

**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, 2021**



**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**City of Summit**

**Summit Public Schools**

**Summit, New Jersey**

**For The Fiscal Year Ended June 30, 2021**

**Prepared by**

**Business Office**

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-viii
Organizational Chart	ix
Roster of Officials	x
Consultants and Advisors	xi
Association of School Business Officials International – Certificate of Excellence In Financial Reporting Award	xii

**FINANCIAL SECTION**

Independent Auditor’s Report	1-3
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management’s Discussion and Analysis	4-18
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1	Statement of Net Position	19
A-2	Statement of Activities	20

**B. Fund Financial Statements**

*Governmental Funds*

B-1	Balance Sheet	21-22
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	23
B-3	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances With the District-Wide Statements	24

*Proprietary Funds*

B-4	Statement of Net Position	25
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	26
B-6	Statement of Cash Flows	27

*Fiduciary Funds – Not Applicable*

<b>Notes to the Financial Statements</b>	28-68
--	-------

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	General Fund - Budgetary Comparison Schedule	69-75
C-2	Special Revenue Fund - Budgetary Comparison Schedule	76

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

C-3	Budgetary Comparison Schedule – Notes to the Required Supplementary Information	77
-----	--	----

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)**

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	78
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	79
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	80
L-4	Notes to Required Supplementary Information – Total OPEB Liability	81
L-5	Required Supplementary Information – Schedule of District’s Proportionate Share of Total OPEB Liability	82
L-6	Notes to Required Supplementary Information – Total OPEB Liability	83

**OTHER SUPPLEMENTARY INFORMATION**

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

**E. Special Revenue Fund**

E-1-	E1C Combining Schedule of Program Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis	84-87
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis – N/A	88
E-3	Schedule of Student Activities Receipts and Disbursements	89

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	90
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	91
F-2A-	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	92

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

	<u>Page</u>
<b>OTHER SUPPLEMENTARY INFORMATION (Continued)</b>	
<b>G. Proprietary Funds</b>	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – N/A	93
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – N/A	93
G-3 Combining Statement of Cash Flows – N/A	93
<i>Internal Service Fund</i>	
G-1 Combining Statement of Net Position – N/A	94
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – N/A	94
G-3 Combining Statement of Cash Flows – N/A	94
<b>H. Fiduciary Funds – Not Applicable</b>	
<b>I. Long-Term Debt</b>	
I-1 Schedule of Serial Bonds – N/A	95
I-2 Statement of Obligations Under Capital Lease/Operating Lease	95
I-3 Debt Service Fund – Budgetary Comparison Schedule – N/A	95
<b>J. STATISTICAL SECTION (Unaudited)</b>	
<b>Financial Trends</b>	
J-1 Net Position by Component	96
J-2 Changes in Net Position	97-98
J-3 Fund Balances – Governmental Funds	99
J-4 Changes in Fund Balances – Governmental Funds	100-101
J-5 General Fund Other Local Revenue by Source	102
<b>Revenue Capacity</b>	
J-6 Assessed Value and Actual Value of Taxable Property	103
J-7 Direct and Overlapping Property Tax Rates	104
J-8 Principal Property Taxpayers	105
J-9 Property Tax Levies and Collections	106
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	107
J-11 Ratios of Net General Bonded Debt Outstanding	108
J-12 Computation of Direct and Overlapping Outstanding Bonded Debt	109
J-13 Legal Debt Margin Information	110
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	111
J-15 Principal Employers	112
<b>Operating Information</b>	
J-16 Full Time Equivalent District Employees by Function/Program	113
J-17 Operating Statistics	114
J-18 School Building Information	115
J-19 Schedule of Required Maintenance for School Facilities	116
J-20 Insurance Schedule	117

**SUMMIT PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**K.**

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	118-119
K-2	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	120-122
K-3	Schedule of Expenditures of Federal Awards	123
K-4	Schedule of Expenditures of State Financial Assistance	124-125
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	126-127
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	128-129
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	130
K-6	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	131
K-7	Summary Schedule of Prior-Year Audit Findings	132

## **INTRODUCTORY SECTION**



# SUMMIT PUBLIC SCHOOLS

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

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February 2, 2022

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 - 2021***

Dear Board Members:

The comprehensive annual financial report of the City of Summit Board of Education for the fiscal year ended June 30, 2021 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon including the Management Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Uniform Guidance and the State of New Jersey OMB Circular 15-08, "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 Governmental Accounting Standards Board (GASB). 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 2020-2021 fiscal year with an enrollment of 3,963 students, representing a decrease of 2.245% or 91 less 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 19 Out of District Placements, on par with 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 enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Present Change</u>
2020/21	3,911.8	-1.275%
2019/20	3,962.3	0.436%
2018/19	3,907.9	-0.943%
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%

**(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.

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

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

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

### **Major Transportation Hub**

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

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

In 1925, way 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.

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

### *For the Class of 2021, several points are noteworthy:*

During the 2020-2021 school year, students enrolled in AP courses were required to take the AP exam in that course. There were 910 exams taken by 352 students in May 2021. This year we had 306 students earn a score of 3 or better on at least one of their AP Exams (86.9%).

There were 176 students identified for their excellent performance on AP exams. 70 students earned the honor of AP Scholar (average AP score of 3.42). These students earned a score of 3 or higher on three or more AP exams during their time in high school.

35 students were recognized as an AP Scholar with Honors (average AP score of 3.78). These students earned a score of 3 or higher on four or more AP exams and have an average score of at least 3.25 on all AP exams.

71 students were recognized as AP Scholars with Distinction (average AP score of 4.20) for earning a score of 3 or higher on five or more AP exams and earning an average score of at least 3.50 on all AP exams.

One of these 176 students also earned an AP International Diploma for their exceptional performance on AP Exams across a variety of disciplines.

The percent of students pursuing further education (91.5%).

- 84.4 attending four-year institutions and 7.09 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.

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

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

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

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

**(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.*

A significant project that was accomplished in the 2019-2020 school year was the replacement of the Turf field at the Summit High School resulting in a \$1.3 M total project which addressed drainage issues as well as the worn turf and provided an opportunity to replace needed fencing and landscape block. Additionally, a focus on restoration and revitalization of our gymnasiums resulted in Bleacher Replacements at The Summit High School & Summit Middle School through use of capital reserves of approximately \$230,000.

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

**(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, 2021.

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

**(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 \$89,000,000<sup>2</sup>

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<sup>2</sup> This coverage is dropping to \$65M as of 7/1/20 based on market changes and availability of limits. Coverage as of 6/30/20 was obtained through Diploma JIF \$10M and \$30M unshared (Summit) and \$50M Cap shared with Diploma members.

**(10) OTHER INFORMATION:**

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

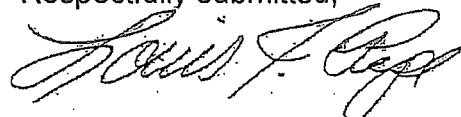
**(11) AWARDS AND ACKNOWLEDGMENTS:**

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, 2020. This was the ninth 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,



Louis J. Pepe, MBA, RSBA, SFO, QPA  
Assistant Superintendent/CFO  
Board Secretary







# SUMMIT PUBLIC SCHOOLS

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

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## BOARD OF EDUCATION CITY OF SUMMIT PUBLIC SCHOOL DISTRICT

### ROSTER OF OFFICIALS JUNE 30, 2021

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Christopher Bonner, President	2022
Mr. Michael Colón, Vice President	2024
Mr. Yon Cho	2023
Ms. Melanie Cohn	2024
Ms. Walidah Justice	2024
Ms. Donna Miller	2023
Ms. Vanessa Primack	2022

### OTHER OFFICIALS

**Mr. Scott Hough, Superintendent of Schools**  
**Mr. Louis J. Pepe, RSBA, SFO, Assistant Superintendent/Board Secretary**  
**Mr. Emilio Torres, CPA, Assistant Business Administrator**  
**Ms. Tammie Baldwin, Treasurer of School Monies**  
**Mr. Vito Gagliardi, Jr., Esq.**



# SUMMIT PUBLIC SCHOOLS

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

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## BOARD OF EDUCATION CITY OF SUMMIT PUBLIC SCHOOL DISTRICT

### ROSTER OF CONSULTANTS AND ADVISORS JUNE 30, 2021

#### Attorneys

PORZIO, BROMBERG & NEWMAN  
100 Southgate Parkway  
Morristown, NJ 07962

COMEGNO LAW GROUP, P.C.  
521 Pleasant Valley Avenue  
Moorestown, New Jersey 08057

#### 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  
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal  
President

A handwritten signature in black ink, reading '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  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, 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 and each major fund 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, 2021 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 and each major fund of the City of Summit Public Schools as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the City of Summit Public Schools adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

## *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*

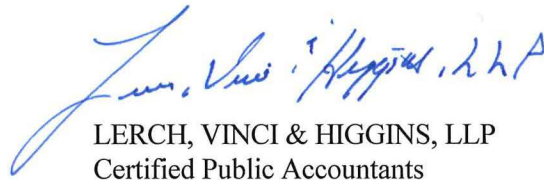
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Summit Public Schools' basic financial statements. The introductory section, financial schedules, statistical section, schedule of expenditures of federal awards as required 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 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 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.

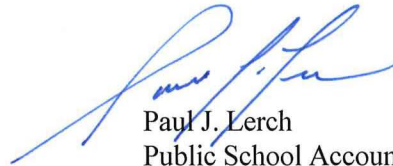
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2022 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 solely 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  
February 2, 2022

**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, 2021

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, 2021. 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 2021 are as follows:

- District-Wide - General revenues for governmental activities accounted for \$67,082,676, or 67 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$31,850,081, or 32 percent of all total revenues. Charges for services accounted for \$521,053 or 1 percent of total revenues of \$99,453,810.
- District-Wide - The governmental activities had \$98,103,889 in expenses; only \$32,371,134 of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$67,082,676 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$85,254,306 in revenues and \$84,962,136 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$10,608,103, an increase of \$292,170 from 2020.
- Fund Financials - At the end of June 30, 2021, the District's unassigned fund balance for the General Fund was \$2,338,129, a decrease from 2020 of \$1,481,114.

#### 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.

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

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

	<b>District-Wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Scope</b>	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance and food service	Activities the district operates similar to private businesses
<b>Required financial statements</b>	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows
<b>Accounting Basis and Measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
<b>Type of asset, deferred outflows/inflows of resources and liability information</b>	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and deferred inflows of resources and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, and short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

**District-wide Statements**

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

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

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

## District-wide Statements (Continued)

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

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

## Fund Financial Statements

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

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

## The District has two 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.

**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 2021 and 2020.

**Net Position.** The District's combined Net Position for 2021 and 2020 were \$63,691,233 and \$62,486,802 (as restated), 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, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u> <u>(Restated)</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u> <u>(Restated)</u>
<b>Assets</b>						
Current and Other Assets	\$ 13,784,832	\$ 13,046,939	\$ 202,942	\$ 315,554	\$ 13,987,774	\$ 13,362,493
Capital Assets	<u>77,882,902</u>	<u>77,553,227</u>	<u>388,942</u>	<u>419,843</u>	<u>78,271,844</u>	<u>77,973,070</u>
<b>Total Assets</b>	<u>91,667,734</u>	<u>90,600,166</u>	<u>591,884</u>	<u>735,397</u>	<u>92,259,618</u>	<u>91,335,563</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	<u>2,507,274</u>	<u>3,336,325</u>	<u>-</u>	<u>-</u>	<u>2,507,274</u>	<u>3,336,325</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>94,175,008</u>	<u>93,936,491</u>	<u>591,884</u>	<u>735,397</u>	<u>94,766,892</u>	<u>94,671,888</u>
<b>Liabilities</b>						
Current Liabilities	2,625,631	2,219,251	195,930	194,991	2,821,561	2,414,242
Non-Current Liabilities	<u>20,382,913</u>	<u>22,239,106</u>	<u>-</u>	<u>-</u>	<u>20,382,913</u>	<u>22,239,106</u>
<b>Total Liabilities</b>	<u>23,008,544</u>	<u>24,458,357</u>	<u>195,930</u>	<u>194,991</u>	<u>23,204,474</u>	<u>24,653,348</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	7,870,147	7,531,738			7,870,147	7,531,738
Unused Commodities	<u>-</u>	<u>-</u>	<u>1,038</u>	<u>-</u>	<u>1,038</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>7,870,147</u>	<u>7,531,738</u>	<u>1,038</u>	<u>-</u>	<u>7,871,185</u>	<u>7,531,738</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>30,878,691</u>	<u>31,990,095</u>	<u>196,968</u>	<u>194,991</u>	<u>31,075,659</u>	<u>32,185,086</u>
<b>Net Position:</b>						
Net Investment in capital assets	76,877,092	76,267,397	388,942	419,843	77,266,034	76,687,240
Restricted	5,181,773	3,089,393			5,181,773	3,089,393
Unrestricted	<u>(18,762,548)</u>	<u>(17,410,394)</u>	<u>5,974</u>	<u>120,563</u>	<u>(18,756,574)</u>	<u>(17,289,831)</u>
<b>Total Net Position</b>	<u>\$ 63,296,317</u>	<u>\$ 61,946,396</u>	<u>\$ 394,916</u>	<u>\$ 540,406</u>	<u>\$ 63,691,233</u>	<u>\$ 62,486,802</u>

**Governmental activities.** Governmental activities increased the District’s Net Position by \$1,349,921. Key elements of this increase are as follows:

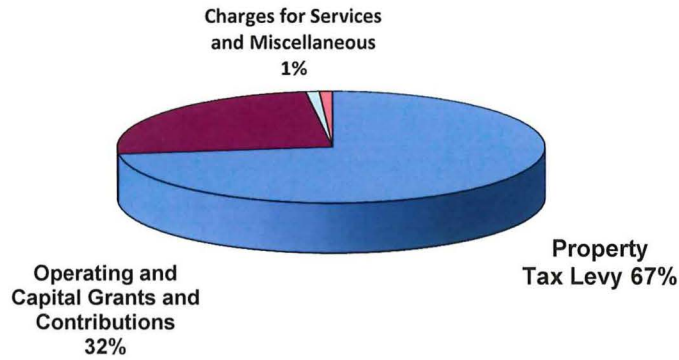
**Table A-2**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 521,053	\$ 327,266	\$ 109,777	\$ 1,304,836	\$ 630,830	\$ 1,632,102
Operating Grants and Contributions	31,595,879	22,402,140	824,791	367,285	32,420,670	22,769,425
Capital Grants and Contributions	254,202	421,815			254,202	421,815
General Revenues and Other Items						
Property Taxes	66,872,641	65,668,859			66,872,641	65,668,859
Other General Revenues	210,035	492,341	-	-	210,035	492,341
<b>Total Revenues</b>	<u>99,453,810</u>	<u>89,312,421</u>	<u>934,568</u>	<u>1,672,121</u>	<u>100,388,378</u>	<u>90,984,542</u>
<b>Expenses</b>						
Instruction						
Regular	47,491,972	41,007,259			47,491,972	41,007,259
Special Education	15,629,179	14,465,091			15,629,179	14,465,091
Other Instruction	3,087,680	2,777,068			3,087,680	2,777,068
School Sponsored Activities and Athletics	2,404,750	1,980,603			2,404,750	1,980,603
Support Services						
Student and Instruction Related Serv.	12,195,483	11,695,662			12,195,483	11,695,662
General Administrative Services	1,789,992	1,870,362			1,789,992	1,870,362
School Administrative Services	5,273,588	4,702,005			5,273,588	4,702,005
Plant Operations and Maintenance	7,352,263	6,899,092			7,352,263	6,899,092
Pupil Transportation	798,570	868,786			798,570	868,786
Central Services	2,034,730	1,683,121			2,034,730	1,683,121
Interest and Other Charges	45,682	23,089			45,682	23,089
Food Service			966,207	1,480,288	966,207	1,480,288
Summer Flash Program	-	-	113,851	253,019	113,851	253,019
<b>Total Expenses</b>	<u>98,103,889</u>	<u>87,972,138</u>	<u>1,080,058</u>	<u>1,733,307</u>	<u>99,183,947</u>	<u>89,705,445</u>
Increase/(Decrease) in Net Position	<u>\$ 1,349,921</u>	<u>\$ 1,340,283</u>	<u>\$ (145,490)</u>	<u>\$ (61,186)</u>	<u>\$ 1,204,431</u>	<u>\$ 1,279,097</u>

Table A-2 shows the changes in Net Position for fiscal years ended June 30, 2021 and 2020.

**Governmental activities.** The District's total governmental revenues were \$99,453,810. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$67,082,676, or 67% of total revenues. Funding from state and federal sources amounted to \$31,595,879 or, 32%. Capital grants and contributions amounted to \$254,202, or less than 1%. Charges for services amounted to \$521,053, or less than 1%.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2021



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$68,613,581 (70%), student support services totaled \$29,444,626 (30%) and interest and other charges total \$45,682.

Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2021

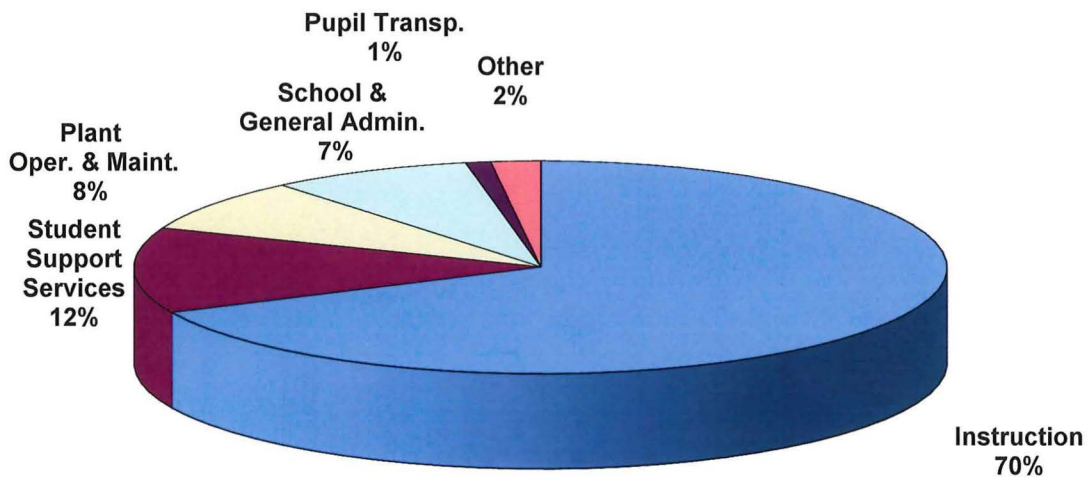


Table A-5 shows the net cost of governmental activities for fiscal years ended June 30, 2021 and 2020.

**Table A-5**  
**Total and Net Cost of Services for Governmental Activities**  
**For the Fiscal Years Ended June 30, 2021 and 2020**

<u>Functions/Programs</u>	<u>Total</u> <u>Cost of Services</u>		<u>Total</u> <u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Governmental Activities				
Instruction				
Regular	\$ 47,491,972	\$ 41,007,259	\$ 31,100,216	\$ 29,307,457
Special Education	15,629,179	14,465,091	8,495,692	9,054,820
Other Instruction	3,087,680	2,777,068	1,583,238	1,338,725
School Sponsored Activities and Athletics	2,404,750	1,980,603	1,719,047	1,787,563
Support Services				
Student and Instruction Related Svcs.	12,195,483	11,695,662	8,608,089	9,197,342
General Administrative Services	1,789,992	1,870,362	1,403,669	1,516,322
School Administrative Services	5,273,588	4,702,005	3,956,810	3,843,187
Plant Operations and Maintenance	7,352,263	6,899,092	6,369,105	6,428,819
Pupil Transportation	798,570	868,786	590,076	661,021
Central Services	2,034,730	1,683,121	1,861,131	1,662,572
Interest and Other Charges	45,682	23,089	45,682	23,089
Total Governmental Activities	<u>\$ 98,103,889</u>	<u>\$ 87,972,138</u>	<u>\$ 65,732,755</u>	<u>\$ 64,820,917</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2021 was \$1,080,058. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in a decrease in Net Position of \$145,490.



## 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 \$11,159,201. In 2019-2020 the fund balance was \$10,827,688 (as restated), an increase of \$331,513.

### 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 \$88,829,596 and expenditures were \$88,498,083.

### General Fund

The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2021 and 2020.

#### 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>2021</u>	<u>2020</u>		
Local Sources	\$ 67,603,729	\$ 66,467,466	\$ 1,136,263	1.71%
State Sources	17,585,251	15,088,564	2,496,687	16.55%
Federal Sources	<u>65,326</u>	<u>58,304</u>	<u>7,022</u>	12.04%
Total Revenues	<u>\$ 85,254,306</u>	<u>\$ 81,614,334</u>	<u>\$ 3,639,972</u>	4.46%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2021 and 2020.

#### 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>2021</u>	<u>2020</u>		
Current				
Instruction	\$ 56,806,956	\$ 52,491,971	\$ 4,314,985	8.22%
Undistributed Expenditures	24,973,271	25,105,322	(132,051)	-0.53%
Capital Outlay	2,856,567	1,355,232	1,501,335	110.78%
Debt Service				
Principal	280,020	123,467	156,553	126.80%
Interest and Other Charges	<u>45,682</u>	<u>23,089</u>	<u>22,593</u>	97.85%
Total Expenditures	<u>\$ 84,962,496</u>	<u>\$ 79,099,081</u>	<u>\$ 5,863,415</u>	7.41%

## **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 2020-2021 year saw a significant impact on the budget due to COVID-19 and a shift to remote instruction resulting in significant end of year unexpended balances in accounts such as travel, supplies, substitute salaries, professional development and utilities culminating in large available balances as of June 30<sup>th</sup>. As a result, the excess surplus figure was approximately \$5M. Through ongoing cash flow management and detailed forecasting, the excess was planned for deposit into Reserves as approved on the June 2021 Regular Meeting agenda of the Board of Education. Additionally, the State of NJ raised the 2% CAP on unassigned fund balance to 4% in recognition of this cause/effect on district budgets for the 2020-2021 year.

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 2020-21 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 in order to maintain our public bid 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. We continue to utilize services off the public bid as a member of The Education Services of New Jersey. Likewise, we made significant use of our expanded network of consortiums 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. Our network was further extended in 2019-20 to include membership in the NCPA (National Cooperative Purchasing Alliance) a leading national government purchasing cooperative working to reduce the cost of goods and services by leveraging the purchasing power of public agencies in all 50 states.

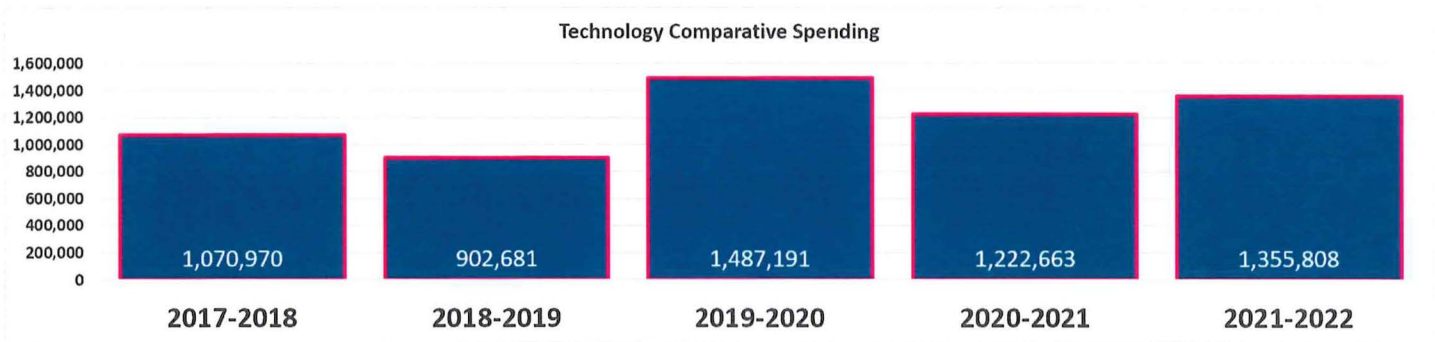
*Additionally, we continue to explore viable Federal purchasing options such as the GSA Advantage Government Services Administration purchasing related to Federal Bids.*

- Systems 3000 Employee Portal – With respect to a cost benefit analysis we concluded for little to no added expense approximately \$1,000 per year, we were able to gain significant efficiency through redeployment of our staff accountant to complete in-house audits of student activities at each school and assist with the training, processing of transactions and maintaining proper records. Additionally, this initiative improved employees access to pertinent payroll stubs and tax preparation documentation such as W-2s.

#### **Overall Benefits:**

- Reduction in employee processing time
- Elimination of check stock and MICR toner ink
- Reduced employee requests for stubs and backup records
- Approx. \$200 per year in cost savings beginning year two.

- Technology remained a significant area of focus for student access, overall maintenance and planned upgrades in the amount of \$1,355,808. 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 majority of the past decade; however, we continue to weigh the options of equipment leases against the overall budget increase and available caps on tax levy.



- Facilities Operations and Maintenance – The 2021 Fiscal year ended with a continued focus on maintaining our facilities in a constant state of readiness against the backdrop of the COVID 19 pandemic. Early allocations of CARES Act monies (Federal/State/County Grants) were dedicated to acquiring the necessary PPE to include masks, gloves, protective barriers and cleaning products in order to keep schools open and students, faculty and staff as safe as possible.

### Allocations

Allocations	Type of Funding	Amount	Award	Expiration
1	CARES (ESSER)	\$259,195	Jun-20	Sep-22
2	CARES Digital Divide	\$158,174	Jul-20	Oct-20

- The first two allocations totaled \$417,369 and allowed the district to purchase Mental Health Clinician Services through Rutgers University at approx. \$125k per year, cleaning & sanitizing products in the amount of \$18k, and Merv-13 Filters which would become a major part of the ESSER II funding allotment in Fiscal year 2022.

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

- EnnerConnex (formerly Enernoc) Electric Bid 2019** – In November of 2019 we managed our 1<sup>st</sup> Re-bid with EnnerConnex having reached the end of the 3 year Bid from 2106. This was a major 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. We continue to 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 stable reduced rate of .07358 cents for the next 48 months’ subject to re-bid based on the laws for NJ regarding 24-month rate lock. Compared to the tariff rated of approx. \$0.13 - \$0.14 cents per kWh the board remains 50% below market. ACES recently rebid in June of 2020 and achieved the same rate within 1,000 of a cent .07348<sup>1</sup>.

Gas continues to be purchased through the ACES bid and currently we are experiencing a continued low of \$0.43552 per therm on a 16 month bid ending December 2021.

<sup>1</sup> Rate obtained 10/12/20 from Carol Friedman, Account Specialist for ACES, Gabel Associates, Highland Park, NJ 08904

- Vehicle Fleet Maintenance and Acquisition – We continue to maintain a quality fleet of vehicles at the optimal level to ensure transport needs and application specific work that allows for the quality and reliability of our utility work vehicles in the area of custodial maintenance. Working within the budgetary constraints of competing interests and reduced CAPs, we have made a commitment to ensure against unnecessary vehicle maintenance and unplanned replacement. *By addressing aging inefficient vehicles over a planned purchase program we have moved the fleet both by efficiency through a reduction of seven vehicles<sup>2</sup> over four years and acquisition of fifteen vehicles during the same five year period.*

**In 2021 we purchased additional vehicles in line with our replacement schedule through end of year (EOY) purchasing as follows:**

<b>2021 Ford 250 Truck w/ Plow Pkgs</b>	<b>#65MCESCCPS ESC of NJ</b>	<b>Beyer Fleet 1</b>	<b>\$40,119</b>
<b>2021 Ford 250 Truck w/ Plow Pkgs</b>	<b>#65MCESCCPS ESC of NJ</b>	<b>Beyer Fleet 1</b>	<b>\$40,119</b>

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 continues to work with 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 2020-2021 remained a challenging year for food service as the district remained on the SSO option through the NSLP where meals were free to all students.

We finished the year out with a deficit of \$13,017.63.

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

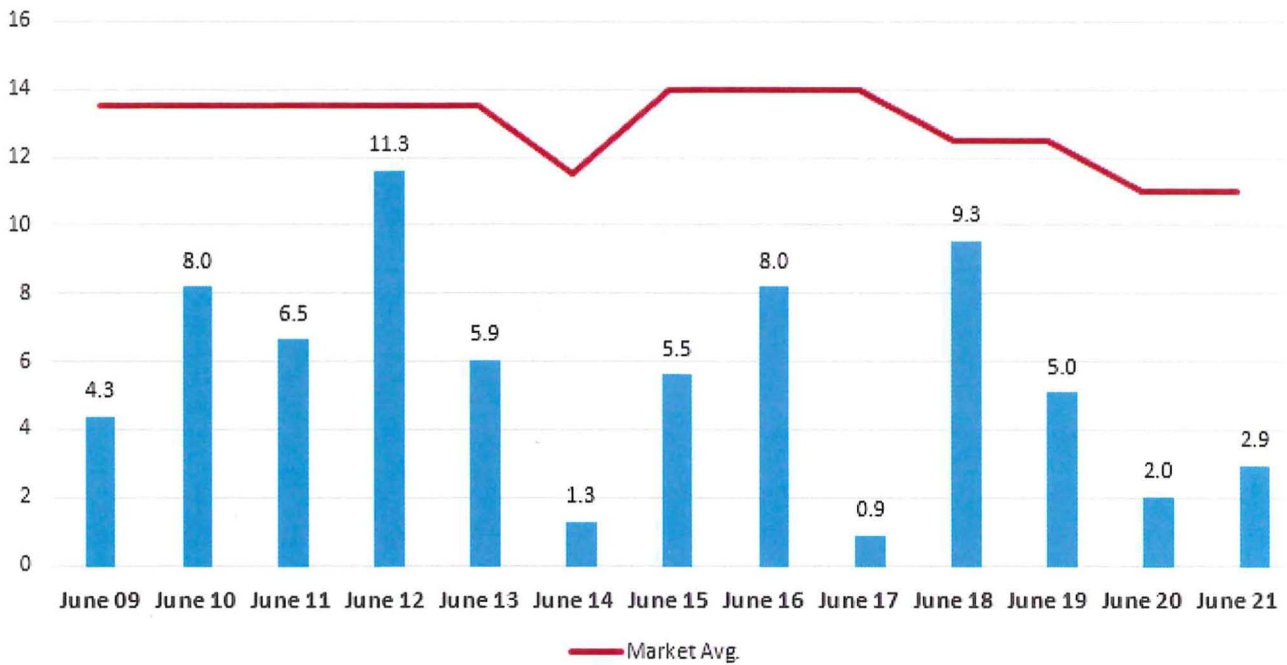
In an effort to ensure students continued to receive meals during the COVID-19 pandemic Summit Public Schools applied for and received approval of a waiver to participate in the SSO (Seamless Summer Option). Schools participating in the National School Lunch or School Breakfast Program were deemed eligible to apply for the Seamless Summer Option.

- Health Benefits - The 2020-2021 fiscal year ended with respect to the minimum premium policy between Summit Board of Education and Aetna as of June 30<sup>th</sup>, 2021 as follows:
  1. The balance in the claims account for Aetna as of June 30, 2021 is \$ 549,592.73.
  2. The District’s liability for claims that were filed but unpaid as of June 30<sup>th</sup>, 2021 is currently under review and will be presented at a later date.
  3. Composition of the bank accounts (types of underlying investments made on the district’s behalf) is not applicable as this is a non-interest bearing, general account (no investments are made).
  4. Investment income earned during the year the District funds were held by the carrier is not applicable.
  5. The District’s liability at termination at June 30, 2021 is \$921,633<sup>3</sup>.

The Board of Education re-appointed Brown & Brown (**B&B<sup>SM</sup>**), as Broker of Record at its May 13, 2021 Regular Meeting.

*Based on their thorough analysis and market plan option review, the District’s renewal of 2.9% was achieved due to a better than projected year of experience with Aetna and as a result, all lines of coverage were renewed changed effective July 1, 2021. This marks the fourth year of the district’s new relationship with Aetna as*

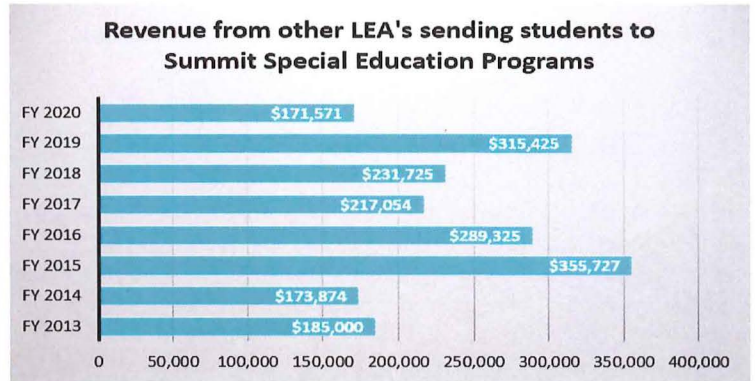
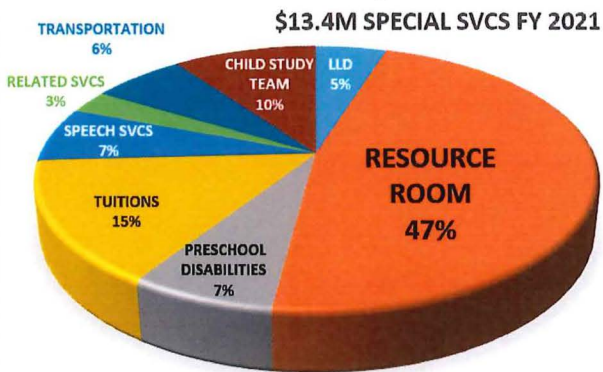
Summit Health Benefits renewals against the Market Avg.



*negotiated by our broker of record, Brown & Brown. Please note this was achieved through strong monitoring of the account in the fourth year renewal.*

<sup>3</sup> Based on last three months’ average as of June 30, 2021.

- 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 **\$13.4 million** as follows:



*One significant improvement in the delivery of instruction for special education students has been the expansion of in house programs allowing the continued return of out of district students with the formation of special needs programs that has also garnered additional revenue of \$1.7M over the past eight years. This trend is beginning to decrease as other districts recognize the same opportunity.*

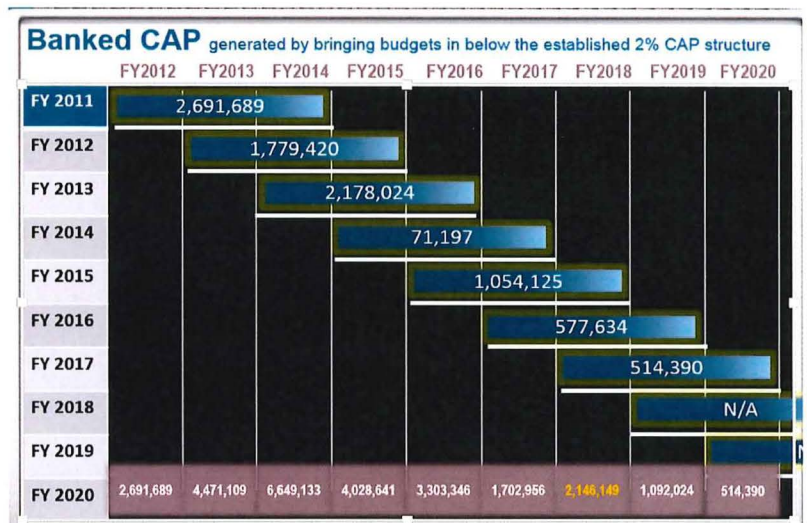
The District continues to explore capital improvement plans that would afford the necessary space to bring out of district special education students back in district to meet their needs in district at a significant cost savings in the area of tuition and transportation.

### 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 detailed, 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 in development of the 2019-2020 budget to allow for expanded full day Kindergarten.

*In formulation of the 2021-22 school year budget, the overall revenue was supported by an additional use of \$296,000 banked cap to meet the needs over 2%.*

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, 2021 and June 30, 2020 amounts to \$78,271,844 and \$77,973,070, 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, 2021 and 2020**  
**(Net of Depreciation)**

	<b>Governmental</b>		<b>Business-Type</b>			
	<b>Activities</b>		<b>Activities</b>			
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 1,758,661	\$ 1,758,661			\$ 1,758,661	\$ 1,758,661
Land Improvements	7,662,066	6,335,788			7,662,066	6,335,788
Buildings and Building Improvements	91,216,306	90,974,687			91,216,306	90,974,687
Machinery and Equipment	<u>14,803,385</u>	<u>12,818,156</u>	<u>\$ 1,128,397</u>	<u>\$ 1,109,602</u>	<u>15,931,782</u>	<u>13,927,758</u>
Total	115,440,418	111,887,292	1,128,397	1,109,602	116,568,815	112,996,894
Less: Accumulated Depreciation	<u>37,557,516</u>	<u>34,334,065</u>	<u>739,455</u>	<u>689,759</u>	<u>38,296,971</u>	<u>35,023,824</u>
Total	<u>\$ 77,882,902</u>	<u>\$ 77,553,227</u>	<u>\$ 388,942</u>	<u>\$ 419,843</u>	<u>\$ 78,271,844</u>	<u>\$ 77,973,070</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, 2021 and 2020, the District had outstanding long-term liabilities of \$20,382,913 and \$22,239,106, respectively, as stated in Table A-7.

**Table A-7**  
**Long-Term Debt**  
**Outstanding Long-Term Liabilities**  
**as of June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Compensated Absences Payable	\$ 1,467,296	\$ 1,546,661
Capital Lease	1,005,810	1,285,830
Net Pension Liability	<u>17,909,807</u>	<u>19,406,615</u>
Total	<u>\$ 20,382,913</u>	<u>\$ 22,239,106</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.

*As of close of the 2020-2021 school year all district in NJ are permitted to increase their fund balance (Unreserved/Undesignated) to 4% thus permitting our fund balance to increase in total to approx. \$3M. thus a step in the right direction.*

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 surpluses 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.

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, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,139,152	\$ 138,870	\$ 12,278,022
Receivables, net	1,645,680	50,551	1,696,231
Inventory		13,521	13,521
Capital Assets, net:			
Not Being Depreciated	1,758,661		1,758,661
Being Depreciated	<u>76,124,241</u>	<u>388,942</u>	<u>76,513,183</u>
Total Assets	<u>91,667,734</u>	<u>591,884</u>	<u>92,259,618</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>2,507,274</u>	-	<u>2,507,274</u>
Total Deferred Outflows of Resources	<u>2,507,274</u>	-	<u>2,507,274</u>
Total Assets and Deferred Outflows of Resources	<u>94,175,008</u>	<u>591,884</u>	<u>94,766,892</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,630,146	24,088	1,654,234
Payable to Other Governments	130,935		130,935
Unearned Revenue	864,550	171,842	1,036,392
Noncurrent Liabilities			
Due Within One Year	340,820		340,820
Due Beyond One Year	<u>20,042,093</u>	-	<u>20,042,093</u>
Total Liabilities	<u>23,008,544</u>	<u>195,930</u>	<u>23,204,474</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	7,870,147		7,870,147
Deferred Commodities Revenue	-	1,038	1,038
Total Deferred Inflows of Resources	<u>7,870,147</u>	<u>1,038</u>	<u>7,871,185</u>
Total Liabilities and Deferred Inflows of Resources	<u>30,878,691</u>	<u>196,968</u>	<u>31,075,659</u>
<b>NET POSITION</b>			
Investment in Capital Assets	76,877,092	388,942	77,266,034
Restricted for:			
Capital Projects	3,437,403		3,437,403
Maintenance	700,058		700,058
Other Purposes	1,044,312		1,044,312
Unrestricted	<u>(18,762,548)</u>	<u>5,974</u>	<u>(18,756,574)</u>
Total Net Position	<u>\$ 63,296,317</u>	<u>\$ 394,916</u>	<u>\$ 63,691,233</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, 2021**

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	\$ 47,491,972	\$ 78,609	\$ 16,313,147		\$ (31,100,216)		\$ (31,100,216)
Special Education	15,629,179	408,916	6,724,571		(8,495,692)		(8,495,692)
Other Instruction	3,087,680		1,250,240	\$ 254,202	(1,583,238)		(1,583,238)
School Sponsored Activities and Athletics	2,404,750	4,301	681,402		(1,719,047)		(1,719,047)
Support Services:							
Student & Instruction Related Services	12,195,483		3,587,394		(8,608,089)		(8,608,089)
General Administrative Services	1,789,992		386,323		(1,403,669)		(1,403,669)
School Administrative Services	5,273,588		1,316,778		(3,956,810)		(3,956,810)
Plant Operations and Maintenance	7,352,263	29,227	953,931		(6,369,105)		(6,369,105)
Pupil Transportation	798,570		208,494		(590,076)		(590,076)
Central Services	2,034,730		173,599		(1,861,131)		(1,861,131)
Interest and Other Charges	45,682	-	-	-	(45,682)	-	(45,682)
Total Governmental Activities	98,103,889	521,053	31,595,879	254,202	(65,732,755)	-	(65,732,755)
Business-Type Activities:							
Food Service	966,207	28,782	824,791			\$ (112,634)	(112,634)
Summer Flash Program	113,851	80,995	-	-		(32,856)	(32,856)
Total Business-Type Activities	1,080,058	109,777	824,791	-	-	(145,490)	(145,490)
Total Primary Government	\$ 99,183,947	\$ 630,830	\$ 32,420,670	\$ 254,202	(65,732,755)	(145,490)	(65,878,245)
General Revenues							
					66,872,641		66,872,641
					210,035		210,035
Total General Revenues and Other Items					67,082,676		67,082,676
Change in Net Position					1,349,921	(145,490)	1,204,431
Net Position—Beginning of Year (Restated)					61,946,396	540,406	62,486,802
Net Position—End of Year					\$ 63,296,317	\$ 394,916	\$ 63,691,233

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, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 11,938,664	\$ 47,684	\$ 121,786	\$ 12,108,134
Receivables, Net				
Intergovernmental		927,677		927,677
Other	82,229	635,774		718,003
Due from Other Funds	107,393			107,393
Restricted Assets				
Cash with Fiscal Agents	<u>31,018</u>	<u>-</u>	<u>-</u>	<u>31,018</u>
Total Assets	<u>\$ 12,159,304</u>	<u>\$ 1,611,135</u>	<u>\$ 121,786</u>	<u>\$ 13,892,225</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Other Liabilities	\$ 173,818	\$ 159,430		\$ 333,248
Accrued Liability for Insurance Claims	1,226,076			1,226,076
Claims and Judgments Payable	39,345			39,345
Payroll Deductions and Withholdings Payable	31,477			31,477
Payable to Governments	72,985	57,950		130,935
Due to Other Funds			\$ 107,393	107,393
Unearned Revenue	<u>7,500</u>	<u>857,050</u>	<u>-</u>	<u>864,550</u>
Total Liabilities	<u>1,551,201</u>	<u>1,074,430</u>	<u>107,393</u>	<u>2,733,024</u>
Fund Balances:				
Restricted:				
Capital Reserve	3,260,986			3,260,986
Capital Reserve, Designated for Subsequent Year's Expenditures	162,024			162,024
Maintenance Reserve	372,511			372,511
Maintenance Reserve, Designated for Subsequent Year's Expenditures	327,547			327,547
Emergency Reserve	151			151
Excess Surplus	1,200,000			1,200,000
Excess Surplus, Designated for Subsequent Year's Expenditures	1,513,171			1,513,171
Capital Lease Obligations	31,019			31,019
Unemployment Compensation Reserve	507,607			507,607
Student Activities and Athletics		341,071		341,071
Scholarship Awards		195,634		195,634
Capital Projects			14,393	14,393
Committed:				
Year End Encumbrances	149,141			149,141
FFCRA/SEMI	6,246			6,246
Assigned:				
Year End Encumbrances	739,571			739,571
Unassigned:				
General Fund	<u>2,338,129</u>	<u>-</u>	<u>-</u>	<u>2,338,129</u>
Total Fund Balances	<u>10,608,103</u>	<u>536,705</u>	<u>-</u> <u>14,393</u>	<u>11,159,201</u>
Total Liabilities and Fund Balances	<u>\$ 12,159,304</u>	<u>\$ 1,611,135</u>	<u>\$ 121,786</u>	

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

SUMMIT PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

<b>Total Fund Balances (Exhibit B-1)</b>	\$	11,159,201
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$115,440,418 and the accumulated depreciation is \$37,557,516.</p>		
		77,882,902
<p>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.</p>		
Deferred Outflows of Resources	\$	2,507,274
Deferred Inflows of Resources		<u>(7,870,147)</u>
		(5,362,873)
<p>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:</p>		
Compensated Absences		(1,467,296)
Capital Lease		(1,005,810)
Net Pension Liability		<u>(17,909,807)</u>
		<u>(20,382,913)</u>
<b>Net position of governmental activities (Exhibit A-1)</b>	<b>\$</b>	<b><u>63,296,317</u></b>

**SUMMIT PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources:				
Property Tax Levy	\$ 66,872,641			\$ 66,872,641
Tuition	487,525			487,525
Miscellaneous	243,563	\$ 1,057,462	-	1,301,025
Total - Local Sources	<u>67,603,729</u>	<u>1,057,462</u>	<u>-</u>	<u>68,661,191</u>
State Sources	17,585,251	249,698		17,834,949
Federal Sources	65,326	2,268,130	-	2,333,456
Total Revenues	<u>85,254,306</u>	<u>3,575,290</u>	<u>-</u>	<u>88,829,596</u>
<b>EXPENDITURES</b>				
Current:				
Regular Instruction	39,665,020	667,061		40,332,081
Special Education Instruction	13,044,486	653,004		13,697,490
Other Instruction	2,316,561	349,118		2,665,679
School Sponsored Activities and Athletics	1,780,529	375,705		2,156,234
Support Services				
Student & Instruction Related Services	9,609,793	1,128,003		10,737,796
General Administrative Services	1,583,319			1,583,319
School Administrative Services	4,518,264			4,518,264
Plant Operations and Maintenance	6,660,220	108,854		6,769,074
Pupil Transportation	792,624			792,624
Central Services	1,809,051			1,809,051
Debt Service				
Principal	280,020			280,020
Interest and Other Charges	45,682			45,682
Capital Outlay	2,856,567	254,202	-	3,110,769
Total Expenditures	<u>84,962,136</u>	<u>3,535,947</u>	<u>-</u>	<u>88,498,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>292,170</u>	<u>39,343</u>	<u>-</u>	<u>331,513</u>
Net Change in Fund Balances	292,170	39,343	-	331,513
Fund Balance , Beginning of Year (Restated)	<u>10,315,933</u>	<u>497,362</u>	\$ 14,393	<u>10,827,688</u>
Fund Balance, End of Year	<u>\$ 10,608,103</u>	<u>\$ 536,705</u>	<u>\$ 14,393</u>	<u>\$ 11,159,201</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, 2021**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 331,513

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	\$ 3,110,769	
Depreciation Expense	<u>(2,781,094)</u>	
		329,675

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned during the year.

In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease Compensated Absences	79,365	
Decrease in Pension Expense	<u>329,348</u>	
		408,713

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.

Payment of Capital Lease Principal	<u>280,020</u>	
		<u>280,020</u>

**Change in net position of governmental activities (Exhibit A-2)** **\$ 1,349,921**



**SUMMIT PUBLIC SCHOOLS  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2021**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>	<b>Business-Type Activities Enterprise Fund Summer Flash <u>Program</u></b>	<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 45,402	\$ 93,468	\$ 138,870
Intergovernmental Receivable			
State	2,008		2,008
Federal	43,877		43,877
Other Accounts Receivable	4,666		4,666
Inventories	<u>13,521</u>	<u>-</u>	<u>13,521</u>
 Total Current Assets	 <u>109,474</u>	 <u>93,468</u>	 <u>202,942</u>
Capital Assets			
Equipment	1,128,397	-	1,128,397
Less: Accumulated Depreciation	<u>(739,455)</u>	<u>-</u>	<u>(739,455)</u>
 Total Capital Assets	 <u>388,942</u>	 <u>-</u>	 <u>388,942</u>
 Total Assets	 <u>498,416</u>	 <u>93,468</u>	 <u>591,884</u>
 <b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	24,088		24,088
Unearned Revenue	<u>95,042</u>	<u>76,800</u>	<u>171,842</u>
 Total Current Liabilities	 <u>119,130</u>	 <u>76,800</u>	 <u>195,930</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	<u>1,038</u>	<u>-</u>	<u>1,038</u>
 Total Deferred Inflows of Resources	 <u>1,038</u>	 <u>-</u>	 <u>1,038</u>
 <b>NET POSITION</b>			
Investment in Capital Assets	388,942		388,942
Unrestricted	<u>(10,694)</u>	<u>16,668</u>	<u>5,974</u>
 Total Net Position	 <u>\$ 378,248</u>	 <u>\$ 16,668</u>	 <u>\$ 394,916</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, 2021**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>	<b>Business-Type Activities Enterprise Fund Summer Flash <u>Program</u></b>	<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales - reimbursable programs	\$ 12,773		\$ 12,773
Daily Sales - non-reimbursable programs	14,778		14,778
Special Functions	1,231		1,231
Program Fees	-	\$ 80,995	80,995
	<u>28,782</u>	<u>80,995</u>	<u>109,777</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries and Employee Benefits	238,797	109,298	348,095
Cost of Sales - reimbursable	401,532		401,532
Cost of Sales - non-reimbursable	6,194		6,194
Other Purchased Services	192,332		192,332
Supplies and Materials	68,157	4,553	72,710
Miscellaneous	9,499		9,499
Depreciation	49,696	-	49,696
	<u>966,207</u>	<u>113,851</u>	<u>1,080,058</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(937,425)</u>	<u>(32,856)</u>	<u>(970,281)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	24,282		24,282
Federal Sources			
School Breakfast Program	238,540		238,540
National School Lunch Program	468,855		468,855
Food Distribution Program	93,114	-	93,114
	<u>824,791</u>	<u>-</u>	<u>824,791</u>
Total Nonoperating Revenues			
Net Income (Loss)	<u>(112,634)</u>	<u>(32,856)</u>	<u>(145,490)</u>
Change in Net Position	(112,634)	(32,856)	(145,490)
Total Net Position - Beginning of Year	<u>490,882</u>	<u>49,524</u>	<u>540,406</u>
Total Net Position - End of Year	<u>\$ 378,248</u>	<u>\$ 16,668</u>	<u>\$ 394,916</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, 2021**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>	<b>Business-Type Activities Enterprise Fund Summer Flash <u>Program</u></b>	<b>Business-Type Activities Enterprise Fund <u>Totals</u></b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 16,658	\$ 121,414	\$ 138,072
Cash Payments for Employees' Salaries and Benefits	(238,797)	(109,298)	(348,095)
Cash Payments to Suppliers for Goods and Services	(602,543)	(4,687)	(607,230)
Net Cash Provided/(Used) by Operating Activities	<u>(824,682)</u>	<u>7,429</u>	<u>(817,253)</u>
<b>Cash Flows from in Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursement	<u>731,351</u>	<u>-</u>	<u>731,351</u>
Net Cash Provided by Noncapital Financing Activities	<u>731,351</u>	<u>-</u>	<u>731,351</u>
<b>Cash Flows from Capital Financing Activities</b>			
Acquisition of Capital Assets	<u>(18,795)</u>	<u>-</u>	<u>(18,795)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(18,795)</u>	<u>-</u>	<u>(18,795)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(112,126)	7,429	(104,697)
Cash and Cash Equivalents, Beginning of Year	<u>157,528</u>	<u>86,039</u>	<u>243,567</u>
Cash and Cash Equivalents, End of Year	<u>\$ 45,402</u>	<u>\$ 93,468</u>	<u>\$ 138,870</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided/ (Used) by Operating Activities</b>			
Operating Income (Loss)	<u>\$ (937,425)</u>	<u>\$ (32,856)</u>	<u>\$ (970,281)</u>
Adjustments to Reconcile Operating Loss to			
Net Cash Provided/(Used) by Operating Activities			
Depreciation	49,696		49,696
Food Distribution Program - Non-Cash Assistance	93,114		93,114
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable	1,631		1,631
Increase/(Decrease) in Accounts Payable	(25,288)	(134)	(25,422)
Increase/(Decrease) in Unearned Revenue	(13,755)	40,419	26,664
Increase/(Decrease) in Deferred Commodities Revenue	735		735
(Increase)/Decrease in Inventory	6,610	-	6,610
Total Adjustments	<u>112,743</u>	<u>40,285</u>	<u>153,028</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (824,682)</u>	<u>\$ 7,429</u>	<u>\$ (817,253)</u>
<b>Non-Cash Investing, Capital and Financial Activities</b>			
Value Received - Food Distribution Program	<u>\$ 93,849</u>		

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**NOTES TO THE FINANCIAL STATEMENTS**

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 officials appointed by the Mayor of the City of Summit for three-year staggered terms 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. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade twelve (12) school district.

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 Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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. However, the District is considered a component unit of the City of Summit.

**B. New Accounting Standards**

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. 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. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. 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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

**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. Currently the district does not have any fiduciary funds.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. 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, the child nutrition programs, student activities funds derived from athletic events or other activities of pupil organizations and provide donations for scholarship awards.

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 administrators, 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.



**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Fund Financial Statements (Continued)**

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

**Reclassifications**

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations 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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

***4. Restricted Assets***

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by Lease-Purchase agreements.

***5. 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.

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

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

***6. 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.

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. 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.

***7. Compensated Absences***

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

***8. 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.

SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *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.

10. *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.

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

*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 2021/2022 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 2c).

*Maintenance Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

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

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2021 audited excess surplus that is required to be appropriated in the 2022/2023 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, 2020 audited excess surplus that was appropriated in the 2021/2022 original budget certified for taxes.

*Capital Lease Obligations* – This restriction was created from proceeds of the lease purchase agreement held by the Trustee to offset final principal payments due on the certificates.

*Unemployment Compensation Reserve* – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 4A).

*Student Activities* – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

*Scholarship Awards* – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

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

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

*FFCRA/SEMI* – Represents fund balance assigned specifically for the Family First Coronavirus Response Act in the General Fund that was not appropriated in the 2020/21 school year. These funds are available for appropriation in subsequent years' budgets.

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

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

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

In the general operating fund and other governmental funds (special revenue, 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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**11. *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.

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.

**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 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Tuition Revenues and Expenditures***

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

Tuition Expenditures - Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**F. Revenues and Expenditures/Expenses (Continued)**

**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.

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval 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 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$6,365,490. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**B. Capital Reserve**

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

Funds placed in the capital reserve are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020		\$ 2,145,230
Increased by:		
Deposited in District Budget	\$ 1,400,000	
Deposited by Board Resolution	<u>1,277,780</u>	
Total Increases		<u>2,677,780</u>
		4,823,010
Withdrawals:		
Approved in District Budget	<u>1,400,000</u>	
Total Withdrawals		<u>1,400,000</u>
Balance, June 30, 2021		<u>\$ 3,423,010</u>

The June 30, 2021 LRFP balance of local support costs of uncompleted capital projects is \$39,857,835. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$162,024 of the capital reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

**C. Maintenance Reserve**

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.



**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**C. Maintenance Reserve (Continued)**

The activity of the maintenance reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 929,770
Withdrawals:	
Approved in District Budget	<u>229,712</u>
Balance, June 30, 2021	<u>\$ 700,058</u>

The June 30, 2021 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,019,169. \$372,547 of the maintenance reserve balance at June 30, 2021 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

**D. Emergency Reserve**

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

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent 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, 2021 is as follows:

Balance, July 1, 2020	\$ 20,151
Decreased by	
Approved in District Budget	<u>20,000</u>
Balance, June 30, 2021	<u>\$ 151</u>

**E. Transfers to Capital Outlay**

During the 2020/2021 school year, the district transferred \$88,758 to the non-equipment capital outlay accounts.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 4% 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, 2021 is \$2,713,171. Of this amount, \$1,513,171 was designated and appropriated in the 2021/2022 original budget certified for taxes and the remaining amount of \$1,200,000 is required to be appropriated in the 2022/2023 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, 2021, the book value of the Board's deposits were \$12,278,022 and bank and brokerage firm balances of the Board's deposits amounted to \$13,753,049. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with fiscal agents" are categorized as:

**Depository Account**

Insured	\$ <u>13,753,049</u>
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**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.

As of June 30, 2021, the Board had no outstanding investments.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**Investments (Continued)**

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increase interest rates.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any on issuer.

**B. Receivables**

Receivables as of June 30, 2021 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts				
Intergovernmental				
Federal		\$ 924,094	\$ 43,877	\$ 967,971
State		3,583	2,008	5,591
Other	\$ 82,229	-	4,666	86,895
Net Total Receivables	<u>\$ 82,229</u>	<u>\$ 927,677</u>	<u>\$ 50,551</u>	<u>\$ 1,060,457</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	\$ 7,500
Special Revenue Fund	
Unencumbered Grant Draw Downs	477,881
Grant Draw Downs Reserve for Encumbrances	<u>379,169</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 864,550</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Balance, July 1, 2020</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance, June 30, 2021</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,758,661	-	-	\$ 1,758,661
Total capital assets, not being depreciated	<u>1,758,661</u>	<u>-</u>	<u>-</u>	<u>1,758,661</u>
Capital assets, being depreciated:				
Land Improvements	6,335,788	\$ 1,277,585	\$ 48,693	7,662,066
Buildings and Building Improvements	90,974,687	381,561	(139,942)	91,216,306
Machinery and Equipment	<u>12,818,156</u>	<u>1,451,623</u>	<u>533,606</u>	<u>14,803,385</u>
Total capital assets being depreciated	<u>110,128,631</u>	<u>3,110,769</u>	<u>442,357</u>	<u>113,681,757</u>
Less accumulated depreciation for:				
Land Improvements	(4,029,608)	(293,827)	(48,693)	(4,372,128)
Buildings and Building Improvements	(22,723,675)	(1,431,528)	139,942	(24,015,261)
Machinery and Equipment	<u>(7,580,782)</u>	<u>(1,055,739)</u>	<u>(533,606)</u>	<u>(9,170,127)</u>
Total accumulated depreciation	<u>(34,334,065)</u>	<u>(2,781,094)</u>	<u>(442,357)</u>	<u>(37,557,516)</u>
Total capital assets, being depreciated, net	<u>75,794,566</u>	<u>329,675</u>	<u>-</u>	<u>76,124,241</u>
Governmental activities capital assets, net	<u>\$ 77,553,227</u>	<u>\$ 329,675</u>	<u>\$ -</u>	<u>\$ 77,882,902</u>
	<u>Balance, July 1, 2020</u>	<u>Increases</u>		<u>Balance, June 30, 2021</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 1,109,602	\$ 18,795		\$ 1,128,397
Total capital assets being depreciated	<u>1,109,602</u>	<u>18,795</u>		<u>1,128,397</u>
Less accumulated depreciation for:				
Machinery and Equipment	(689,759)	(49,696)		(739,455)
Total accumulated depreciation	<u>(689,759)</u>	<u>(49,696)</u>		<u>(739,455)</u>
Total capital assets, being depreciated, net	<u>419,843</u>	<u>(30,901)</u>		<u>388,942</u>
Business-type activities capital assets, net	<u>\$ 419,843</u>	<u>\$ (30,901)</u>		<u>\$ 388,942</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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	\$ 1,365,944
Special Education	428,453
Other Instruction	80,696
School Sponsored/Activities and Athletics	<u>76,705</u>
Total Instruction	<u>1,951,798</u>
Support Services	
Student and Instruction Related Services	348,002
General Administration	45,011
School Administration	174,759
Operation and Plant Maintenance	196,181
Pupil Transportation	1,661
Central Services	<u>63,682</u>
Total Support Services	<u>829,296</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,781,094</u>
<b>Business-type activities:</b>	
Food Service Fund	<u>\$ 49,696</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 49,696</u>

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

The composition of interfund balances as of June 30, 2021, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	<u>\$ 107,393</u>
Total		<u>\$ 107,393</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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**F. Leases**

**Capital Leases**

The District is leasing copiers and technology equipment totaling \$1,469,093 under capital leases. The leases are for terms of five (5) years.

The unexpended proceeds from the technology equipment capital lease in the amount of \$31,018 at June 30, 2021 are held with the fiscal agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2022	\$ 325,702
2023	325,702
2024	252,424
2025	<u>179,146</u>
Total minimum lease payments	1,082,974
Less: amount representing interest	<u>(77,164)</u>
Present value of minimum lease payments	<u>\$ 1,005,810</u>

**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, 2020 are comprised of the following issues:

\$8,620,000, Refunding School Bonds, 2011, due in annual installments of \$285,000 to \$315,000 at an interest rate of 5.00%, through 2023	\$ 915,000
\$19,545,000, School Improvement Bonds, 2011 due in an annual installment of \$1,340,000 at an interest rate of 3.50%, through 2021	1,340,000
\$5,950,000 Refunding School Bonds, 2015, due in annual installments of \$580,000 to \$595,000 at an interest rate of 4% - 5% through 2026	3,530,000

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

**General Obligation Bonds (Continued)**

\$13,800,000 School Improvement Bonds, 2016 due in annual installments of \$865,000 to \$1,115,000 at an interest rate of 2% through 2031	\$ 10,730,000
\$7,995,000 School Refunding Bonds, 2017 due in annual installments of \$100,000 to \$1,550,000 at an interest rate of 1.739% through 2026	<u>7,655,000</u>
	<u>\$ 24,170,000</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>	
2021	\$ 3,205,000	\$ 558,276	\$ 3,763,276
2022	3,255,000	464,481	3,719,481
2023	3,260,000	376,851	3,636,851
2024	3,020,000	296,191	3,316,191
2025	3,065,000	221,658	3,286,658
2026-2030	7,250,000	409,827	7,659,827
2031	<u>1,115,000</u>	<u>11,150</u>	<u>1,126,150</u>
	<u>\$ 24,170,000</u>	<u>\$ 2,338,434</u>	<u>\$ 26,508,434</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 296,399,624
Less: Net Debt	<u>24,170,000</u>
Remaining Borrowing Power	<u>\$ 272,229,624</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Balance, July 1, 2020	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2021	Due Within <u>One Year</u>
<b>Governmental activities:</b>					
Net Pension Liability	\$ 19,406,615		\$ 1,496,808	\$ 17,909,807	
Capital Lease	1,285,830		280,020	1,005,810	\$ 290,820
Compensated absences	<u>1,546,661</u>	<u>88,640</u>	<u>168,005</u>	<u>1,467,296</u>	<u>50,000</u>
Governmental activity					
Long-term liabilities	<u>\$ 22,239,106</u>	<u>\$ 88,640</u>	<u>\$ 1,944,833</u>	<u>\$ 20,382,913</u>	<u>\$ 340,820</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District has established a minimum premium health benefits plan for its employees. Pursuant to requirements from the State Department of Education transactions related to the plan are accounted for in the General Fund. Under the plan the District pays the insurance carrier based upon actual claims plus an administrative fee. As of June 30, 2021 the unpaid claims payable of \$39,345 has been accrued as a liability in the General Fund as of June 30, 2021. Additionally, an accrued liability for insurance claims in the amount of \$1,226,076 for claims incurred but not reported (IBNR) has been recorded as a liability in the General Fund as of June 30, 2021. This estimate was based upon claim information provided by the District's insurance carrier.

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 DJIF 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.



**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

DJIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is 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, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	NONE	\$ 75,695	\$ 1,358	\$ 72,985	\$ 507,607
2020	NONE	75,712	6,072	131,364	467,520
2019	NONE	72,792	8,258	139,706	517,100

**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, 2021, 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](http://www.state.nj.us/treasury/pensions).

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.

**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](http://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

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching 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 or TPAF 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 PERS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 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.

**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](http://www.state.nj.us/treasury/pensions).

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**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.

**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](http://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, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2019 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 2021.

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, 2021 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 the actuarial determined amount. For local 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 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 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>
2021	\$ 1,201,446	\$ 9,035,894	\$ 23,925
2020	1,047,642	7,020,623	25,262
2019	1,093,852	6,366,195	33,752

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$0-, \$6,061 and \$7,343, respectively for PERS and the State contributed \$5,652, \$6,813 and \$8,010, 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 \$2,562,068 during the fiscal year ended June 30, 2021 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 both 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, 2021**

**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, 2019 through June 30, 2020. 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, 2020 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$17,909,807 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District’s proportionate share was .10982 percent, which was an increase of .00212 percent from its proportionate share measured as of June 30, 2019 of .10770 percent.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$872,098 for PERS. The pension contribution made by the District during the current 2020/2021 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, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. 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, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 326,108	\$ 63,337
Changes of Assumptions	581,014	7,499,006
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	612,172	
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>987,980</u>	<u>307,804</u>
Total	<u>\$ 2,507,274</u>	<u>\$ 7,870,147</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension (benefit) expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2022	\$ (1,854,473)
2023	(1,844,728)
2024	(1,167,491)
2025	(406,963)
2026	(89,218)
Thereafter	<u>-</u>
	<u>\$ (5,362,873)</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.



**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2019) 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 PERS's target asset allocation as of June 30, 2020 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	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

***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>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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)***

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

***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 7.00%, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 22,545,459</u>	<u>\$ 17,909,807</u>	<u>\$ 13,976,329</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District’s net pension liability at June 30, 2020 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](http://www.state.nj.us/treasury/pensions).

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 measurement period July 1, 2019 through June 30, 2020. 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, 2020, 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, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$12,875,798 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, 2021 the State's proportionate share of the net pension liability attributable to the District is \$207,058,794. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .31444 percent, which was a decrease of .00261 percent from its proportionate share measured as of June 30, 2019 of .31705 percent.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<b><u>TPAF</u></b>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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, 2020) 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 TPAF's target asset allocation as of June 30, 2020 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	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

\* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. 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 5.40%, 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 (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	<b>1% Decrease (4.40%)</b>	<b>Current Discount Rate (5.40%)</b>	<b>1% Increase (6.40%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 243,214,803	\$ 207,058,794	\$ 177,037,297

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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](http://www.state.nj.us/treasury/pensions).

**D. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. 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 multiple 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, 2021**

**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](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</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, 2020 is \$67.8 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, 2019 which were rolled forward to June 30, 2020.



**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Actuarial Methods and Assumptions**

In the June 30, 2019 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 \$1.18 billion to the OPEB plan in fiscal year 2020.

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, 2021, 2020 and 2019 were \$2,831,709, \$2,604,523 and \$2,887,696, 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, 2019 through June 30, 2020. 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, 2021**

**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, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$9,616,019. 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, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$169,609,087. 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, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was 0.25012 percent, which was an increase of 0.0033 percent from its proportionate share measured as of June 30, 2019 of 0.24682 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	1.55% to 4.55%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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)**

**Actuarial Assumptions (Continued)**

TPAF Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 %.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**Discount Rate**

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

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

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.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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)**

**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, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2019 Measurement Date	\$ <u>102,997,507</u>
Changes Recognized for the Fiscal Year:	
Service Cost	5,159,370
Interest on the Total OPEB Liability	3,735,815
Differences Between Expected and Actual Experience	29,597,900
Changes of Assumptions	30,981,752
Gross Benefit Payments	(2,952,755)
Contributions from the Member	89,498
<b>Net Changes</b>	<u>\$ 66,611,580</u>
Balance, June 30, 2020 Measurement Date	\$ <u>169,609,087</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

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, 2020.

**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 2.21%, 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 (1.2 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>204,472,509</u>	\$ <u>169,609,087</u>	\$ <u>142,349,249</u>

**SUMMIT PUBLIC SCHOOLS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 (Continued)**

*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:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 136,914,175	\$ 169,609,087	\$ 208,541,461

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020 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 having entered into a tax abatement agreement is indeterminate.

**NOTE 5 RESTATEMENT**

On July 1, 2020, the Summit Public Schools implemented GASB Statement No. 84 “Fiduciary Activities”. The Summit Public Schools has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

**Governmental Activities**

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$964,882 from \$60,981,514 as previously reported to \$61,946,396 as of June 30, 2020.

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 5 RESTATEMENT (Continued)**

**Governmental Funds**

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities, scholarships and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$964,882 from \$9,862,806 as previously reported to \$10,827,688 as of June 30, 2020. General Fund fund balance increased \$467,520 from \$9,848,413 as previously reported to \$10,315,933 as of June 30, 2020. Special Revenue Fund fund balance increased \$497,362 from \$-0- as previously reported to \$497,362 as of June 30, 2020.

**Fiduciary Funds**

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$964,882 from \$964,882 as previously reported to \$-0- as of June 30, 2020.

**NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District’s revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISONS**



**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 66,872,641		\$ 66,872,641	\$ 66,872,641	
Tuition from Individuals	83,700		83,700	78,609	\$ (5,091)
Tuition from Other LEA's Within the State	87,871		87,871	408,916	321,045
Interest on Unemployment Reserve				1,358	1,358
Cancellation of Prior Year Unemployment Liability				38,729	38,729
Miscellaneous	123,000	-	123,000	203,476	80,476
<b>Total Local Sources</b>	<u>67,167,212</u>	<u>-</u>	<u>67,167,212</u>	<u>67,603,729</u>	<u>436,517</u>
<b>State Sources</b>					
Extraordinary Aid	220,047		220,047	955,768	735,721
Special Educational Aid	2,407,813		2,407,813	2,110,845	(296,968)
Security Aid	391,879		391,879	391,879	
Transportation Aid	203,264		203,264	203,264	
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				8,867,184	8,867,184
NCGI Premium				168,710	168,710
Post-Retirement Medical Contribution				2,831,709	2,831,709
Long-Term Disability				5,652	5,652
TPAF Social Security Contributions (Non-Budget)	-	-	-	2,562,068	2,562,068
<b>Total State Sources</b>	<u>3,223,003</u>	<u>-</u>	<u>3,223,003</u>	<u>18,097,079</u>	<u>14,874,076</u>
<b>Federal Sources</b>					
Medicaid Reimbursement	44,392	-	44,392	65,326	20,934
<b>Total Federal Sources</b>	<u>44,392</u>	<u>-</u>	<u>44,392</u>	<u>65,326</u>	<u>20,934</u>
<b>Total Revenues</b>	<u>70,434,607</u>	<u>-</u>	<u>70,434,607</u>	<u>85,766,134</u>	<u>15,331,527</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	850,249	\$ 28,978	879,227	866,826	12,401
Grades 1-5	9,412,872	(385,238)	9,027,634	8,976,829	50,805
Grades 6-8	5,394,670	(127,853)	5,266,817	5,259,532	7,285
Grades 9-12	7,873,535	(259,384)	7,614,151	7,602,512	11,639
<b>Home Instruction</b>					
Salaries and Wages	20,600	(4,718)	15,882	11,325	4,557
Pur. Prof. and Ed. Svs.	35,000	5,437	40,437	38,667	1,770
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	644,046	243,219	887,265	850,382	36,883
Purchased Technical Services	12,000	136	12,136	11,940	196
Other Purchased Services	320,764	10,973	331,737	229,378	102,359
General Supplies	1,218,826	115,614	1,334,440	1,050,249	284,191
Textbooks	155,771	(26,730)	129,041	75,037	54,004
Other Objects	-	2,667	2,667	2,180	487
<b>Total Regular Programs</b>	<u>25,938,333</u>	<u>(396,899)</u>	<u>25,541,434</u>	<u>24,974,857</u>	<u>566,577</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	\$ 685,968	\$ (36,916)	\$ 649,052	\$ 610,013	\$ 39,039
General Supplies	8,300	-	8,300	2,516	5,784
<b>Total Learning and/or Language Disabilities</b>	<u>694,268</u>	<u>(36,916)</u>	<u>657,352</u>	<u>612,529</u>	<u>44,823</u>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	3,526,103	(59,785)	3,466,318	3,445,078	21,240
Other Salaries for Instruction	2,606,552	163,978	2,770,530	2,691,954	78,576
Other Purchased Services		12,719	12,719	12,719	-
General Supplies	12,000	-	12,000	10,204	1,796
<b>Total Resource Room/Resource Center</b>	<u>6,144,655</u>	<u>116,912</u>	<u>6,261,567</u>	<u>6,159,955</u>	<u>101,612</u>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	520,454	(37,869)	482,585	473,814	8,771
Other Salaries for Instruction	472,191	(5,254)	466,937	446,051	20,886
General Supplies	3,500	-	3,500	1,154	2,346
<b>Total Preschool Disabilities - Part-Time</b>	<u>996,145</u>	<u>(43,123)</u>	<u>953,022</u>	<u>921,019</u>	<u>32,003</u>
<b>Total Special Education</b>	<u>7,835,068</u>	<u>36,873</u>	<u>7,871,941</u>	<u>7,693,503</u>	<u>178,438</u>
<b>Basic Skills/Remedial Instruction</b>					
Salaries of Teachers	645,228	6,293	651,521	639,254	12,267
Other Purchased Services		12,719	12,719	12,719	-
General Supplies	3,000	7,094	10,094	10,062	32
<b>Total Basic Skills/Remedial Instruction</b>	<u>648,228</u>	<u>26,106</u>	<u>674,334</u>	<u>662,035</u>	<u>12,299</u>
<b>Bilingual Education</b>					
Salaries of Teachers	670,351	57,125	727,476	718,088	9,388
Purchased Professional-Educational Services	2,000	-	2,000	-	2,000
General Supplies	5,150	-	5,150	1,411	3,739
<b>Total Bilingual Education</b>	<u>677,501</u>	<u>57,125</u>	<u>734,626</u>	<u>719,499</u>	<u>15,127</u>
<b>School Sponsored Co-Curricular Activities</b>					
Salaries	356,380	-	356,380	313,612	42,768
Purchased Services	5,900	-	5,900	3,511	2,389
Supplies and Materials	24,464	-	24,464	-	24,464
<b>Total School Sponsored Co-Curricular Activities</b>	<u>386,744</u>	<u>-</u>	<u>386,744</u>	<u>317,123</u>	<u>69,621</u>
<b>School Sponsored Athletics</b>					
Salaries	802,771	-	802,771	800,365	2,406
Purchased Services	172,163	(31,720)	140,443	64,134	76,309
Supplies and Materials	101,300	31,738	133,038	106,605	26,433
Other Objects	7,600	-	7,600	-	7,600
<b>Total School Sponsored Athletics</b>	<u>1,083,834</u>	<u>18</u>	<u>1,083,852</u>	<u>971,104</u>	<u>112,748</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Summer School - Instruction</b>					
Salaries of Teachers	\$ 109,082	\$ (8,738)	\$ 100,344	\$ 95,844	\$ 4,500
General Supplies	1,000	(765)	235	-	235
<b>Total Summer School - Instruction</b>	<u>110,082</u>	<u>(9,503)</u>	<u>100,579</u>	<u>95,844</u>	<u>4,735</u>
<b>Total Instruction</b>	<u>36,679,790</u>	<u>(286,280)</u>	<u>36,393,510</u>	<u>35,433,965</u>	<u>959,545</u>
<b>Undistributed Expenditures</b>					
<b>Instruction</b>					
Tuition to Other LEAs Within the State- Special	106,479	(6,643)	99,836		99,836
Tuition to County Voc. School Dist.-Regular	254,900		254,900	218,800	36,100
Tuition to County Voc. School Dist.-Special	96,278	(26,276)	70,002	16,000	54,002
Tuition to CSSD & Reg. Day Schools	481,894	(82,147)	399,747	276,283	123,464
Tuition to Priv. Sch. For the Disabled W/I State	1,036,325	(32,749)	1,003,576	926,830	76,746
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S State	158,000	-	158,000	150,412	7,588
<b>Total Undistributed Expenditures - Instruction</b>	<u>2,133,876</u>	<u>(147,815)</u>	<u>1,986,061</u>	<u>1,588,325</u>	<u>397,736</u>
<b>Health Services</b>					
Salaries	738,537	(115,586)	622,951	605,653	17,298
Purchased Professional & Technical Services	147,420	(125,000)	22,420	19,399	3,021
Other Purchased Services	8,900		8,900	840	8,060
Supplies and Materials	39,800	6,175	45,975	33,722	12,253
<b>Total Health Services</b>	<u>934,657</u>	<u>(234,411)</u>	<u>700,246</u>	<u>659,614</u>	<u>40,632</u>
<b>Speech, OT/PT and Related Serv.</b>					
Salaries	854,062	5,873	859,935	755,809	104,126
Purchased Professional/Educational Services	40,000	-	40,000	8,400	31,600
<b>Total Speech, OT/PT and Related Serv.</b>	<u>894,062</u>	<u>5,873</u>	<u>899,935</u>	<u>764,209</u>	<u>135,726</u>
<b>Other Supp. Serv. - Extra</b>					
Purchased Professional / Educational Services	250,000	128,239	378,239	298,837	79,402
<b>Total Other Supp. Serv. - Extra</b>	<u>250,000</u>	<u>128,239</u>	<u>378,239</u>	<u>298,837</u>	<u>79,402</u>
<b>Guidance</b>					
Salaries of Other Professional Staff	1,077,595	-	1,077,595	1,075,290	2,305
Salaries of Secretarial & Clerical Assistants	188,987	-	188,987	176,193	12,794
Other Purchased Services	2,000		2,000		2,000
Supplies and Materials	24,990	(152)	24,838	16,546	8,292
Other Objects	50	220	270	270	-
<b>Total Guidance</b>	<u>1,293,622</u>	<u>68</u>	<u>1,293,690</u>	<u>1,268,299</u>	<u>25,391</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Child Study Teams</b>					
Salaries of Other Professional Staff	\$ 1,178,508		\$ 1,178,508	\$ 1,142,213	\$ 36,295
Salaries of Secretarial & Clerical Assistants	111,863		111,863	111,577	286
Purchased Professional- Educat. Services	18,000		18,000	1,000	17,000
Miscellaneous Purchased Services	7,000	\$ (5,000)	2,000	391	1,609
Supplies and Materials	14,900	-	14,900	6,380	8,520
Other Objects	450	5,000	5,450	3,068	2,382
<b>Total Child Study Teams</b>	<u>1,330,721</u>	<u>-</u>	<u>1,330,721</u>	<u>1,264,629</u>	<u>66,092</u>
<b>Improvement of Instruction Services</b>					
Salaries of Supervisor of Instruction	659,783	16,211	675,994	661,489	14,505
Salaries of Other Professional Staff	11,000	2,000	13,000	13,000	
Other Salaries	114,408	(13,404)	101,004	90,480	10,524
Salaries of Master Teachers	495,136	(2,000)	493,136	465,358	27,778
Purchased Professional - Educational Services	17,500	-	17,500	3,875	13,625
Supplies and Materials	13,100	-	13,100	4,799	8,301
<b>Total Improvement of Instruction Services</b>	<u>1,310,927</u>	<u>2,807</u>	<u>1,313,734</u>	<u>1,239,001</u>	<u>74,733</u>
<b>Educational Media/School Library</b>					
Salaries	949,097	-	949,097	941,116	7,981
Supplies and Materials	163,182	5,077	168,259	136,899	31,360
<b>Total Educational Media/School Library</b>	<u>1,112,279</u>	<u>5,077</u>	<u>1,117,356</u>	<u>1,078,015</u>	<u>39,341</u>
<b>Instructional Staff Training Services</b>					
Salaries of Other Professional Staff	2,500	12,258	14,758	14,758	-
Other Objects	104,272	(20,715)	83,557	14,167	69,390
<b>Total Instructional Staff Training Services</b>	<u>106,772</u>	<u>(8,457)</u>	<u>98,315</u>	<u>28,925</u>	<u>69,390</u>
<b>Support Services General Administration</b>					
Salaries	601,196	(19,097)	582,099	581,911	188
Legal Services	225,000	15,166	240,166	233,730	6,436
Audit Fees	70,000	35,983	105,983	90,026	15,957
Other Purchased Professional Services	20,000	16,452	36,452	27,348	9,104
Communications/Telephone	145,000	(19,639)	125,361	101,140	24,221
BOE Other Purchased Services	18,000	(5,569)	12,431	505	11,926
Miscellaneous Purchased Services	91,638	40,035	131,673	131,673	-
General Supplies	6,000	-	6,000	3,506	2,494
BOE In-House Training/Meeting Supplies	150	-	150	-	150
BOE Membership Dues and Fees	48,000	(2,311)	45,689	20,216	25,473
<b>Total Support Services General Administration</b>	<u>1,224,984</u>	<u>61,020</u>	<u>1,286,004</u>	<u>1,190,055</u>	<u>95,949</u>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	1,722,766	-	1,722,766	1,716,584	6,182
Salaries of Other Professional Staff	372,736	47	372,783	372,783	
Salaries of Secretarial and Clerical Assistants	919,446	(13,206)	906,240	877,123	29,117
Other Purchased Services	42,500		42,500	2,763	39,737
General Supplies	3,000		3,000	-	3,000
Other Objects	28,500	-	28,500	24,925	3,575
<b>Total Support Services School Administration</b>	<u>3,088,948</u>	<u>(13,159)</u>	<u>3,075,789</u>	<u>2,994,178</u>	<u>81,611</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 1,008,485	\$ 39,011	\$ 1,047,496	\$ 1,045,756	\$ 1,740
Miscellaneous Purchased Services	14,000	(5,204)	8,796	280	8,516
Supplies and Materials	31,000	871	31,871	28,546	3,325
Interest on Lease Purchase Agreements	50,745	(33,950)	16,795		16,795
Miscellaneous Expenditures	62,000	20,265	82,265	67,310	14,955
<b>Total Central Services</b>	<u>1,166,230</u>	<u>20,993</u>	<u>1,187,223</u>	<u>1,141,892</u>	<u>45,331</u>
Admin. Info. Tech.					
Salaries	180,127	-	180,127	179,023	1,104
Other Purchased Services	5,200	-	5,200	521	4,679
<b>Total Admin. Info. Tech.</b>	<u>185,327</u>	<u>-</u>	<u>185,327</u>	<u>179,544</u>	<u>5,783</u>
Required Maintenance for School Facilities					
Salaries	963,912	(34,468)	929,444	929,337	107
Cleaning, Repair and Maintenance Services	264,573	(2,098)	262,475	221,567	40,908
General Supplies	215,646	227,844	443,490	403,671	39,819
Other Objects	-	699	699	699	-
<b>Total Required Maintenance for School Facilities</b>	<u>1,444,131</u>	<u>191,977</u>	<u>1,636,108</u>	<u>1,555,274</u>	<u>80,834</u>
Custodial Services					
Salaries	2,179,803	(26,512)	2,153,291	2,116,476	36,815
Purchased Professional & Technical Services	56,520	10,242	66,762	66,712	50
Cleaning, Repair and Maintenance Services	49,233	17,933	67,166	43,791	23,375
Other Purchased Property Services	70,000	-	70,000	56,973	13,027
Insurance	435,505	74,272	509,777	477,750	32,027
General Supplies	183,190	(90,870)	92,320	51,484	40,836
Energy (Natural Gas)	270,000	-	270,000	236,244	33,756
Energy (Electricity)	535,000	(87,393)	447,607	447,607	
Other Objects	47,958	-	47,958	35,556	12,402
<b>Total Custodial Services</b>	<u>3,827,209</u>	<u>(102,328)</u>	<u>3,724,881</u>	<u>3,532,593</u>	<u>192,288</u>
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	34,174	-	34,174	26,174	8,000
General Supplies	33,600	-	33,600	17,991	15,609
<b>Total Care &amp; Upkeep of Grounds</b>	<u>67,774</u>	<u>-</u>	<u>67,774</u>	<u>44,165</u>	<u>23,609</u>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Security</b>					
Salaries	\$ 165,390	\$ (9,610)	\$ 155,780	154,406	\$ 1,374
Other Objects	15,000	-	15,000	12,146	2,854
<b>Total Security</b>	<b>180,390</b>	<b>(9,610)</b>	<b>170,780</b>	<b>166,552</b>	<b>4,228</b>
<b>Student Transportation Services</b>					
Salaries for Pupil Transport ( Between Home and School)- Spec. Ed.	107,066	-	107,066	36,901	70,165
Cleaning, Repair, & Maint. Services	5,310	-	5,310	2,210	3,100
Contracted Services (Oth. Than Bet. Home & Sch)- Vendors	262,861	3,000	265,861	133,187	132,674
Contracted Services (Special Ed. Students) - Vendors	9,299	2,301	11,600	10,664	936
Contracted Services (Reg. Students) - ESCs & CTSA's	67,988	41,123	109,111	107,706	1,405
Contracted Services (Special Ed. Students) - ESCs & CTSA's	657,206	(45,483)	611,723	479,125	132,598
Miscellaneous Purchased Services - Transportation Supplies and Materials	275 16,015	275 58	275 16,073	9,035	275 7,038
<b>Total Student Transportation Services</b>	<b>1,126,020</b>	<b>999</b>	<b>1,127,019</b>	<b>778,828</b>	<b>348,191</b>
<b>Unallocated Benefits- Employee Benefits</b>					
Social Security Contributions	1,104,884	-	1,104,884	994,215	110,669
Other Retirement Contributions - PERS	1,185,416	16,030	1,201,446	1,201,446	
Other Retirement Contributions - Regular	35,000		35,000	23,925	11,075
Workmen's Compensation	401,137		401,137	362,224	38,913
Health Benefits	10,023,632	(247,020)	9,776,612	9,166,190	610,422
Tuition Reimbursement	110,000		110,000	85,503	24,497
Other Employee Benefits	251,750	-	251,750	173,549	78,201
<b>Total Unallocated Benefits</b>	<b>13,111,819</b>	<b>(230,990)</b>	<b>12,880,829</b>	<b>12,007,052</b>	<b>873,777</b>
<b>Reimbursed TPAF Pension Contributions- (Non-Budgeted)</b>					
Normal Costs				8,867,184	(8,867,184)
NCGI Premium				168,710	(168,710)
Post-Retirement Medical Contribution				2,831,709	(2,831,709)
Long Term Disability				5,652	(5,652)
<b>Reimbursed TPAF Social Security Contributions (Non-Budgeted)</b>					
	-	-	-	2,562,068	(2,562,068)
<b>Total Undistributed Expenditures</b>	<b>34,789,748</b>	<b>(329,717)</b>	<b>34,460,031</b>	<b>46,215,310</b>	<b>(11,755,279)</b>
<b>Total Current Expenditures</b>	<b>71,469,538</b>	<b>(615,997)</b>	<b>70,853,541</b>	<b>81,649,275</b>	<b>(10,795,734)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Grades 1-5		682,364	682,364	412,228	270,136
Grades 6-8		94,876	94,876	49,912	44,964
Grades 9-12		247,770	247,770	53,451	194,319
<b>Undistributed</b>					
Instruction	2,107	193,504	195,611	158,439	37,172
Required Maintenance of School Facilities	-	105,340	105,340	65,222	40,118
<b>Total Equipment</b>	<b>2,107</b>	<b>1,323,854</b>	<b>1,325,961</b>	<b>739,252</b>	<b>586,709</b>

**SUMMIT PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>CAPITAL OUTLAY (Continued)</b>					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		\$ 9,000	\$ 9,000	\$ 9,000	-
Other Purchased Professional Services		43,900	43,900	21,950	\$ 21,950
Construction Services	\$ 1,664,420	587,315	2,251,735	2,119,860	131,875
Lease Purchase Agreements - Principal	312,933	99,119	412,052	340,793	71,259
Assessment for Debt Service on SDA Funding	35,021	-	35,021	35,021	-
Total Facilities Acq. And Construction Services	<u>2,012,374</u>	<u>739,334</u>	<u>2,751,708</u>	<u>2,526,624</u>	<u>225,084</u>
Increase in Capital Reserve	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>	<u>-</u>	<u>1,400,000</u>
Total Capital Outlay	<u>3,414,481</u>	<u>2,063,188</u>	<u>5,477,669</u>	<u>3,265,876</u>	<u>2,211,793</u>
Transfer Funds To Charter School	<u>60,118</u>	<u>-</u>	<u>60,118</u>	<u>46,985</u>	<u>13,133</u>
Total General Fund	<u>74,944,137</u>	<u>1,447,191</u>	<u>76,391,328</u>	<u>84,962,136</u>	<u>(8,570,808)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	<u>(4,509,530)</u>	<u>(1,447,191)</u>	<u>(5,956,721)</u>	<u>803,998</u>	<u>6,760,719</u>
Excess (Deficiency) of Revenues and Other Financing Sources					
Over/(Under) Expenditures	<u>(4,509,530)</u>	<u>(1,447,191)</u>	<u>(5,956,721)</u>	<u>803,998</u>	<u>6,760,719</u>
Fund Balance, Beginning of Year (Restated)	<u>11,022,770</u>	<u>-</u>	<u>11,022,770</u>	<u>11,022,770</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,513,240</u>	<u>\$ (1,447,191)</u>	<u>\$ 5,066,049</u>	<u>\$ 11,826,768</u>	<u>\$ 6,760,719</u>
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				\$ 3,260,986	
Capital Reserve- Designated for Subsequent Year's Expenditures				162,024	
Maintenance Reserve				372,511	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				327,547	
Emergency Reserve				151	
Reserve for Excess Surplus				1,200,000	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				1,513,171	
Unemployment Compensation				507,607	
Capital Lease Obligations				31,019	
<b>Committed Fund Balance:</b>					
Year-end Encumbrances				149,141	
FFCRA/SEMI				6,246	
<b>Assigned Fund Balance:</b>					
Year-end Encumbrances				739,571	
<b>Unassigned Fund Balance</b>					
				<u>3,556,794</u>	
				11,826,768	
Reconciliation to Governmental Fund Statements (GAAP)					
Less: Delayed State Aid				<u>1,218,665</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 10,608,103</u>	

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 195,066	\$ 187,026	\$ 382,092	\$ 327,725	\$ (54,367)
Federal	881,435	3,182,931	4,064,366	2,268,130	(1,796,236)
Local Sources					
Miscellaneous	-	1,548,342	1,548,342	1,341,028	(207,314)
Total Revenues	<u>1,076,501</u>	<u>4,918,299</u>	<u>5,994,800</u>	<u>3,936,883</u>	<u>(2,057,917)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	270,830	295,387	566,217	331,131	235,086
Purchased Professional Services		50,000	50,000	258	49,742
Purchased Professional/Educational Services	80,754	258,551	339,305	222,902	116,403
Other Purchased Services	3,527	8,174	11,701	8,500	3,201
Tuition	588,550	(1,791)	586,759	563,249	23,510
General Supplies	25,199	1,267,932	1,293,131	751,863	541,268
Textbooks	16,888	9,320	26,208	24,626	1,582
Other Objects		31,639	31,639		31,639
Student Activities (Non-Budget)	-	-	-	369,587	(369,587)
Total Instruction	<u>985,748</u>	<u>1,919,212</u>	<u>2,904,960</u>	<u>2,272,116</u>	<u>632,844</u>
<b>Support Services</b>					
Salaries of Other Professional Staff		19,088	19,088	15,583	3,505
Personal Services-Employee Benefits		75,953	75,953	56,092	19,861
Purchased Professional Services		673,884	673,884	488,111	185,773
Purchased Professional/Educational Services	58,455	54,668	113,123	85,888	27,235
Purchased Professional/Tech Services	32,298	76,858	109,156	91,691	17,465
Other Purchased Services		55,467	55,467	33,473	21,994
Supplies and Materials		614,832	614,832	340,499	274,333
Other Objects		1,049	1,049	772	277
Scholarship Awards (Non-Budget)	-	-	-	68,717	(68,717)
Total Support Services	<u>90,753</u>	<u>1,571,799</u>	<u>1,662,552</u>	<u>1,180,826</u>	<u>481,726</u>
<b>Facilities Acquisition and Construction</b>					
Non-Instructional Equipment		1,256,355	1,256,355	289,611	966,744
Instructional Equipment	-	170,933	170,933	154,987	15,946
Total Facilities Acq. & Construction	<u>-</u>	<u>1,427,288</u>	<u>1,427,288</u>	<u>444,598</u>	<u>15,946</u>
Total Expenditures	<u>1,076,501</u>	<u>4,918,299</u>	<u>5,994,800</u>	<u>3,897,540</u>	<u>2,097,260</u>
Excess of Revenues Over Expenditures	-	-	-	39,343	39,343
Fund Balance, Beginning of Year	<u>497,362</u>	-	<u>497,362</u>	<u>497,362</u>	-
Fund Balance, End of Year	<u>\$ 497,362</u>	<u>\$ -</u>	<u>\$ 497,362</u>	<u>\$ 536,705</u>	<u>\$ 39,343</u>

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

Student Activities and Athletics	\$ 341,071
Scholarships	195,634
	<u>\$ 536,705</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, 2021**

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

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

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

	<b>General Fund <u>C-1</u></b>	<b>Special Revenue Fund <u>C-2</u></b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 85,766,134	(C-2) \$ 3,936,883
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		
Encumbrances - June 30, 2020		17,576
Encumbrances - June 30, 2021		(379,169)
State Aid and Extraordinary Aid payments (2019/2020) recognized for GAAP purposes not recognized for Budgetary statements	706,837	
State Aid and Extraordinary Aid payments (2020/2021) recognized for budgetary purposes not recognized for GAAP statements	<u>(1,218,665)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 85,254,306</u>	(B-2) <u>\$ 3,575,290</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) <u>\$ 84,962,136</u>	(C-2) <u>\$ 3,897,540</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, 2020		\$ 17,576
June 30, 2021	<u>-</u>	<u>(379,169)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 84,962,136</u>	(B-2) <u>\$ 3,535,947</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 Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<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)	0.10982 %	0.10770 %	0.11091 %	0.10756 %	0.10213 %	0.10038 %	0.09867 %	0.09611 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 17,909,807	\$ 19,406,615	\$ 21,640,624	\$ 25,039,115	\$ 30,247,699	\$ 22,532,808	\$ 18,473,376	\$ 18,368,982
District's Covered-Employee Payroll	\$ 7,761,673	\$ 7,531,326	\$ 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	230.75%	257.68%	289.65%	335.8%	439.3% %	332.3% %	275.0 %	282.0% %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	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 Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,201,446	\$ 1,047,642	\$ 1,093,852	\$ 1,019,452	\$ 935,405	\$ 876,821	\$ 820,714	\$ 728,094
Contributions in Relation to the Contractually Required Contribution	<u>1,201,446</u>	<u>1,047,642</u>	<u>1,093,852</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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 8,152,687	\$ 7,761,673	\$ 7,531,326	\$ 7,471,215	\$ 7,456,193	\$ 6,885,387	\$ 6,711,653	\$ 6,501,378
Contributions as a Percentage of Covered-Employee Payroll	14.74% %	13.50% %	14.52% %	13.65% %	12.55% %	12.73% %	12.23% %	11.20%

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 Eight Fiscal Years\***

	<u>2021</u>	<u>2020</u>	<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>\$ 207,058,794</u>	<u>\$ 194,578,456</u>	<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>\$ 207,058,794</u>	<u>\$ 194,578,456</u>	<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	\$ 34,208,264	\$ 33,461,524	\$ 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	24.60%	26.95%	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, 2021**

**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 Four Fiscal Years\*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service Cost	\$ 5,159,370	\$ 4,900,906	\$ (2,284,679)	\$ 6,737,252
Interest on Total OPEB Liability	3,735,815	4,409,920	3,815,904	4,096,419
Changes of Benefit Terms				
Differences Between Expected and Actual Experience	29,597,900	(15,350,981)		
Changes of Assumptions	30,981,752	1,535,701	(14,607,891)	(17,155,688)
Gross Benefit Payments	(2,952,755)	(3,161,716)	(6,445,440)	(3,347,116)
Contribution from the Member	89,498	93,722	237,337	123,249
<b>Net Change in Total OPEB Liability</b>	<u>66,611,580</u>	<u>(7,572,448)</u>	<u>(19,284,769)</u>	<u>(9,545,884)</u>
<b>Total OPEB Liability - Beginning</b>	<u>102,997,507</u>	<u>110,569,955</u>	<u>129,854,724</u>	<u>139,400,608</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 169,609,087</u>	<u>\$ 102,997,507</u>	<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>169,609,087</u>	<u>102,997,507</u>	<u>110,569,955</u>	<u>129,854,724</u>
Total OPEB Liability - Ending	<u>\$ 169,609,087</u>	<u>\$ 102,997,507</u>	<u>\$ 110,569,955</u>	<u>\$ 129,854,724</u>
District's Covered-Employee Payroll	<u>\$ 41,969,937</u>	<u>\$ 40,992,850</u>	<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%	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, 2021**

<b>Changes in Benefit Terms:</b>	None.
<b>Changes of Assumptions</b>	Assumptions used in calculating the OPEB liability are presented in Note 4D.

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<b>EXHIBIT E-1A</b>	<b>EXHIBIT E-1B</b>	<b>EXHIBIT E-1C</b>	<b>Total</b>
<b>REVENUES</b>				
Intergovernmental				
State		\$ 220,576	\$ 107,149	\$ 327,725
Federal	\$ 881,783	1,386,347		2,268,130
Local Sources				
Miscellaneous	-	-	1,341,028	1,341,028
<b>Total Revenues</b>	<b><u>\$ 881,783</u></b>	<b><u>\$ 1,606,923</u></b>	<b><u>\$ 1,448,177</u></b>	<b><u>\$ 3,936,883</u></b>
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers	\$ 220,483		\$ 110,648	\$ 331,131
Purchased Professional Services	258			258
Purchased Professional/Ed Services		\$ 195,950	26,952	222,902
Tuition		563,249		563,249
Other Purchased Services	8,500			8,500
General Supplies	189,630	257,227	305,006	751,863
Textbooks		24,626		24,626
Student Activities/Athletics	-	-	369,587	369,587
<b>Total Instruction</b>	<b><u>418,871</u></b>	<b><u>1,041,052</u></b>	<b><u>812,193</u></b>	<b><u>2,272,116</u></b>
Support Services				
Salaries of Other Professional Staff		15,583		15,583
Personal Services-Employee Benefits	56,092			56,092
Purchased Professional Services	131,798	356,313		488,111
Purchased Professional/Educational Services		34,472	51,416	85,888
Purchased Professional/Tech Services		35,958	55,733	91,691
Other Purchased Services	140	33,333	-	33,473
Supplies and Materials	251,059	89,440		340,499
Other Objects		772		772
Scholarship Awards	-	-	68,717	68,717
<b>Total Support Services</b>	<b><u>439,089</u></b>	<b><u>565,871</u></b>	<b><u>175,866</u></b>	<b><u>1,180,826</u></b>
Facilities Acquisition and Construction				
Non-Instructional Equipment			289,611	289,611
Instructional Equipment	23,823	-	131,164	154,987
<b>Total Facilities Acq. &amp; Construction</b>	<b><u>23,823</u></b>	<b><u>-</u></b>	<b><u>420,775</u></b>	<b><u>444,598</u></b>
<b>Total Expenditures</b>	<b><u>881,783</u></b>	<b><u>1,606,923</u></b>	<b><u>1,408,834</u></b>	<b><u>3,897,540</u></b>
Excess of Revenues Over Expenditures			39,343	39,343
Fund Balance, Beginning of Year (Restated)	-	-	497,362	497,362
Fund Balance, End of Year	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 536,705</u></b>	<b><u>\$ 536,705</u></b>

Continued

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>ESEA Title I</u>	<u>ESEA Title II A</u>	<u>ESEA Title III</u>	<u>ESEA Title III Immigrant</u>	<u>CARES Act</u>	<u>Digital Divide</u>	<u>Subtotal E-1A</u>
<b>REVENUES</b>							
Intergovernmental							
State							
Federal	\$ 214,855	\$ 53,632	\$ 25,727	\$ 14,195	\$ 400,880	\$ 172,494	\$ 881,783
Miscellaneous- Local	-	-	-	-	-	-	-
Total Revenues	<u>\$ 214,855</u>	<u>\$ 53,632</u>	<u>\$ 25,727</u>	<u>\$ 14,195</u>	<u>\$ 400,880</u>	<u>\$ 172,494</u>	<u>\$ 881,783</u>
<b>EXPENDITURES</b>							
<b>Instruction</b>							
Salaries of Teachers	\$ 160,833	\$ 32,242	\$ 18,336	\$ 9,072			\$ 220,483
Purchased Professional Services	258						258
Other Purchased Services	8,500						8,500
General Supplies	<u>3,000</u>	<u>1,762</u>	<u>7,251</u>	<u>5,123</u>	-	\$ 172,494	<u>189,630</u>
Total Instruction	<u>172,591</u>	<u>34,004</u>	<u>25,587</u>	<u>14,195</u>	-	<u>172,494</u>	<u>418,871</u>
<b>Support Services</b>							
Personal Services-Employee Benefits	42,264	13,828					56,092
Purchased Professional Services		5,800			\$ 125,998		131,798
Other Purchased Services			140				140
Supplies and Materials	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,059</u>	<u>-</u>	<u>251,059</u>
Total Support Services	<u>42,264</u>	<u>19,628</u>	<u>140</u>	<u>-</u>	<u>377,057</u>	<u>-</u>	<u>439,089</u>
<b>Facilities Acquisition and Construction</b>							
Instructional Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,823</u>	<u>-</u>	<u>23,823</u>
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,823</u>	<u>-</u>	<u>23,823</u>
Total Expenditures	<u>214,855</u>	<u>53,632</u>	<u>25,727</u>	<u>14,195</u>	<u>400,880</u>	<u>172,494</u>	<u>881,783</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-
Fund Balance, Beginning of Year (Restated)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Coronavirus Relief Funds	ESSER II	Learning Accreditation	Mental Health	IDEA Part B Basic	IDEA Preschool	Non-Public			Subtotal E-1B
							Textbooks	Nursing	Security	
REVENUES										
Intergovernmental										
State							\$ 24,626	\$ 26,539	\$ 169,411	\$ 220,576
Federal	\$ 167,472	\$ 96,924	\$ 6,020	\$ 250	\$ 1,081,209	\$ 34,472	-	-	-	1,386,347
Total Revenues	<u>167,472</u>	<u>96,924</u>	<u>6,020</u>	<u>250</u>	<u>\$ 1,081,209</u>	<u>\$ 34,472</u>	<u>\$ 24,626</u>	<u>\$ 26,539</u>	<u>\$ 169,411</u>	<u>\$ 1,606,923</u>
EXPENDITURES										
Instruction										
Purchased Professional-Ed Services								\$ 26,539	\$ 169,411	\$ 195,950
Tuition					\$ 563,249					563,249
General Supplies	\$ 167,472				89,755					257,227
Textbooks	-	-	-	-	-	-	\$ 24,626	-	-	24,626
Total Instruction	<u>167,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,004</u>	<u>-</u>	<u>24,626</u>	<u>26,539</u>	<u>169,411</u>	<u>1,041,052</u>
Support Services										
Salaries Other Professional Staff		\$ 9,580			6,003					15,583
Purchased Professional Services			\$ 6,020		350,293					356,313
Purchased Professional-Ed Services						\$ 34,472				34,472
Purchased Professional/Tech Services					35,958					35,958
Other Purchased Services					33,333					33,333
Supplies and Materials		87,344		\$ 250	1,846					89,440
Other Objects	-	-	-	-	772	-	-	-	-	772
Total Support Services	<u>-</u>	<u>96,924</u>	<u>6,020</u>	<u>250</u>	<u>428,205</u>	<u>34,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>565,871</u>
Total Expenditures	<u>167,472</u>	<u>96,924</u>	<u>6,020</u>	<u>250</u>	<u>1,081,209</u>	<u>34,472</u>	<u>24,626</u>	<u>26,539</u>	<u>169,411</u>	<u>1,606,923</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year (Restated)	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Non Public Chapter 192/193									
	Compensatory Services	Home Instruction	Transportation	Supplemental Instruction	Examination & Classification	Corrective Speech	Student Activities/ Athletics	Scholarship	Various Other Local Grants	Subtotal E-1C
REVENUES										
Intergovernmental										
State	\$ 1,742	\$ 3,583	\$ -	\$ 27,681	\$ 55,733	\$ 18,410				\$ 107,149
Miscellaneous- Local	-	-	-	-	-	-	\$ 353,238	\$ 124,409	\$ 863,381	1,341,028
Total Revenues	<u>\$ 1,742</u>	<u>\$ 3,583</u>	<u>\$ -</u>	<u>\$ 27,681</u>	<u>\$ 55,733</u>	<u>\$ 18,410</u>	<u>\$ 353,238</u>	<u>\$ 124,409</u>	<u>\$ 863,381</u>	<u>\$ 1,448,177</u>
EXPENDITURES										
Instruction										
Salaries of Teachers									\$ 110,648	\$ 110,648
Purchased Professional-Ed Services									26,952	26,952
General Supplies	-	-	-	-	-	-			305,006	305,006
Student Activities and Athletics	-	-	-	-	-	-	\$ 369,587	-	-	369,587
Total Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,587</u>	<u>-</u>	<u>442,606</u>	<u>812,193</u>
Support Services										
Purchased Professional-Ed Services	\$ 1,742	\$ 3,583		\$ 27,681		\$ 18,410				51,416
Purchased Professional/Tech Services					\$ 55,733					55,733
Other Purchased Services										-
Scholarship Awards	-	-	-	-	-	-	-	\$ 68,717	-	68,717
Total Support Services	<u>1,742</u>	<u>3,583</u>	<u>-</u>	<u>27,681</u>	<u>55,733</u>	<u>18,410</u>	<u>-</u>	<u>68,717</u>	<u>-</u>	<u>175,866</u>
Facilities Acquisition and Construction										
Non-Instructional Equipment									289,611	289,611
Instructional Equipment	-	-	-	-	-	-	-	-	131,164	131,164
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,775</u>	<u>420,775</u>
Total Expenditures	<u>1,742</u>	<u>3,583</u>	<u>-</u>	<u>27,681</u>	<u>55,733</u>	<u>18,410</u>	<u>369,587</u>	<u>68,717</u>	<u>863,381</u>	<u>1,408,834</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	(16,349)	55,692	-	39,343
Fund Balance, Beginning of Year (Restated)	-	-	-	-	-	-	357,420	139,942	-	497,362
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,071</u>	<u>\$ 195,634</u>	<u>\$ -</u>	<u>\$ 536,705</u>

**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOT APPLICABLE**



**SUMMIT PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF STUDENT ACTIVITIES RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>School</u>	<u>Balance July 1, 2020</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2021</u>
<b>ELEMENTARY SCHOOLS</b>				
Brayton	\$ 8,499	\$ 7,002	\$ 2,789	\$ 12,712
Franklin	4,508	512	2,233	2,787
Wilson Primary Center	943	1,303	951	1,295
Jefferson	19,521	5,284	4,808	19,997
Lincoln - Hubbard	2,196	1,855	198	3,853
Washington	8,515	1,802		10,317
Jefferson Primary Center	940	586	261	1,265
<b>JUNIOR HIGH SCHOOLS</b>				
Lawton C Johnson Middle School	86,084	67,009	52,635	100,458
<b>SENIOR HIGH SCHOOL</b>				
Summit High School	226,214	197,708	235,535	188,387
<b>ATHLETICS</b>				
High School Athletics	<u>-</u>	<u>70,177</u>	<u>70,177</u>	<u>-</u>
<b>Total</b>	<u>\$ 357,420</u>	<u>\$ 353,238</u>	<u>\$ 369,587</u>	<u>\$ 341,071</u>

**CAPITAL PROJECTS FUND**

SUMMIT PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2021</u>
			<u>Prior Years</u>	<u>Current Year</u>	
<u>Local Projects-</u>					
06 Summit High School Field Turf	2018/19	\$ 1,279,679	\$ 1,265,286	\$ -	\$ 14,393
		<u>\$ 1,279,679</u>	<u>\$ 1,265,286</u>	<u>\$ -</u>	<u>\$ 14,393</u>
			Project Balances		<u>\$ 14,393</u>
			Fund Balance, June 30, 2021 - GAAP		<u>\$ 14,393</u>
			<u>Analysis of Restricted Fund Balance</u>		
			Reserve for Capital Projects		<u>\$ 14,393</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, 2021**

Fund Balance, Beginning of Year	\$ 14,393
Fund Balance, End of Year - Budgetary Basis	<u>\$ 14,393</u>
<b><u>Reconciliation to GAAP:</u></b>	
Project Fund Balances	\$ 14,393
Fund Balance - End of Year - GAAP	<u>\$ 14,393</u>

**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, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 1,279,679	-	\$ 1,279,679	\$ 1,279,679
Total Revenues	<u>1,279,679</u>	<u>-</u>	<u>1,279,679</u>	<u>1,279,679</u>
<b>Expenditures and Other Financing Uses</b>				
Other Purchased and Technical Services (390)	61,625		61,625	63,000
Construction Services (450)	<u>1,203,661</u>		<u>1,203,661</u>	<u>1,216,679</u>
Total Expenditures	<u>1,265,286</u>	<u>-</u>	<u>1,265,286</u>	<u>1,279,679</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 14,393</u>	<u>\$ -</u>	<u>\$ 14,393</u>	<u>\$ -</u>
<b>Additional project information:</b>				
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	100.00%			
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, 2021**

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, 2021**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2021**

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, 2021**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

**INTERNAL SERVICE FUND  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

THIS STATEMENT IS NOT APPLICABLE



**FIDUCIARY FUNDS**  
**(Not Applicable)**

**LONG-TERM DEBT**

SUMMIT PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOT APPLICABLE

LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASE/OPERATING LEASE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Purpose</u>	Amount of Original Issue	Interest Rate	Balance, July 1, 2020	Issued	Retired	Balance, June 30, 2021
<u>Operating Lease</u>						
Technology-Storage Space	\$ 140,831	0%	\$ 29,707	-	\$ 29,707	-
			<u>\$ 29,707</u>	<u>-</u>	<u>\$ 29,707</u>	<u>\$ -</u>
<u>Capital Lease</u>						
Copier	\$ 659,093	4.25%	\$ 475,830		\$ 128,819	\$ 347,011
Technology Equipment	810,000		810,000	-	151,201	658,799
			<u>\$ 1,285,830</u>	<u>\$ -</u>	<u>\$ 280,020</u>	<u>\$ 1,005,810</u>

LONG TERM DEBT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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,									
		2012	2013	2014 (1)	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>											
	Investment In Capital Assets	\$ 59,918,722	\$ 60,891,572	\$ 63,466,575	\$ 76,308,217	\$ 79,075,844	\$ 77,587,661	\$ 77,215,235	\$ 77,075,628	\$ 76,267,397	\$ 76,877,092
	Restricted	2,415,870	3,932,364	4,711,655	2,508,419	3,206,598	3,531,095	3,344,272	1,703,192	4,054,275	5,181,773
	Unrestricted	2,246,136	1,702,640	(15,778,464)	(15,802,765)	(16,927,486)	(19,201,691)	(20,179,376)	(19,137,589)	(18,375,276)	(18,762,548)
	<b>Total Governmental Activities Net Position</b>	<u>\$ 64,580,728</u>	<u>\$ 66,526,576</u>	<u>\$ 52,399,766</u>	<u>\$ 63,013,871</u>	<u>\$ 65,354,956</u>	<u>\$ 61,917,065</u>	<u>\$ 60,380,131</u>	<u>\$ 59,641,231</u>	<u>\$ 61,946,396</u>	<u>\$ 63,296,317</u>
<b>Business-Type Activities</b>											
	Investment In Capital Assets	\$ 201,851	\$ 315,636	\$ 345,388	\$ 342,331	\$ 431,646	\$ 422,196	\$ 425,106	\$ 420,873	\$ 419,843	\$ 388,942
	Restricted										
96	Unrestricted	559,208	553,282	595,915	619,349	538,729	642,158	89,816	180,719	120,563	5,974
	<b>Total Business-Type Activities Net Position</b>	<u>\$ 761,059</u>	<u>\$ 868,918</u>	<u>\$ 941,303</u>	<u>\$ 961,680</u>	<u>\$ 970,375</u>	<u>\$ 1,064,354</u>	<u>\$ 514,922</u>	<u>\$ 601,592</u>	<u>\$ 540,406</u>	<u>\$ 394,916</u>
<b>District-Wide</b>											
	Investment In Capital Assets	\$ 60,120,573	\$ 61,207,208	\$ 63,811,963	\$ 76,650,548	\$ 79,507,490	\$ 78,009,857	\$ 77,640,341	\$ 77,496,501	\$ 76,687,240	\$ 77,266,034
	Restricted	2,415,870	3,932,364	4,711,655	2,508,419	3,206,598	3,531,095	3,344,272	1,703,192	4,054,275	5,181,773
	Unrestricted	2,805,344	2,255,922	(15,183,549)	(15,183,416)	(16,388,757)	(18,559,533)	(20,089,560)	(18,956,870)	(18,254,713)	(18,756,574)
	<b>Total District Net Position</b>	<u>\$ 65,341,787</u>	<u>\$ 67,395,494</u>	<u>\$ 53,340,069</u>	<u>\$ 63,975,551</u>	<u>\$ 66,325,331</u>	<u>\$ 62,981,419</u>	<u>\$ 60,895,053</u>	<u>\$ 60,242,823</u>	<u>\$ 62,486,802</u>	<u>\$ 63,691,233</u>

Source: District financial records

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

Note 2 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 30,780,236	\$ 31,375,219	\$ 32,260,299	\$ 37,264,045	\$ 40,482,290	\$ 44,310,886	\$ 45,659,443	\$ 41,980,159	\$ 41,007,259	\$ 47,491,972
Special Education	10,200,882	10,984,562	9,992,167	12,801,840	13,344,736	14,804,687	15,323,007	14,915,451	14,465,091	15,629,179
Other Instruction	1,783,671	2,002,165	1,793,562	2,098,300	2,625,431	2,716,387	2,958,374	2,880,632	2,777,068	3,087,680
School Sponsored Activities & Athletics	1,693,314	1,671,636	1,716,135	2,103,338	2,370,065	2,674,707	2,720,396	2,401,431	1,980,603	2,404,750
Support Services:										
Student and Instruction Related Services	5,647,971	5,673,707	5,690,517	7,363,674	7,538,884	9,046,759	9,073,412	8,557,631	11,695,662	12,195,483
Health Services	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	1,474,330	1,598,382	1,509,632	1,703,893	1,912,289	1,980,111	1,950,316	1,861,673		
General Administrative Services	1,760,134	1,501,356	1,667,992	1,636,224	2,341,790	2,917,540	2,009,478	1,875,953	1,870,362	1,789,992
School Administrative Services	5,071,401	5,258,803	5,285,003	4,991,596	4,767,242	5,752,566	5,810,362	5,139,602	4,702,005	5,273,588
Plant Operations And Maintenance	6,128,905	5,986,778	6,225,201	6,248,907	6,939,247	7,197,792	7,227,873	7,190,553	6,899,092	7,352,263
Pupil Transportation	835,282	732,508	704,629	783,899	887,653	1,052,710	958,686	1,054,288	868,786	798,570
Central Services	1,521,391	1,562,170	1,605,161	1,481,281	1,595,472	1,622,981	1,664,986	1,734,615	1,683,121	2,034,730
Interest and Other Charges	16,998	35,021	35,021	35,021	35,021	35,021	35,021	48,503	23,089	45,682
Charter Schools										
<b>Total Governmental Activities Expenses</b>	<b>67,959,952</b>	<b>69,506,629</b>	<b>69,609,256</b>	<b>79,902,809</b>	<b>86,236,966</b>	<b>95,716,336</b>	<b>97,049,695</b>	<b>91,321,947</b>	<b>87,972,138</b>	<b>98,103,889</b>
<b>Business-Type Activities:</b>										
Food Service	1,572,080	1,658,357	1,770,238	1,741,238	1,768,912	1,790,338	1,785,850	1,757,794	1,480,288	966,207
Summer Flash Program	160,373	167,250	243,187	245,984	246,620	242,630	229,284	252,357	253,019	113,851
Transfers							605,000			
<b>Total Business-Type Activities</b>	<b>1,732,453</b>	<b>1,825,607</b>	<b>2,013,425</b>	<b>1,987,222</b>	<b>2,015,532</b>	<b>2,032,968</b>	<b>2,620,134</b>	<b>2,010,151</b>	<b>1,733,307</b>	<b>1,080,058</b>
<b>Total District-Wide Expenses</b>	<b>\$ 69,692,405</b>	<b>\$ 71,332,236</b>	<b>\$ 71,622,681</b>	<b>\$ 81,890,031</b>	<b>\$ 88,252,498</b>	<b>\$ 97,749,304</b>	<b>\$ 99,669,829</b>	<b>\$ 93,332,098</b>	<b>\$ 89,705,445</b>	<b>\$ 99,183,947</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services	\$ 184,733	\$ 309,373	\$ 324,367	\$ 679,483	\$ 1,149,840	\$ 1,129,474	\$ 1,039,603	\$ 921,335	\$ 327,266	\$ 521,053
Capital Grants and Contributions		1,047,756	3,020,365	11,519,361	3,476,015	198,818	243,560	243,692	421,815	254,202
Operating Grants And Contributions	13,287,268	10,335,360	9,725,573	17,410,834	21,729,577	27,494,986	30,004,578	24,935,243	22,402,140	31,595,879
<b>Total Governmental Activities Program Revenues</b>	<b>13,472,001</b>	<b>11,692,489</b>	<b>13,070,305</b>	<b>29,609,678</b>	<b>26,355,432</b>	<b>28,823,278</b>	<b>31,287,741</b>	<b>26,100,270</b>	<b>23,151,221</b>	<b>32,371,134</b>
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	1,308,842	1,369,102	1,443,347	1,413,289	1,400,386	1,416,710	1,388,514	1,454,465	1,075,240	28,782
Summer Flash Program	193,065	221,394	253,252	224,904	222,380	280,340	274,139	260,632	229,596	80,995
Operating Grants And Contributions	349,914	342,970	388,211	370,406	401,461	429,897	408,049	381,724	367,285	824,791
<b>Total Business Type Activities Program Revenues</b>	<b>1,851,821</b>	<b>1,933,466</b>	<b>2,084,810</b>	<b>2,008,599</b>	<b>2,024,227</b>	<b>2,126,947</b>	<b>2,070,702</b>	<b>2,096,821</b>	<b>1,672,121</b>	<b>934,568</b>
<b>Total District-Wide Program Revenues</b>	<b>\$ 15,323,822</b>	<b>\$ 13,625,955</b>	<b>\$ 15,155,115</b>	<b>\$ 31,618,277</b>	<b>\$ 28,379,659</b>	<b>\$ 30,950,225</b>	<b>\$ 33,358,443</b>	<b>\$ 28,197,091</b>	<b>\$ 24,823,342</b>	<b>\$ 33,305,702</b>

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (54,487,951)	\$ (57,814,140)	\$ (56,538,951)	\$ (50,293,131)	\$ (59,881,534)	\$ (66,893,058)	\$ (65,761,954)	\$ (65,221,677)	\$ (64,820,917)	\$ (65,732,755)
Business-Type Activities	119,368	107,859	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)
<b>Total District-Wide Net Expense</b>	<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>	<u>\$ (64,882,103)</u>	<u>\$ (65,878,245)</u>
<b>General Revenues And Other Changes In Net Position</b>										
Governmental Activities:										
Taxes:										
Property Taxes Levied For General Purposes	\$ 59,646,434	\$ 59,644,537	\$ 59,401,147	\$ 60,517,972	\$ 60,674,206	\$ 61,764,695	\$ 62,968,889	\$ 63,153,994	\$ 65,668,859	\$ 66,872,641
State Aid not Restricted					72,410	82,938	119,435	119,912		
Miscellaneous Income	379,644	258,660	358,841	263,151	160,620	405,305	371,703	366,514	471,341	210,035
Transfers								605,000		
Donated Capital Assets									21,000	-
Loss on Disposal of Assets	(75,249)					(30,319)	(4,860)	(20,400)		
<b>Total Governmental Activities</b>	<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>66,161,200</u>	<u>67,082,676</u>
<b>Total District-Wide General Revenues</b>	<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>\$ 66,161,200</u>	<u>\$ 67,082,676</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 5,462,878	\$ 2,089,057	\$ 3,221,037	\$ 10,487,992	\$ 1,025,702	\$ (4,670,439)	\$ (2,306,787)	\$ (996,657)	\$ 1,340,283	\$ 1,349,921
Business-Type Activities	119,368	107,859	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)
<b>Total District-Wide Change in Net Position</b>	<u>\$ 5,582,246</u>	<u>\$ 2,196,916</u>	<u>\$ 3,292,422</u>	<u>\$ 10,509,369</u>	<u>\$ 1,034,397</u>	<u>\$ (4,576,460)</u>	<u>\$ (2,856,219)</u>	<u>\$ (909,987)</u>	<u>\$ 1,279,097</u>	<u>\$ 1,204,431</u>

Source: District financial records

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 3,927,832	\$ 5,500,543	\$ 3,509,038	\$ 3,931,841	\$ 4,725,254	\$ 5,547,933	\$ 5,112,946	\$ 4,971,414	\$ 7,886,207	\$ 7,375,016
Committed									606,676	155,387
Assigned	526,566	242,468	795,118	801,906	470,376	190,483	248,496	627,216	953,543	739,571
Unassigned	919,828	883,996	958,106	924,198	957,397	944,299	959,194	924,530	869,507	2,338,129
<b>Total General Fund</b>	<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>	<u>10,315,933</u>	<u>10,608,103</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Capital Projects Fund		240,186	3,252,857	789,379	613,660	613,660				
Restricted, reported in:										
Special Revenue Fund									497,362	536,705
Capital Projects Fund	473,692						922,190	818,036	14,393	14,393
<b>Total All Other Governmental Funds</b>	<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>	<u>511,755</u>	<u>551,098</u>
<b>Total Fund Balances</b>	<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>	<u>\$ 10,827,688</u>	<u>\$ 11,159,201</u>

Source: District financial records

Note 1 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".



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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Tax Levy	\$ 59,644,537	\$ 59,401,147	\$ 60,517,972	\$ 60,674,206	\$ 61,764,695	\$ 62,968,889	\$ 63,153,994	\$ 64,005,589	\$ 65,668,859	\$ 66,872,641
Tuition Charges			324,367	679,483	1,149,840	1,129,474	1,010,265	921,335	290,943	487,525
Miscellaneous	5,706,859	1,799,253	1,717,845	12,053,319	4,370,714	855,893	1,320,430	1,141,342	1,297,537	1,301,025
State Sources	6,686,190	8,909,484	9,792,430	8,791,864	9,983,338	10,921,923	12,760,474	14,553,199	15,382,713	17,834,949
Federal Sources	1,371,671	1,315,743	1,493,814	1,263,254	1,563,994	1,404,319	1,336,158	1,436,062	1,300,696	2,333,456
<b>Total Revenue</b>	<b>73,409,257</b>	<b>71,425,627</b>	<b>73,846,428</b>	<b>83,462,126</b>	<b>78,832,581</b>	<b>77,280,498</b>	<b>79,581,321</b>	<b>82,057,527</b>	<b>83,940,748</b>	<b>88,829,596</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	30,050,854	30,521,033	31,392,439	32,184,067	33,592,718	33,958,217	35,687,625	35,926,838	36,236,311	40,332,081
Special Education Instruction	10,012,159	10,753,024	9,830,609	11,267,187	11,415,376	11,836,430	12,361,050	13,021,768	13,278,577	13,697,490
Other Instruction	1,740,029	1,955,835	1,755,669	1,833,353	2,273,611	2,177,927	2,366,872	2,522,947	2,504,151	2,665,679
School Sponsored Activities & Athletics	1,659,425	1,634,672	1,670,300	1,833,276	1,939,180	2,009,180	2,158,354	2,061,443	1,829,051	2,156,234
Support Services:										
Student & Inst. Related Services	5,530,213	5,546,577	5,556,735	6,443,973	6,592,198	7,128,052	7,208,227	7,472,890	10,669,833	10,737,796
Health Services	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	1,443,792	1,563,319	1,473,003	1,495,298	1,567,866	1,515,656	1,572,720	1,625,692		
General Administrative Services	1,738,829	1,479,077	1,644,015	1,498,264	1,995,618	2,225,953	1,720,572	1,677,690	1,737,757	1,583,319
School Administrative Services	4,944,508	5,116,671	5,131,602	4,271,680	3,880,112	4,388,952	4,484,354	4,363,607	4,260,819	4,518,264
Plant Operations And Maintenance	6,027,914	5,876,699	6,104,171	6,080,448	6,686,176	6,700,787	6,555,671	6,759,941	6,539,790	6,769,074
Pupil Transportation	834,232	730,431	701,411	780,334	782,285	980,021	950,688	1,050,493	865,735	792,624
Central Services	1,485,143	1,521,650	1,560,887	1,424,666	1,532,450	1,512,551	1,490,595	1,597,688	1,579,868	1,809,051
Debt Service										
Principal							-	59,796	123,467	280,020
Interest and Other Charges	16,998	35,021	35,021	35,021	35,021	35,021	35,021	48,503	23,089	45,682
Capital Outlay	6,937,979	2,574,781	4,247,996	15,143,426	5,051,776	1,036,035	2,053,570	2,970,276	2,580,690	3,110,769
<b>Total Expenditures</b>	<b>73,444,170</b>	<b>70,406,352</b>	<b>72,198,502</b>	<b>85,509,244</b>	<b>78,513,218</b>	<b>76,750,810</b>	<b>79,963,261</b>	<b>82,618,250</b>	<b>82,229,138</b>	<b>88,498,083</b>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(34,913)	1,019,275	1,647,926	(2,047,118)	319,363	529,688	(381,940)	(560,723)	1,711,610	331,513

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Other Financing Sources (Uses)</b>										
Capital Leases (Non-Budgeted)								\$ 659,093		
Lease-Purchase Proceeds									\$ 810,000	\$ -
N.J. Economic Development Auth. Grants	\$ (47,578)									
Cancel Prior Year Revenues				\$ (20,677)			\$ (276,609)			
Transfers In		\$ 4,204	\$ 3,733,380	599,657	\$ 90,507	-	1,542,051	1,387,072		
Transfers Out		(4,204)	(3,733,380)	(599,657)	(90,507)	-	(937,051)	(1,387,072)		
<b>Total Other Financing Sources (Uses)</b>	<u>(47,578)</u>	<u>-</u>	<u>-</u>	<u>(20,677)</u>	<u>-</u>	<u>-</u>	<u>328,391</u>	<u>659,093</u>	<u>810,000</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<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>	<u>\$ 2,521,610</u>	<u>\$ 331,513</u>
<b>Debt Service As A Percentage Of</b>										
Noncapital Expenditures	0.03%	0.05%	0.05%	0.05%	0.05%	0.05%	0.04%	0.14%	0.18%	0.38%

Source: District financial records

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

<b>Fiscal Year Ended June 30,</b>	<b>Tuition</b>	<b>Interest</b>	<b>Gate Receipts</b>	<b>Prior Year Refunds</b>	<b>Rentals</b>	<b>E-Rate</b>	<b>Cancelled Prior Year Payables</b>	<b>Computer Recycle</b>	<b>Miscellaneous</b>	<b>Total</b>
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		\$ 74,738	63,012	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
2020	290,943	192,952	16,458	113,524	19,865	14,874	\$ 92,860	24,691	32,440	798,607
2021	487,525	43,233	4,301	61,431	29,227	14,368	38,596		52,407	731,088

Source: District financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
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
2020	9,476,200	2,627,818,600	309,179,900	144,804,800	79,025,200	3,170,304,700	2,653,093	3,172,957,793	7,476,261,532	2.089
2021	9,361,300	2,645,680,800	316,641,100	144,564,800	81,735,600	3,197,983,600	2,782,506	3,200,766,106	7,564,952,752	2.115

Source: County Abstract of Ratables

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

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality *	County **	
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
2020	2.089	1.078	1.193	4.360
2021	2.115	1.051	1.151	4.317

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	2021		2012	
	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	2.92%		
Celgene Corporation	41,239,400	1.29%		
RWX 25 Deforest Owner LLC	20,206,500	0.63%		
Celgene Corporation	12,087,800	0.38%		
Summit Clayton Assn. & NE Summit Assn.	12,080,000	0.38%		
1st Union National Bank	11,387,400	0.36%		
Atlantic Health Systems	10,509,700	0.33%		
RWX 1 Deforest Owner LLC	8,769,100	0.27%		
Summit Propco LLC	8,654,200	0.27%		
Constantine CXII LLC	8,468,400	0.26%		
The Summit Property Company (Schering-Plough)			\$ 225,888,004	7.27%
Celgene Corporation			16,541,000	0.53%
Bouras Properties, LLC			14,140,600	0.45%
Atlantic Health System			11,328,700	0.36%
1st Union National Bank			10,387,400	0.33%
The Maple Group, L.L.C.			8,241,400	0.27%
Canoe Brook County Club			8,040,500	0.26%
Bassett Associates			7,521,700	0.24%
SHPI/CSL Summit, LLC			7,000,000	0.23%
E. Coast Constantine Village			6,800,000	0.22%
	<u>\$ 226,718,100</u>	<u>7.08%</u>	<u>\$ 315,889,304</u>	<u>10.16%</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
		Amount	Percentage of Levy	
2012	\$ 59,644,537	\$ 59,644,537	100.00%	
2013	59,401,147	59,401,147	100.00%	
2014	60,517,972	60,517,972	100.00%	
2015	60,674,206	60,674,206	100.00%	
2016	61,764,695	61,764,695	100.00%	
2017	62,968,889	62,968,889	100.00%	
2018	63,153,994	63,153,994	100.00%	
2019	64,005,589	64,005,589	100.00%	
2020	65,668,859	65,668,859	100.00%	
2021	66,872,641	66,872,641	100.00%	

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			
2012			NONE			NONE	21,648	
2013			NONE			NONE	21,795	
2014			NONE			NONE	21,818	
2015			NONE			NONE	21,848	
2016			NONE			NONE	21,906	
2017			NONE			NONE	21,964	
2018			NONE			NONE	21,965	
2019			\$ 599,297			\$ 599,297	21,911	\$ 27
2020			1,285,830			1,285,830	21,812	59
2021			1,005,810			1,005,810	21,812	* 46

Source: District financial records

\* Estimate



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

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

**NOT APPLICABLE**

Source: District financial records

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

**SUMMIT PUBLIC SCHOOLS  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2020  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
City of Summit	\$ 67,953,880
City of Summit School District - Type I	<u>24,170,000</u>
	92,123,880
Overlapping debt Apportioned to the Municipality:	
Union County (2);(A):	
County of Union (A)	<u>65,752,653</u>
 Total Direct and Overlapping Debt	 <u>\$ 157,876,533</u>

(A) The debt for this entity was apportioned to the City of Summit by dividing the Municipality's 2020 equalized value by the total 2020 equalized value for Union County.

Sources:

- (1) City of Summit 2020 Annual Debt Statement
- (2) Union County 2020 Annual Debt Statement

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

	Equalized valuation basis
	2020      \$ 7,473,608,439
	2019      7,436,595,548
	2018      7,319,767,828
	<u>\$ 22,229,971,815</u>
Average equalized valuation of taxable property	\$ 7,409,990,605.00
Debt limit (4 % of average equalization value)	296,399,624 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>24,170,000</u>
Legal debt margin	<u>\$ 272,229,624</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 283,373,443	\$ 274,687,226	\$ 273,916,650	\$ 274,328,081	\$ 278,689,697	\$ 286,810,415	\$ 290,114,527	\$ 291,967,722	\$ 293,142,830	\$ 296,399,624
Total Net Debt Applicable to Limit	<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>	<u>29,506,985</u>	<u>24,170,000</u>
Legal Debt Margin	<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>	<u>\$ 263,635,845</u>	<u>\$ 272,229,624</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.37%	17.06%	17.11%	19.70%	17.66%	16.64%	17.80%	12.18%	10.07%	8.15%

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

<sup>a</sup> 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>
2011	21,576	\$ 1,146,462,336	\$ 53,136	5.4%
2012	21,648	1,194,255,216	55,167	5.4%
2013	21,795	1,223,789,250	56,150	5.7%
2014	21,818	1,292,912,862	59,259	4.5%
2015	21,848	1,340,265,560	61,345	3.7%
2016	21,906	1,373,440,482	62,697	3.4%
2017	21,964	1,430,515,320	65,130	3.1%
2018	21,965	1,500,495,045	68,313	2.7%
2019	21,911	1,552,723,015	70,865	2.3%
2020	21,812	not available	not available	6.3%

Source: New Jersey State Department of Education

N/A - Not Available

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

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	290.63	294.87	297.73	298.19	303.94	301.33	298.23	305.00	291.93	291.43
Special education	124.63	110.88	132.51	135.46	142.67	142.98	145.38	156.00	154.50	159.50
School sponsored/other instructional	1.00	14.40	14.00	18.50	20.50	22.50	22.50	23.20	22.00	22.00
Support Services:										
Student & instruction related services	50.17	49.17	52.17	55.97	58.37	60.37	60.37	63.30	61.97	64.17
School administrative services	35.69	35.70	36.50	31.70	31.70	31.99	31.70	32.00	30.70	30.70
General administrative services	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	6.00	6.00
Central services	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	11.00	11.00
Administrative Information Technology	1.25	1.25	1.30	1.30	1.30	1.30	1.33	1.33	1.33	1.33
Plant operations and maintenance	48.38	48.88	49.83	48.98	51.98	53.48	52.95	53.50	53.45	53.45
Pupil transportation	1.40	2.40	3.40	3.25	2.75	2.25	1.25	1.25	1.25	1.00
<b>Total</b>	<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>	<u>634.13</u>	<u>640.58</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures<sup>a</sup></b>	<b>Cost Per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Elementary</b>	<b>Middle School</b>	<b>Senior High School</b>	<b>Average Daily Enrollment (ADE)<sup>c</sup></b>	<b>Average Daily Attendance (ADA)<sup>c</sup></b>	<b>% Change in Average Daily Enrollment</b>	<b>Student Attendance Percentage</b>
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	0.32%	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	0.94%	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%
2020	4,054	79,501,892	19,611	0.53%	393	1:11	1:11	1:10	3,964.9	3,842.2	2.86%	96.91%
2021	3,963	85,061,612	21,464	9.45%	367	1:11	1:11	1:11	3,911.8	3,641.1	-5.23%	93.08%

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)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Brayton Elementary (1911)										
Square Feet	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737
Capacity (students)	415	415	415	415	415	415	415	415	415	415
Enrollment <sup>a</sup>	379	361	375	372	360	361	367	367	323	315
Franklin Elementary (1927)										
Square Feet	48,280	48,280	48,280	48,280	57,675	57,675	57,675	57,675	57,675	57,675
Capacity (students)	349	349	349	349	512	512	512	512	512	512
Enrollment	375	381	382	360	349	365	347	347	340	327
Jefferson Elementary (1931)										
Square Feet	44,890	44,890	44,890	44,890	53,890	53,890	53,890	53,890	53,890	53,890
Capacity (students)	263	263	263	263	347	347	347	347	347	347
Enrollment	224	234	226	214	227	237	221	221	214	204
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	153	164	155	144	138	138	108	108	125	140
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	337	332	306	302	298	288	311	311	328	326
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	316	317	339	341	349	362	364	364	337	336
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	220	220
Enrollment	159	171	132	126	163	144	138	138	195	159
<b><u>Middle School</u></b>										
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	1,019	1,041	1,005	982	954	927	922	922	974	941
<b><u>High School</u></b>										
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	1,072	1,094	1,183	1,217	1,274	1,239	1,175	1,175	1,118	1,135

Number of Schools at June 30, 2021  
 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**

	Gross Building Area (SF)	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>School Facilities</b>											
Summit High School	206,690	\$ 354,611	\$ 366,978	\$ 344,929	\$ 354,867	\$ 363,274	\$ 348,455	\$ 427,676	\$ 409,298	\$ 409,721	\$ 448,349
Lawton C. Johnson Middle School	149,720	217,807	251,168	253,700	254,294	267,386	252,410	309,796	296,483	326,787	309,431
Brayton Elementary School	53,737	96,634	81,514	86,972	73,235	92,573	90,594	111,191	106,413	118,904	135,183
Franklin Elementary School	57,675	91,492	89,706	78,484	84,431	96,467	97,233	119,339	114,211	124,016	120,263
Jefferson Elementary School	53,890	104,234	110,357	107,852	115,456	136,941	90,852	111,507	106,716	87,632	81,335
Lincoln-Hubbard Elementary School	74,600	112,896	125,167	114,575	106,813	121,422	125,767	154,360	147,727	117,337	155,259
Washington Elementary School	53,340	65,713	78,326	81,940	85,003	102,937	89,925	110,369	105,626	119,664	110,494
Jefferson Primary Center	21,000						35,403	43,453	41,585	47,611	49,235
Wilson Primary Center	32,000	36,737	31,117	38,065	45,851	41,695	53,948	66,213	63,368	64,693	60,871
<b>Total School Facilities</b>		<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>1,184,587</u>	<u>1,453,904</u>	<u>1,391,427</u>	<u>1,416,365</u>	<u>1,470,420</u>
<b>Other Facilities</b>											
Stadium		4,966	5,165	5,372	5,586	5,809	6,042	6,283	6,535	6,666	
Administration		10,258	10,517	10,560	10,580	11,518	11,748	11,983	12,223	12,712	84,854
<b>Total Other Facilities</b>		<u>15,224</u>	<u>15,682</u>	<u>15,931</u>	<u>16,166</u>	<u>17,327</u>	<u>17,790</u>	<u>18,267</u>	<u>18,758</u>	<u>19,377</u>	<u>84,854</u>
<b>Grand Total</b>		<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>\$ 1,202,377</u>	<u>\$ 1,472,171</u>	<u>\$ 1,410,185</u>	<u>\$ 1,435,742</u>	<u>\$ 1,555,274</u>

Source: School District's Financial Statements

**SUMMIT PUBLIC SCHOOLS  
INSURANCE SCHEDULE  
JUNE 30, 2021  
(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	10,000	
Employee Benefits Liability	5,000,000	\$ 1,000
Property - Diploma JIF		
Blanket Building	158,035,811	5,000
Blanket Personal Property	10,143,565	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	30,000,000	
Annual Aggregate	30,000,000	
**Excess Over Primary Limit of \$10,000,000		
Workers Compensation Policy - Diploma JIF		
Employers Liability	5,000,000	
Excess Umbrella Policy - Fireman's Fund (NJCAP Shared)		
Per Occurrence	50,000,000	
Annual Aggregate	50,000,000	
**Excess Over Primary Limit of \$10,000,000/NJUEP of \$30,000,000		
Bonds - Selective Insurance Co.		
Louis J. Pepe, Board Secretary/Business Administrator	150,000	
Tammie Baldwin, Treasurer of School Monies	375,000	

**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  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, 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 and each major fund of the City of Summit Public Schools as of and for the fiscal year ended June 30, 2021 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 February 2, 2022.

**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) as a basis for designing 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

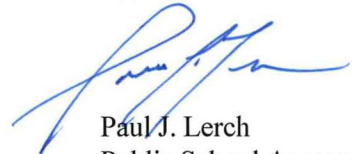
As part of obtaining reasonable assurance about whether the City of Summit Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

### 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  
February 2, 2022



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, 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, 2021. 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 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, 2021.

### **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.

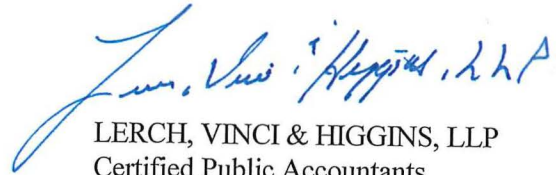
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

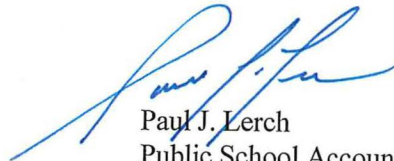
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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, 2021 and have issued our report thereon dated February 2, 2022, 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  
February 2, 2022



**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2020	Carrover Amount		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	June 30, 2021			Memo Only GAAP Receivable
							Unearned Revenue	Accounts Receivable					(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>																
<b>General Fund</b>																
Medicaid Assistance Program (SEMI)	93.778	1805N15MAP	N/A	7/1/20-6/30/21	\$ 65,326	-	-	-	\$ 58,984	\$ 58,984	-	-	-	-	-	-
FFCRA/SEMI	93.778	1805N15MAP	N/A	1/1/20-12/31/20	6,342	-	-	-	6,342	6,342	-	-	-	-	-	-
<i>Total U.S. Department of Education/Total General Fund</i>						-	-	-	65,326	65,326	-	-	-	-	-	-
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
Food Distribution Program - Non Cash Assistance	10.555	181NJ304N1099	N/A	7/1/20-6/30/21	93,849				93,849	92,811				\$ 1,038		
Food Distribution Program - Non Cash Assistance	10.555	181NJ304N1099	N/A	7/1/19-6/30/20	67,212	\$ 303				303						
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/20-6/30/21	468,855				440,669	468,855			\$ (28,186)		\$ (28,186)	
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/19-6/30/20	251,546	(28,630)			28,630							
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/20-6/30/21	238,540				222,849	238,540			(15,691)		(15,691)	
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/19-6/30/20	36,999	(16,477)			16,477	-						
<i>Total U.S. Department of Agriculture- Cluster/Total Food Service Fund</i>						(44,804)			802,474	800,509			(43,877)	1,038		(43,877)
<b>Special Revenue Fund</b>																
<b>I.D.E.A. Part B</b>																
Basic Regular	84.027	H027A200100	IDEA220021	7/1/20-9/30/21	1,057,437		\$ 307,534	\$ (307,534)	607,195	1,081,208			(757,776)	283,763		(474,013)
Basic Regular	84.027	H027A190100	IDEA219020	7/1/19-9/30/20	946,461	(275,161)	(307,534)	307,534	274,661		\$ 500					
Preschool	84.173	H173A200114	IDEA220021	7/1/20-9/30/21	34,472				34,472	34,472						
<i>I.D.E.A Cluster</i>						(275,161)			916,328	1,115,680	500		(757,776)	283,763		(474,013)
<b>ESEA/NCLB</b>																
Title III	84.365A	S365A200030	ESEA22021	7/1/20-9/30/21	31,989		38,334	(38,334)	30,867	25,727			(39,456)	44,596		
Title III	84.365A	S365A190030	ESEA219020	7/1/19-9/30/20	30,961		(38,334)	38,334								
Title III Immigrant	84.365A	S365A200030	ESEA22021	7/1/20-9/30/21	28,985		19,511	(19,511)	11,111	14,195			(37,385)	34,301		(3,084)
Title III Immigrant	84.365A	S365A190030	ESEA219020	7/1/19-9/30/20	32,175		(19,511)	19,511								
<i>Title III Cluster</i>									41,978	39,922			(76,841)	78,897		(3,084)
Title I	84.010A	S010A200030	ESEA22021	7/1/20-9/30/21	307,130		106,706	(106,706)	106,759	214,855			(307,077)	198,981		(108,096)
Title I	84.010A	S010A190030	ESEA219020	7/1/19-9/30/20	305,470	(60,751)	(106,706)	106,706	58,435		2,316					
Title IIa	84.367A	S367A200029	ESEA22021	7/1/20-9/30/21	57,264		29,836	(29,836)	21,106	53,632			(65,994)	33,468		(32,526)
Title IIa	84.367A	S367A190029	ESEA219020	7/1/19-9/30/20	67,037	(18,599)	(29,836)	29,836	17,829		770					
Title IV	84.424	S424A200031	ESEA22021	7/1/20-9/30/21	16,788		11,015	(11,015)					(27,803)	27,803		
Title IV	84.424	S424A190031	ESEA219020	7/1/19-9/30/20	6,371		(11,015)	11,015								
<b>Elementary and Secondary School Emergency Relief (ESSER)</b>																
<b>Coronavirus Aid, Relief, and Economic Security (CARES) Act</b>																
CARES Emergency Relief Grant	84.425	S425D200027		3/13/20-9/30/22	331,549					203,181			(331,549)	128,368		(203,181)
Digital Divide	84.425D	S377A130031		7/16/20-10/31/20	158,174				153,894	153,894			(4,280)	4,280		
<b>Elementary and Secondary School Emergency Relief (ESSER II)</b>																
<b>Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act</b>																
ESSER II	84.425D	S425D210027		3/13/20-9/30/23	1,006,709					96,924			(1,006,709)	909,785		(96,924)
Learning Acceleration	84.425D	S425D210027		3/13/20-9/30/23	64,605					6,020			(64,605)	58,585		(6,020)
Mental Health	84.425D	S425D210027		3/13/20-9/30/23	45,000					250			(45,000)	44,750		(250)
<i>ESSER Cluster Total</i>									153,894	460,269			(1,452,143)	1,145,768		(306,375)
<b>Coronavirus Relief Fund</b>																
Coronavirus Relief Fund	21.019			7/16/20-10/31/20	167,472				167,472	167,472						
Nonpublic Digital Divide	21.019	S425D200027		7/16/20-10/31/20	46,156				18,600	18,600			(27,556)	27,556		
CARES Act - Union County	21.019			7/1/20-12/31/20	197,700				197,700	197,700						
<i>Coronavirus Relief Fund Cluster Total</i>									383,772	383,772			(27,556)	27,556		
<i>Total U.S. Department of Education/Total Special Revenue Fund</i>						(354,511)			1,700,101	2,268,130	3,586		(2,715,190)	1,796,236		(924,094)
<b>Total Federal Awards Subject to Single Audit</b>						\$ (399,315)	\$ -	\$ -	\$ 2,567,901	\$ 3,133,965	\$ 3,586	\$ -	\$ (2,759,067)	\$ 1,797,274	\$ -	\$ (967,971)

Adjustments represent cancelled prior year orders.

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2021			Memo Only	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>														
<b>General Fund</b>														
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 2,110,845			\$ 1,905,769	\$ 2,110,845				\$ (205,076)			\$ 2,110,845
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 1,972,513	\$ (191,641)		191,641								
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	391,879			353,806	391,879				(38,073)			391,879
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	391,879	(38,074)		38,074								
<i>State Aid Public- Cluster</i>				(229,715)		2,489,290	2,502,724				(243,149)			2,502,724
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	203,264			183,516	203,264				(19,748)			203,264
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	203,264	(19,748)		19,748								
Extraordinary Special Education Cost Aid	21-495-034-5120-044	7/1/20-6/30/21	955,768				955,768				(955,768)			955,768
Extraordinary Special Education Cost Aid	20-495-034-5120-044	7/1/19-6/30/20	457,374	(457,374)		457,374								
<b>On -Behalf TPAF Pension System Contr.</b>														
<b>Pension Cost</b>														
Pension Cost	21-495-034-5094-002	7/1/20-6/30/21	8,867,184			8,867,184	8,867,184							8,867,184
<b>Non-contributory Insurance</b>														
Non-contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	168,710			168,710	168,710							168,710
<b>Post Retirement Medical Contribution</b>														
Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	2,831,709			2,831,709	2,831,709							2,831,709
<b>Long-Term Disability</b>														
Long-Term Disability	21-495-034-5094-004	7/1/20-6/30/21	5,652			5,652	5,652							5,652
<b>T.P.A.F. - Social Security</b>														
T.P.A.F. - Social Security	21-495-034-5094-003	7/1/20-6/30/21	2,562,068			2,562,068	2,562,068							2,562,068
T.P.A.F. - Social Security	21-495-034-5094-003	7/1/19-6/30/20	2,516,296	(124,026)		124,026								
<b>Total General Fund</b>				(830,863)		17,709,277	18,097,079				(1,218,665)			18,097,079
<b>Special Revenue Fund</b>														
<b>New Jersey Nonpublic Aid:</b>														
<b>Auxiliary Services:</b>														
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	4,355			4,355	1,742					\$ 2,613		1,742
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	4,867	812		486			\$ 1,298					
Transportation	21-100-034-5120-067	7/1/20-6/30/21	4,470			4,470						4,470		
Transportation	20-100-034-5120-067	7/1/19-6/30/20	4,082	(408)		408								
Home Instruction	N/A	7/1/20-6/30/21	2,668				3,583				(3,583)		\$ (3,583)	3,583
Home Instruction	N/A	7/1/19-6/30/20	2,907	(2,907)		2,907								
<i>Auxiliary Services- Cluster</i>				(2,503)		12,626	5,325		1,298		(3,583)		7,083	5,325
<b>Handicapped Services:</b>														
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	73,198			73,198	55,733					17,465		55,733
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	28,805	372							372			
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	18,775			18,775	18,410					365		18,410
<b>Supplemental Instruction</b>														
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	27,928			27,928	27,681					247		27,681
Supplemental Instruction	20-100-034-5120-066	7/1/19-6/30/20	27,522	(1,284)		7,759			6,475					
<i>Handicapped Services- Cluster</i>				(912)		127,660	101,824		6,847				18,077	101,824
Security Aid	21-100-034-5120-509	7/1/20-6/30/21	183,400			183,400	169,411					13,989		169,411
Security Aid	20-100-034-5120-509	7/1/19-6/30/20	156,900	35,258										
Security Aid	19-100-034-5120-509	7/1/18-6/30/19	156,900	1,504										
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	26,208			26,208	24,626					1,582		24,626
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	22,929	2,057							2,057			
Technology	20-100-034-5120-373	7/1/19-6/30/20	38,160	1,583							1,583			
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	43,758			43,758	26,539					17,219		26,539
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	42,195	7,590					7,590					
<b>Total Special Revenue Fund</b>				44,577		393,652	327,725	(1,504)	54,633		(3,583)		57,950	327,725

124

SUMMIT PUBLIC SCHOOLS  
 SCHEDULE OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2021				Memo Only			
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures			
<b>State Department of Agriculture</b>																	
<b>Enterprise Fund</b>																	
National School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	\$ 24,282			\$ 22,274	\$ 24,282										
National School Lunch Program	20-100-010-3350-023	7/1/19-6/30/20	10,752	\$ (452)	-	452	-	-	-			\$ (2,008)	-	-	\$ (2,008)	\$ 24,282	
<b>Total Enterprise Fund</b>				(452)	-	22,726	24,282	-	-			(2,008)	-	-	(2,008)	24,282	
<b>Total State Financial Assistance Subject to Single Audit</b>				\$ (786,738)	\$ -	\$ 18,125,655	18,449,086	\$ (1,504)	\$ 54,633	\$ (1,224,256)	\$ -	\$ 57,950	\$ (5,591)	\$ 18,449,086			
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>																	
On -Behalf TPAF Pension System Contributions							11,873,255										
<b>Total State Financial Assistance Subject to Major Program Determination</b>							\$ 6,575,831										

125

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 \$511,828 for the general fund and a decrease of \$361,593 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	\$ 65,326	\$ 17,585,251	\$ 17,650,577
Special Revenue Fund	2,268,130	249,698	2,517,828
Food Service Fund	<u>800,509</u>	<u>24,282</u>	<u>824,791</u>
Total Financial Assistance	<u>\$ 3,133,965</u>	<u>\$ 17,859,231</u>	<u>\$ 20,993,196</u>

**SUMMIT PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**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 \$2,562,068 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, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$9,035,894, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,831,709 and TPAF Long-Term Disability Insurance in the amount of \$5,652 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

**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, 2021**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?                      yes       x       no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                      yes       x       none reported

Noncompliance material to the basic financial statements noted?                      yes       x       no

**Federal Awards Section**

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

Internal Control over compliance:

1) Material weakness(es) identified?                      yes       x       no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                      yes       x       none reported

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>Elementary and Secondary School Emergency Relief (ESSER)</u>
<u>10.555</u>	<u>191NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>191NJ304N1099</u>	<u>School Breakfast Program</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>

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

Auditee qualified as low-risk auditee?       x       yes                      no

**SUMMIT PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Part I – Summary of Auditor’s Results*

**State 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 N.J. OMB Circular 15-08, as applicable?                    yes       X       none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
495-034-5120-044	Extraordinary Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid
495-034-5094-003	Reimbursed TPAF Social Security

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, 2021**

*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, 2021**

*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, 2021**

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.