,699 | 6,104,171 | 6,080,448 | 6,686,176 | 6,700,787 | 6,555,671 | 6,759,941 |
| Pupil Transportation | 969,126 | 807,521 | 834,232 | 730,431 | 701,411 | 780,334 | 782,285 | 980,021 | 950,688 | 1,050,493 |
| Central Services | 1,371,704 | 1,469,616 | 1,485,143 | 1,521,650 | 1,560,887 | 1,424,666 | 1,532,450 | 1,512,551 | 1,490,595 | 1,597,688 |
| Employee Benefits | | | | | | | | | | |
| Debt Service | | | | | | | | | | |
| Principal | 1,430,833 | 372,385 | | | | | | | - | 59,796 |
| Interest and Other Charges | 64,027 | 20,399 | 16,998 | 35,021 | 35,021 | 35,021 | 35,021 | 35,021 | 35,021 | 48,503 |
| Capital Outlay | 6,998,062 | 7,874,556 | 6,937,979 | 2,574,781 | 4,247,996 | 15,143,426 | 5,051,776 | 1,036,035 | 2,053,570 | 2,970,276 |
| Total Expenditures | 72,028,087 | 73,211,591 | 73,444,170 | 70,406,352 | 72,198,502 | 85,509,244 | 78,513,218 | 76,750,810 | 79,963,261 | 82,618,250 |
| Excess (Deficiency) Of Revenues Over (Under) Expenditures | 1,598,734 | 1,261,469 | (34,913) | 1,019,275 | 1,647,926 | (2,047,118) | 319,363 | 529,688 | (381,940) | (560,723) |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|---------------------|--------------------|---------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Capital Leases (Non-Budgeted) | \$ 473,406 | | | | | | | | | \$ 659,093 |
| N.J. Economic Development Auth. Grants | | | \$ (47,578) | | | | | | | |
| Cancel Prior Year Revenues | | | | | | \$ (20,677) | | | \$ (276,609) | |
| Transfers In | 333,010 | | | \$ 4,204 | \$ 3,733,380 | 599,657 | 90,507 | - | 1,542,051 | 1,387,072 |
| Transfers Out | (333,010) | | | (4,204) | (3,733,380) | (599,657) | (90,507) | - | (937,051) | (1,387,072) |
| Total Other Financing Sources (Uses) | <u>473,406</u> | <u>-</u> | <u>(47,578)</u> | <u>-</u> | <u>-</u> | <u>(20,677)</u> | <u>-</u> | <u>-</u> | <u>328,391</u> | <u>659,093</u> |
| Net Change In Fund Balances | <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> | <u>\$ 529,688</u> | <u>\$ (53,549)</u> | <u>\$ 98,370</u> |
| Debt Service As A Percentage Of | | | | | | | | | | |
| Noncapital Expenditures | 2.30% | 0.60% | 0.03% | 0.05% | 0.05% | 0.05% | 0.05% | 0.05% | 0.04% | 0.14% |

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)

| Fiscal Year Ended June 30, | <u>Tuition</u> | <u>Interest</u> | <u>Gate Receipts</u> | <u>Prior Year Refunds</u> | <u>Rentals</u> | <u>E-Rate</u> | <u>Clean Energy Rebate</u> | <u>Computer Recycle</u> | <u>Miscellaneous</u> | <u>Total</u> |
|---|-----------------------|------------------------|-----------------------------|--------------------------------------|-----------------------|----------------------|---------------------------------------|------------------------------------|-----------------------------|---------------------|
| 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 |
| 2017 | 1,129,474 | 74,933 | 16,105 | 37,129 | 10,670 | 95,116 | \$ 11,700 | \$ 74,738 | 51,312 | 1,501,177 |
| 2018 | 1,010,265 | 170,488 | 15,176 | 286,441 | 29,338 | 18,477 | | 107,671 | 44,870 | 1,682,726 |
| 2019 | 921,335 | 229,454 | 20,126 | 74,422 | | 18,132 | | | 124,539 | 1,388,008 |

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 ^a |
|----------------------------|--------------|------------------|----------------|----------------|--------------|----------------------|------------------|-----------------------|---|---|
| 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 |
| 2017 | 15,270,400 | 2,558,372,600 | 283,665,000 | 183,080,676 | 65,339,600 | 3,105,728,276 | 2,517,120 | 3,108,245,396 | 7,364,274,475 | 2.029 |
| 2018 | 12,040,500 | 2,581,194,700 | 302,951,600 | 165,104,200 | 69,373,700 | 3,130,664,700 | 2,593,126 | 3,133,257,826 | 7,287,394,553 | 2.179 |
| 2019 | 10,383,500 | 2,608,521,700 | 305,221,800 | 144,804,800 | 71,542,500 | 3,140,474,300 | 2,645,524 | 3,143,119,824 | 7,368,386,609 | 2.063 |

Source: County Abstract of Ratables

^a 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 ** | |
| 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 |
| 2017 | 2.029 | 1.061 | 1.275 | 4.365 |
| 2018 | 2.179 | 0.921 | 1.237 | 4.337 |
| 2019 | 2.063 | 1.085 | 1.217 | 4.365 |

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 | 2019 | | 2010 | |
|--|------------------------------|--|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Summit West Celgene LLC | \$ 93,315,600 | 2.97% | | |
| Celgene Corporation | 53,327,200 | 1.70% | | |
| RWX 25 Deforest Owner LLC | 20,206,500 | 0.64% | | |
| Atlantic Health Systems | 10,447,600 | 0.33% | | |
| Summit Clayton Assn. & NE Summit Assn. | 10,387,400 | 0.33% | | |
| 1st Union National Bank | 10,387,400 | 0.33% | | |
| RWX 1 Deforest Owner LLC | 8,769,100 | 0.28% | | |
| The Maple Group L.L.C. | 8,241,400 | 0.26% | | |
| Bassett Associates | 7,421,700 | 0.24% | | |
| Constantine CXII LLC | 7,387,200 | 0.24% | | |
| The Summit Property Company | | | \$ 226,440,800 | 7.24% |
| Ticona LLC | | | 23,135,200 | 0.74% |
| First Union National Bank | | | 19,000,000 | 0.61% |
| Bouras Properties LLC | | | 13,880,600 | 0.44% |
| Atlantic Health Systems | | | 11,842,300 | 0.38% |
| Bassett Associates | | | 11,697,100 | 0.37% |
| Medical Realty Assoc. LLC | | | 10,358,900 | 0.33% |
| LCOR/Summit SL LLC | | | 9,000,000 | 0.29% |
| Canoe Brook Country Club | | | 8,040,500 | 0.26% |
| The Maple Group L.L.C. | | | 7,986,200 | 0.26% |
| | <u>\$ 229,891,100</u> | <u>7.3%</u> | <u>\$ 7,986,200</u> | <u>10.9%</u> |

Source: Municipal Tax Assessor

**SUMMIT PUBLIC SCHOOLS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date |
|-------------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|
| | | Amount | Percentage of Levy | | Amount |
| 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 |
| 2017 | 62,968,889 | 62,968,889 | 100.00% | | 62,968,889 |
| 2018 | 63,153,994 | 63,153,994 | 100.00% | | 63,153,994 |
| 2019 | 64,005,589 | 64,005,589 | 100.00% | | 64,005,589 |

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 | Capital Leases | Bond Anticipation Notes (BANs) | Capital Leases | | | |
| 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 | | |
| 2017 | | | NONE | | | NONE | | |
| 2018 | | | NONE | | | NONE | | |
| 2019 | | | \$ 599,297 | | | \$ 599,297 | 22,016 | \$ 27 |

Source: District financial records

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value ^a of Property | Per Capita ^b |
|-------------------------------------|---------------------------------|------------|---|--|-------------------------|
| | General Obligation Bonds | Deductions | | | |

NOT APPLICABLE

Source: District financial records

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

**SUMMIT PUBLIC SCHOOLS
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2018
(Unaudited)**

| | <u>Total Debt</u> |
|---|---------------------------|
| Municipal Debt: (1) | |
| City of Summit | \$ 55,217,304 |
| City of Summit School District - Type I | <u>35,571,985</u> |
| | 90,789,289 |
| Overlapping debt Apportioned to the Municipality: | |
| Union County (2);(A): | |
| County of Union (A) | <u>74,429,007</u> |
| Total Direct and Overlapping Debt | <u>\$ 165,218,296</u> |

(A) The debt for this entity was apportioned to the City of Summit by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Union County.

Sources:

- (1) City of Summit 2018 Annual Debt Statement
- (2) Union County 2018 Annual Debt Statement

**SUMMIT PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN CALENDAR YEARS**

| | | |
|---|---------------------------|--------------------------|
| | Equalized valuation basis | |
| | 2018 | \$ 7,319,767,828 |
| | 2017 | 7,229,348,873 |
| | 2016 | <u>7,348,462,429</u> |
| | | <u>\$ 21,897,579,130</u> |
| Average equalized valuation of taxable property | | \$ 7,299,193,043.33 |
| Debt limit (4 % of average equalization value) | | 291,967,722 ^a |
| Total Net Debt Applicable to Limit | | <u>35,571,985</u> |
| Legal debt margin | | <u>\$ 256,395,737</u> |

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| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Debt Limit | \$ 306,785,116 | \$ 295,536,940 | \$ 283,373,443 | \$ 274,687,226 | \$ 273,916,650 | \$ 274,328,081 | \$ 278,689,697 | \$ 286,810,415 | \$ 290,114,527 | \$ 291,967,722 |
| Total Net Debt Applicable to Limit | <u>35,588,406</u> | <u>34,767,117</u> | <u>35,062,307</u> | <u>46,864,740</u> | <u>46,864,740</u> | <u>54,031,774</u> | <u>49,215,985</u> | <u>47,733,211</u> | <u>51,647,571</u> | <u>35,571,985</u> |
| Legal Debt Margin | <u>\$ 271,196,710</u> | <u>\$ 260,769,823</u> | <u>\$ 248,311,136</u> | <u>\$ 227,822,486</u> | <u>\$ 227,051,910</u> | <u>\$ 220,296,307</u> | <u>\$ 229,473,712</u> | <u>\$ 239,077,204</u> | <u>\$ 238,466,956</u> | <u>\$ 256,395,737</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 11.60% | 11.76% | 12.37% | 17.06% | 17.11% | 19.70% | 17.66% | 16.64% | 17.80% | 12.18% |

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**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> |
|-------------|-------------------|------------------------|--|------------------------------|
| 2009 | 20,696 | \$ 1,055,289,040 | \$ 50,990 | 5.3% |
| 2010 | 21,494 | 1,095,979,060 | 50,990 | 5.4% |
| 2011 | 21,574 | 1,143,206,260 | 52,990 | 5.4% |
| 2012 | 21,648 | 1,187,890,704 | 54,873 | 5.4% |
| 2013 | 21,797 | 1,213,678,757 | 55,681 | 5.7% |
| 2014 | 21,821 | 1,278,077,791 | 58,571 | 4.5% |
| 2015 | 21,858 | 1,324,245,072 | 60,584 | 3.7% |
| 2016 | 21,921 | 1,350,859,704 | 61,624 | 3.4% |
| 2017 | 21,974 | 1,415,411,262 | 64,413 | 3.1% |
| 2018 | 22,016 | 1,418,116,608 | 64,413 | 2.7% |

Source: New Jersey State Department of Education

N/A - Not Available

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

| Employer | 2019 | | 2010 | |
|-----------------|------------------|---|------------------|---|
| | Employees | Percentage of Total Municipal Employment | Employees | Percentage of Total Municipal Employment |

NOT AVAILABLE

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

| <u>Function/Program</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Instruction | | | | | | | | | | |
| Regular | 300.32 | 300.95 | 290.63 | 294.87 | 297.73 | 298.19 | 303.94 | 301.33 | 298.23 | 305.00 |
| Special education | 124.11 | 125.06 | 124.63 | 110.88 | 132.51 | 135.46 | 142.67 | 142.98 | 145.38 | 156.00 |
| School sponsored/other instructional | 1.00 | 1.00 | 1.00 | 14.40 | 14.00 | 18.50 | 20.50 | 22.50 | 22.50 | 23.20 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | 52.70 | 49.70 | 50.17 | 49.17 | 52.17 | 55.97 | 58.37 | 60.37 | 60.37 | 63.30 |
| School administrative services | 31.00 | 31.00 | 35.69 | 35.70 | 36.50 | 31.70 | 31.70 | 31.99 | 31.70 | 32.00 |
| General administrative services | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 7.00 | 7.00 | 7.00 |
| Central services | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 | 10.00 | 10.00 | 10.00 |
| Administrative Information Technology | 1.30 | 1.30 | 1.25 | 1.25 | 1.30 | 1.30 | 1.30 | 1.30 | 1.33 | 1.33 |
| Plant operations and maintenance | 48.83 | 48.03 | 48.38 | 48.88 | 49.83 | 48.98 | 51.98 | 53.48 | 52.95 | 53.50 |
| Pupil transportation | 0.90 | 0.70 | 1.40 | 2.40 | 3.40 | 3.25 | 2.75 | 2.25 | 1.25 | 1.25 |
| Total | <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> | <u>633.20</u> | <u>630.71</u> | <u>652.58</u> |

Source: District Personnel Records

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

Pupil/Teacher Ratio

| Fiscal Year | Enrollment | Operating Expenditures ^a | Cost Per Pupil | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | | | Average Daily Enrollment (ADE) ^c | Average Daily Attendance (ADA) ^c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|----------------|---------------------|---------------|--------------------|---|---|--------------------------------------|-------------------------------|
| | | | | | | Elementary | Middle School | Senior High School | | | | |
| 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 | -2.32% | 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 | 4.51% | 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 | 3.70% | 401 | 1:11 | 1:10 | 1:10 | 4,116.2 | 3,934.8 | 1.24% | 95.74% |
| 2017 | 4,123 | 75,679,754 | 18,356 | 4.19% | 391 | 1:11 | 1:10 | 1:11 | 4,088.6 | 3,898.1 | -0.93% | 95.34% |
| 2018 | 4,043 | 77,844,962 | 19,254 | 4.90% | 385 | 1:10 | 1:10 | 1:11 | 3,965.0 | 3,761.8 | -3.50% | 95.34% |
| 2019 | 4,080 | 79,588,178 | 19,507 | 1.31% | 391 | 1:11 | 1:10 | 1:10 | 3,943.0 | 3,735.5 | -0.70% | 94.74% |

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)**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| 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 | 415 | 415 |
| Enrollment ^a | 398 | 389 | 379 | 361 | 375 | 372 | 360 | 361 | 367 | |
| Franklin Elementary (1927) | | | | | | | | | | |
| Square Feet | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 48,280 | 57,675 | 57,675 | 57,675 | 57,675 |
| Capacity (students) | 349 | 349 | 349 | 349 | 349 | 349 | 512 | 512 | 512 | 512 |
| Enrollment | 378 | 377 | 375 | 381 | 382 | 360 | 349 | 365 | 347 | |
| Jefferson Elementary (1931) | | | | | | | | | | |
| Square Feet | 44,890 | 44,890 | 44,890 | 44,890 | 44,890 | 44,890 | 53,890 | 53,890 | 53,890 | 53,890 |
| Capacity (students) | 263 | 263 | 263 | 263 | 263 | 263 | 347 | 347 | 347 | 347 |
| Enrollment | 211 | 219 | 224 | 234 | 226 | 214 | 227 | 237 | 221 | |
| Jefferson Primary Center (2008) | | | | | | | | | | |
| Square Feet | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 | 21,000 |
| Capacity (students) | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 | 137 |
| Enrollment | 160 | 156 | 153 | 164 | 155 | 144 | 138 | 138 | 108 | |
| Lincoln Elementary (1953) | | | | | | | | | | |
| Square Feet | 74,600 | 74,600 | 74,600 | 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 | 333 | 338 | 337 | 332 | 306 | 302 | 298 | 288 | 311 | |
| Washington Elementary (1922) | | | | | | | | | | |
| Square Feet | 53,340 | 53,340 | 53,340 | 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 | 323 | 324 | 316 | 317 | 339 | 341 | 349 | 362 | 364 | |
| Wilson Primary Center (2008) | | | | | | | | | | |
| Square Feet | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Capacity (students) | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| Enrollment | 172 | 153 | 159 | 171 | 132 | 126 | 163 | 144 | 138 | |
| <u>Middle School</u> | | | | | | | | | | |
| LCJ Summit Middle School (1922) | | | | | | | | | | |
| Square Feet | 149,720 | 149,720 | 149,720 | 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 | 867 | 950 | 1,019 | 1,041 | 1,005 | 982 | 954 | 927 | 922 | |
| <u>High School</u> | | | | | | | | | | |
| Summit High School (1962) | | | | | | | | | | |
| Square Feet | 206,690 | 206,690 | 206,690 | 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 | 1,035 | 1,025 | 1,072 | 1,094 | 1,183 | 1,217 | 1,274 | 1,239 | 1,175 | |

Number of Schools at June 30, 2019

 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) | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------------------|------------------|--------------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| School Facilities | | | | | | | | | | | | |
| Summit High School | N/A | 206,690 | \$ 265,976 | \$ 311,025 | \$ 354,611 | \$ 366,978 | \$ 344,929 | \$ 354,867 | \$ 363,274 | \$ 373,839 | \$ 388,811 | \$ 409,298 |
| Lawton C. Johnson Middle School | 5090-060-04-1000 | 149,720 | 192,117 | 201,740 | 217,807 | 251,168 | 253,700 | 254,294 | 267,386 | 277,410 | 309,796 | 296,483 |
| | 5090-060-05-1000 | | | | | | | | | | | |
| Brayton Elementary School | N/A | 53,737 | 60,421 | 73,261 | 96,634 | 81,514 | 86,972 | 73,235 | 92,573 | 90,594 | 111,191 | 106,413 |
| Franklin Elementary School | N/A | 57,675 | 71,714 | 72,678 | 91,492 | 89,706 | 78,484 | 84,431 | 96,467 | 97,233 | 119,339 | 114,211 |
| Jefferson Elementary School | 5090-090-03-1010 | 53,890 | 92,824 | 95,086 | 104,234 | 110,357 | 107,852 | 115,456 | 136,941 | 135,852 | 111,507 | 106,716 |
| | 5090-090-03-1004 | | | | | | | | | | | |
| | 5090-090-04-2000 | | | | | | | | | | | |
| | 5090-090-04-3000 | | | | | | | | | | | |
| Lincoln-Hubbard Elementary School | 5090-100-03-1008 | 74,600 | 93,633 | 99,835 | 112,896 | 125,167 | 114,575 | 106,813 | 121,422 | 125,767 | 154,360 | 147,727 |
| Washington Elementary School | 5090-120-04-1000 | 53,340 | 64,683 | 69,389 | 65,713 | 78,326 | 81,940 | 85,003 | 102,937 | 109,925 | 110,369 | 105,626 |
| | 5090-120-03-1028 | | | | | | | | | | | |
| | 5090-120-04-2000 | | | | | | | | | | | |
| Jefferson Primary Center | | 21,000 | | | | | | | | 35,403 | 43,453 | 41,585 |
| Wilson Primary Center | N/A | 32,000 | 25,204 | 27,253 | 36,737 | 31,117 | 38,065 | 45,851 | 41,695 | 53,948 | 66,213 | 63,368 |
| Total School Facilities | | | <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> | <u>1,299,971</u> | <u>1,415,039</u> | <u>1,391,427</u> |
| Other Facilities | | | | | | | | | | | | |
| Stadium | | | 4,591 | 4,775 | 4,966 | 5,165 | 5,372 | 5,586 | 5,809 | 5,809 | 5,809 | 6,535 |
| Administration | | | 10,232 | 10,394 | 10,258 | 10,517 | 10,560 | 10,580 | 11,518 | 11,518 | 11,518 | 12,223 |
| Total Other Facilities | | | <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> | <u>17,327</u> | <u>17,327</u> | <u>18,758</u> |
| Grand Total | | | <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> | <u>\$ 1,317,298</u> | <u>\$ 1,432,366</u> | <u>\$ 1,410,185</u> |

Source: School District's Financial Statements

**SUMMIT PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2019
(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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, 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 City of Summit Public Schools as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the City of Summit Public Schools' basic financial statements and have issued our report thereon dated November 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of 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 City of Summit Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of 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

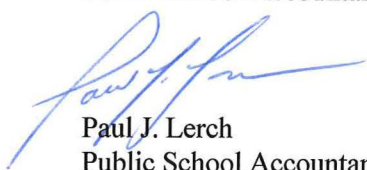
As part of obtaining reasonable assurance about whether the City of Summit Public Schools’ financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 City of Summit Public Schools in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated November 5, 2019.

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 City of 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 City of 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
November 5, 2019



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
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DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, 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 City of 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 City of Summit Public Schools' major federal and state programs for the fiscal year ended June 30, 2019. The City of 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 City of 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 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 City of 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 City of Summit Public Schools' compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City of 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, 2019.

Report on Internal Control Over Compliance

Management of the City of 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 City of 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 City of 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.

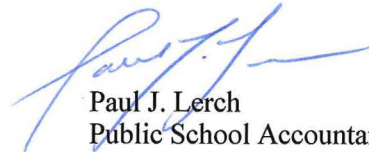
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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 City of Summit Public Schools, a component unit of the City of Summit as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 5, 2019, 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
November 5, 2019

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| Federal/Grantor/Pass-Through Grantor/ Program Title | CFDA Number | FAIN Number | Grant or State Project Number | Grant Period | Award Amount | Balance July 1, 2018 | Carryover Amount | Cash Received | Budgetary Expenditures | Cancel PY AP | Repayment of Prior Years' Balances | June 30, 2019 | | | Memo Only GAAP Receivable | |
|--|----------------|----------------|----------------------------------|-----------------|-----------------|-------------------------|---------------------|---------------------|---------------------------|-----------------|--|--------------------------|---------------------|-------------------|---------------------------------|---|
| | | | | | | | | | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | | |
| U.S. Department of Education | | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | | |
| Medicaid Assistance Program (SEMI) | 93.778 | 1805NJSMAP | N/A | 7/1/18-6/30/19 | \$ 71,393 | - | - | \$ 71,393 | \$ 71,393 | - | - | - | - | - | - | - |
| <i>Total U.S. Department of Education/Total General Fund</i> | | | | | | | | | | | | | | | | |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | | | | |
| Food Distribution Program - Non Cash Assistance | 10.555 | 181NJ304N1099 | N/A | 7/1/18-6/30/19 | 70,427 | | | 70,427 | 69,348 | | | | \$ 1,079 | | | |
| Food Distribution Program - Non Cash Assistance | 10.555 | 181NJ304N1099 | N/A | 7/1/17-6/30/18 | 81,582 | \$ 1,591 | | | 1,591 | | | | | | | |
| National School Lunch Program | 10.555 | 181NJ304N1099 | N/A | 7/1/18-6/30/19 | 280,914 | - | | 264,260 | 280,914 | | | \$ (16,654) | | | \$ (16,654) | |
| National School Lunch Program | 10.555 | 181NJ304N1099 | N/A | 7/1/17-6/30/18 | 292,917 | (20,645) | | 20,645 | | | | | | | | |
| School Breakfast Program | 10.553 | 181NJ304N1099 | N/A | 7/1/18-6/30/19 | 15,763 | | | | 15,763 | | | (820) | | | (820) | |
| School Breakfast Program | 10.553 | 181NJ304N1099 | N/A | 7/1/17-6/30/18 | 19,220 | (1,518) | | 1,518 | | | | | | | | |
| <i>Total U.S. Department of Agriculture- Cluster/Total Food Service Fund</i> | | | | | | | | | | | | | | | | |
| Special Revenue Fund | | | | | | | | | | | | | | | | |
| ESEA/NCLB | | | | | | | | | | | | | | | | |
| Title I | 84.010A | S010A150030 | ESEA219019 | 07/1/18-6/30/19 | 326,166 | | \$ 236,673 | 74,701 | 280,087 | | | (251,465) | 282,752 | | | |
| Title I, Carryover | 84.010A | S010A150030 | ESEA219018 | 07/1/17-6/30/18 | 328,755 | (60,795) | (236,673) | 93,099 | | | | (204,369) | | | (204,369) | |
| Title I, Carryover | 84.010A | S010A150030 | ESEA219017 | 07/1/16-6/30/17 | 319,828 | (40,620) | | 40,620 | | | | (3,459) | 3,459 | | | |
| Title I, Carryover | 84.010A | S010A150030 | ESEA219016 | 07/1/15-6/30/16 | 334,834 | - | | | | | | (1,052) | 1,052 | | | |
| Title I, Carryover | 84.010A | S010A150030 | ESEA219015 | 07/1/14-6/30/15 | 327,519 | 24,831 | | | | | | (1,945) | 26,776 | | | |
| Title IIA | 84.367A | S367A170029 | ESEA219019 | 07/1/18-6/30/19 | 73,940 | | 7,881 | 35,157 | 66,019 | | | (38,783) | 15,802 | | (22,981) | |
| Title IIA, Carryover | 84.367A | S367A170029 | ESEA219018 | 07/1/17-6/30/18 | 70,983 | (63,102) | (7,881) | 69,226 | | | | (1,757) | | | (1,757) | |
| Title IIA, Carryover | 84.367A | S367A160029 | ESEA219017 | 07/1/16-6/30/17 | 44,969 | (74) | | 74 | | | | | | | | |
| Title III | 84.365A | S365A170030 | ESEA219019 | 07/1/18-6/30/19 | 29,938 | | 23,327 | 6,553 | 34,738 | | | (23,385) | 18,527 | | (4,858) | |
| Title III, Carryover | 84.365A | S365A170030 | ESEA219018 | 07/1/17-6/30/18 | 41,263 | (17,936) | (23,327) | 33,158 | | | | (8,105) | | | (8,105) | |
| Title III, Carryover | 84.365A | S365A160030 | ESEA219017 | 07/1/16-6/30/17 | 41,310 | (649) | | 649 | | | | | | | | |
| Title III, Carryover | 84.365A | S365A150030 | ESEA219016 | 07/1/15-6/30/16 | 45,953 | (133) | | 133 | | | | | | | | |
| Title III Immigrant | 84.365A | S365A170030 | ESEA219019 | 07/1/18-6/30/19 | 25,001 | | 15,961 | 4,239 | 28,776 | | | (20,762) | 12,186 | | (8,576) | |
| Title III, Immigrant, Carryover | 84.365A | S365A170030 | ESEA219018 | 07/1/17-6/30/18 | 15,961 | - | (15,961) | 6,632 | | | | (9,329) | - | | (9,329) | |
| Title III, Immigrant, Carryover | 84.365A | S365A160030 | ESEA219017 | 07/1/16-6/30/17 | 16,472 | 3,571 | | | | | | (4,324) | 7,895 | | | |
| Title III, Immigrant, Carryover | 84.365A | S365A150030 | ESEA219016 | 09/1/15-8/31/16 | 33,402 | (11,677) | | 11,677 | | | | | | | | |
| <i>Title III Cluster</i> | | | | | | | | | | | | | | | | |
| <u>63,514</u> | | | | | | | | | | | | | | | | |
| Title IV | 84.424 | S9318B180004 | ESEA219019 | 7/1/18-6/30/19 | 8,000 | | | 3,688 | 4,370 | | | (4,312) | 3,650 | | (682) | |
| I.D.E.A. Part B | | | | | | | | | | | | | | | | |
| Basic Regular | 84.027 | H027A180100 | IDEA219019 | 07/1/18-6/30/19 | 939,234 | | 197,488 | 621,129 | 917,561 | \$ 201 | | (318,105) | 219,362 | | (98,944) | |
| Basic Regular, Carryover | 84.027 | H027A170100 | IDEA219018 | 07/1/17-6/30/18 | 958,358 | (760,870) | (197,488) | 873,830 | | | | (84,528) | | | (84,528) | |
| Basic Regular, Carryover | 84.027 | H027A160100 | IDEA219017 | 07/1/16-6/30/17 | 960,560 | (194,305) | | 194,305 | | | | (7,357) | 7,357 | | | |
| Basic Regular, Carryover | 84.027 | H027A150100 | IDEA219016 | 07/1/15-6/30/16 | 996,766 | - | | | | | | (945) | 945 | | | |
| Basic Regular, Carryover | 84.027 | H027A140101 | IDEA219015 | 07/1/14-6/30/15 | 953,226 | | | | | | | (2) | 2 | | | |
| Preschool | 84.173 | H173A180114 | IDEA219019 | 07/1/18-6/30/19 | 33,118 | | | 33,118 | 33,118 | | | | | | | |
| Preschool, Carryover | 84.173 | H173A170114 | IDEA219018 | 07/1/17-6/30/18 | 32,400 | (32,400) | | 32,400 | | | | | | | | |
| <i>I.D.E.A Cluster</i> | | | | | | | | | | | | | | | | |
| <u>950,679</u> | | | | | | | | | | | | | | | | |
| <i>Total U.S. Department of Education/Total Special Revenue Fund</i> | | | | | | | | | | | | | | | | |
| | | | | | | (1,154,159) | - | 2,134,388 | 1,364,669 | 201 | - | (983,984) | 599,745 | - | (444,129) | |
| Total Federal Awards Subject to Single Audit | | | | | | \$ (1,174,731) | \$ - | \$ 2,577,574 | \$ 1,803,678 | \$ 201 | \$ - | \$ (1,001,458) | \$ 600,824 | \$ - | \$ (461,603) | |

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Adjustments represent cancelled prior year orders.

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

**SUMMIT PUBLIC SCHOOLS
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance, July 1, 2018 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | June 30, 2019 | | | Memo Only | |
|--|-------------------------------|----------------|--------------|-----------------------|-----------------------------|-------------------|------------------------|-------------|------------------------------------|-----------------------|------------------|----------------|-----------------|-------------------------------|
| | | | | | | | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |
| State Department of Education | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | |
| Special Education Aid | 19-495-034-5120-089 | 7/1/18-6/30/19 | \$ 1,719,921 | | | \$ 1,559,926 | \$ 1,719,921 | | | | \$ (159,995) | | | \$ 1,719,921 |
| Special Education Aid | 18-495-034-5120-089 | 7/1/17-6/30/18 | 1,574,342 | \$ (152,457) | | 152,457 | | | | | | | | |
| Security Aid | 19-495-034-5120-084 | 7/1/18-6/30/19 | 391,879 | - | | 355,124 | 391,879 | | | | (36,755) | | | 391,879 |
| Security Aid | 18-495-034-5120-084 | 7/1/17-6/30/18 | 86,761 | (8,761) | | 8,761 | | | | | | | | |
| PARCC Readiness | 18-495-034-5120-098 | 7/1/17-6/30/18 | 40,670 | (3,505) | | 3,505 | | | | | | | | |
| Per Pupil Growth Aid | 18-495-034-5120-097 | 7/1/17-6/30/18 | 40,670 | (3,505) | | 3,505 | | | | | | | | |
| Professional Learning Comm. Aid | 18-495-034-5120-101 | 7/1/17-6/30/18 | 39,925 | (3,505) | | 3,505 | - | | | | | | | - |
| <i>State Aid Public- Cluster</i> | | | | | | | <u>2,111,800</u> | | | | | | | |
| Transportation Aid | 19-495-034-5120-014 | 7/1/18-6/30/19 | 203,264 | - | | 183,805 | 203,264 | | | | (19,459) | | | 203,264 |
| Transportation Aid | 18-495-034-5120-014 | 7/1/17-6/30/18 | 33,533 | (3,505) | | 3,505 | | | | | | | | |
| Extraordinary Special Education Cost Aid | 19-495-034-5120-044 | 7/1/18-6/30/19 | 405,907 | - | | | 405,907 | | | | (405,907) | | | 405,907 |
| Extraordinary Special Education Cost Aid | 18-495-034-5120-044 | 7/1/17-6/30/18 | 331,228 | (329,946) | | 331,228 | 1,282 | | | | | | | 1,282 |
| On -Behalf TPAF Pension System Contr. | | | | | | | | | | | | | | |
| Pension Cost | 19-495-034-5094-002 | 7/1/18-6/30/19 | 6,235,666 | - | | 6,235,666 | 6,235,666 | | | | | | | 6,235,666 |
| Non-contributory Insurance | 19-495-034-5094-004 | 7/1/18-6/30/19 | 130,529 | - | | 130,529 | 130,529 | | | | | | | 130,529 |
| Post Retirement Medical Contribution | 19-495-034-5094-001 | 7/1/18-6/30/19 | 2,887,696 | - | | 2,887,696 | 2,887,696 | | | | | | | 2,887,696 |
| Long-Term Disability | 19-495-034-5094-004 | 7/1/18-6/30/19 | 8,010 | - | | 8,010 | 8,010 | | | | | | | 8,010 |
| T.P.A.F. - Social Security | 19-495-034-5094-003 | 7/1/18-6/30/19 | 2,425,874 | - | - | 2,425,874 | 2,425,874 | - | - | - | - | - | - | 2,425,874 |
| Total General Fund | | | | <u>(505,184)</u> | <u>-</u> | <u>14,293,096</u> | <u>14,410,028</u> | <u>-</u> | <u>-</u> | <u>(622,116)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,410,028</u> |
| Special Revenue Fund | | | | | | | | | | | | | | |
| New Jersey Nonpublic Aid: | | | | | | | | | | | | | | |
| Security Aid | 19-100-034-5120-509 | 7/1/18-6/30/19 | 156,900 | | | 156,900 | 103,600 | | | | | \$ 53,300 | | 103,600 |
| Security Aid | 18-100-034-5120-509 | 7/1/17-6/30/18 | 82,800 | 4,310 | | | | \$ 4,310 | | | | | | - |
| Textbook Aid | 19-100-034-5120-064 | 7/1/18-6/30/19 | 24,083 | | | 24,083 | 24,083 | | | | | | | 24,083 |
| Textbook Aid | 18-100-034-5120-064 | 7/1/17-6/30/18 | 27,499 | 288 | | | | 288 | | | | | | - |
| Technology | 19-100-034-5120-373 | 7/1/18-6/30/19 | 37,980 | - | | 37,980 | 37,980 | | | | | | | 37,980 |
| Technology | 18-100-034-5120-373 | 7/1/17-6/30/18 | 41,033 | 1,073 | | | | 1,073 | | | | | | - |
| Nursing Services | 19-100-034-5120-070 | 7/1/18-6/30/19 | 43,747 | - | | 43,747 | 32,601 | | | | | | 11,146 | 32,601 |
| Nursing Services | 18-100-034-5120-070 | 7/1/17-6/30/18 | 48,694 | 12,397 | | | | 12,397 | | | | | | - |
| Auxiliary Services: | | | | | | | | | | | | | | |
| Compensatory Education | 19-100-034-5120-067 | 7/1/18-6/30/19 | 16,921 | - | | 16,921 | 1,861 | | | | | | 15,060 | 1,861 |
| Compensatory Education | 18-100-034-5120-067 | 7/1/17-6/30/18 | 8,858 | 3,454 | | | | 3,454 | | | | | | - |
| Transportation | 19-100-034-5120-067 | 7/1/18-6/30/19 | 4,173 | - | | 4,173 | 4,173 | | | | | | | 4,173 |
| Home Instruction | N/A | 7/1/18-6/30/19 | 660 | - | | | 660 | | | | (660) | | \$ (660) | 660 |
| Home Instruction | N/A | 7/1/17-6/30/18 | 2,719 | (2,719) | | 2,719 | - | | | | | | | - |
| <i>Auxiliary Services- Cluster</i> | | | | | | | <u>6,694</u> | | | | | | | |
| Handicapped Services: | | | | | | | | | | | | | | |
| Examination and Classification | 19-100-034-5120-066 | 7/1/18-6/30/19 | 47,134 | - | | 47,134 | 21,293 | | | | | | 25,841 | 21,293 |
| Examination and Classification | 18-100-034-5120-066 | 7/1/17-6/30/18 | 52,592 | 20,013 | | | | 20,013 | | | | | | - |
| Corrective Speech | 19-100-034-5120-066 | 7/1/18-6/30/19 | 16,963 | - | | 16,963 | 14,106 | | | | | | 2,857 | 14,106 |
| Corrective Speech | 18-100-034-5120-066 | 7/1/17-6/30/18 | 19,642 | 7,321 | | | | 7,321 | | | | | | - |
| Supplemental Instruction | 19-100-034-5120-066 | 7/1/18-6/30/19 | 30,925 | - | | 30,925 | 19,746 | | | | | | 11,179 | 19,746 |
| Supplemental Instruction | 18-100-034-5120-066 | 7/1/17-6/30/18 | 33,304 | 15,382 | - | - | - | - | 15,382 | - | - | - | - | - |
| <i>Handicapped Services- Cluster</i> | | | | | | | <u>55,145</u> | | | | | | | |
| Total Special Revenue Fund | | | | <u>61,519</u> | <u>-</u> | <u>381,545</u> | <u>260,103</u> | <u>-</u> | <u>64,238</u> | <u>(660)</u> | <u>-</u> | <u>119,383</u> | <u>(660)</u> | <u>260,103</u> |

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SUMMIT PUBLIC SCHOOLS
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance, July 1, 2018 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | June 30, 2019 | | | Memo Only | | |
|--|-------------------------------|----------------|--------------|-----------------------|-----------------------------|---------------|------------------------|-------------|------------------------------------|-----------------------|------------------|----------------|-----------------|-------------------------------|--|
| | | | | | | | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures | |
| State Department of Agriculture | | | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | | | |
| National School Lunch Program | 19-100-010-3350-023 | 7/1/18-6/30/19 | \$ 14,108 | | | \$ 13,255 | \$ 14,108 | | | \$ (853) | | | \$ (853) | \$ 14,108 | |
| National School Lunch Program | 18-100-010-3350-023 | 7/1/17-6/30/18 | 14,355 | (1,039) | - | 1,039 | - | - | - | - | - | - | - | - | |
| Total Enterprise Fund | | | | (1,039) | - | 14,294 | 14,108 | - | - | (853) | - | - | (853) | 14,108 | |
| Total State Financial Assistance Subject to Single Audit | | | | \$ (444,704) | \$ - | \$ 14,688,935 | 14,684,239 | - | \$ 64,238 | \$ (623,629) | - | \$ 119,383 | \$ (1,513) | \$ 14,684,239 | |
| Less On-Behalf TPAF Pension and Annuity Aid | | | | | | | | | | | | | | | |
| On -Behalf TPAF Pension System Contributions | | | | | | | 9,261,901 | | | | | | | | |
| Total State Financial Assistance Subject to Major Program Determination | | | | | | | \$ 5,422,338 | | | | | | | | |

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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, 2019**

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 Title 2 U.S. Code of Federal Regulations Part 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 a decrease of \$116,932 for the general fund and a decrease of \$11,150 for the special revenue 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 | \$ 71,393 | \$ 14,293,096 | \$ 14,364,489 |
| Special Revenue Fund | 1,364,669 | 260,103 | 1,624,772 |
| Food Service Fund | <u>367,616</u> | <u>14,108</u> | <u>381,724</u> |
| Total Financial Assistance | <u>\$ 1,803,678</u> | <u>\$ 14,567,307</u> | <u>\$ 16,370,985</u> |

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 6 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 \$2,425,879 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$6,366,195, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,887,696 and TPAF Long-Term Disability Insurance in the amount of \$8,010 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8 DE MINIMIS INDIRECT COST RATE

The District has not 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, 2019**

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> |
|---------------------|----------------------------|---|
| 84.027/84.173 | H027A180100 H173A180114 | IDEA Basic and Preschool |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

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, 2019**

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, 2019**

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, 2019**

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 Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.