

Summit Public Schools
(A Component Unit of the City of Summit)
Summit, New Jersey



Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2022



ANNUAL COMPREHENSIVE

FINANCIAL REPORT

of the

City of Summit

Summit Public Schools

Summit, New Jersey

For The Fiscal Year Ended June 30, 2022

Prepared by

Business Office

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INTRODUCTORY SECTION



SUMMIT PUBLIC SCHOOLS

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

February 8, 2023

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

RE: ***Annual Comprehensive Financial Report - 2022***

Dear Board Members:

The annual comprehensive financial report of the City of Summit Board of Education for the fiscal year ended June 30, 2022 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 annual comprehensive 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 2021-2022 fiscal year with an enrollment of 3,899 students, representing a decrease of 1.615% or 64 less students compared to the previous year's enrollment.

The fluctuating 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 25 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>
2021/22	3,878.5	-0.851%
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%

(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 2022, 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 913 exams taken by 341 students in May 2022. This year we had 302 students earn a score of 3 or better on at least one of their AP Exams (88.6%).

There were 172 students identified for their excellent performance on AP exams. 56 students earned the honor of AP Scholar (average AP score of 3.38). 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 3.99). These students earned a score of 3 or higher on four or more AP exams.

18 students were recognized as AP Scholars with Distinction (average AP score of 4.44) for earning a score of 3 or higher on five or more AP exams.

The percent of students pursuing further education (91.6%).

- 85.4 attending four-year institutions and 6.3% are attending two-year institutions.
- The performance on SAT testing remained significantly above state and national levels.

Summit's public education system includes two Primary Center Facilities, Jefferson and Wilson, which house students in grades Pre-K and K and were opened to the community in the 2008-09 school year to accommodate increased enrollment growth.

In addition, the district contains five elementary schools (Brayton, Franklin, Jefferson, Lincoln Hubbard and Washington) which house students in grades 1 – 5; Lawton C. Johnson Summit Middle School, which houses students in grades 6-8 and Summit High School, which houses students in grades 9-12 and rounds out the complement of nine schools providing a top-rated education and state-of-the-art school facilities for Summit's children.

(3) MAJOR INITIATIVES: Beginning in the 2021-22 school year, the district undertook an HVAC project at Summit High School which brought about the installation of new HVAC units throughout the school. This project was financed through funding from the district's capital reserve, ESSER II and ESSER III funds.

In addition to the HVAC work at Summit High School, Summit Public Schools began to expand the STEAM Program by working with the Summit Education Foundation to expand the STEAM Program to all elementary schools. Beginning with the 2022-23 school year, all elementary schools will receive updated STEAM Innovation labs and an expanded Science curriculum with a focus on STEAM to ensure that our students have access to the most recent innovations, ideas, and materials to foster critical thinking, imagination and to show students what is available to them. STEAM education offers students one of the best opportunities to make sense of the world holistically rather than in bits and pieces. STEAM education removes the traditional barriers erected between the four disciplines and integrates them into one cohesive teaching and learning paradigm.

(2) ECONOMIC CONDITION AND OUTLOOK: (Continued)

During the 2022-23 school year, the district will embark on a \$38,000,000 bond project which will enhance the districts educational programs at the high school and middle school levels. The project will encompass an addition at the Lawton C. Johnson Summit Middle School which will house new STEAM Innovation Labs, a new industrial arts lab, a student wellness center, an expanded cafeteria and new kitchen, new learning labs and enhanced security area, renovated and realignment of existing classrooms, the installation of HVAC throughout the building and a renovation of the athletic field and track. At Summit High School, a new addition will be constructed to house new STEAM Innovation Labs, as well as the TV studio, additional learning and collaboration spaces. The existing media center will be renovated and the lower high school athletic field will be renovated to include a multi-use turf field and a new fence/façade fronting Morris Avenue. Tatlock Field House will receive a face-lift to include additional spaces for use by district athletic teams, gym classes and the community. The last part of the bond project will be the installation of new windows and lintels at Brayton Elementary School's original wing. Upon completion of this project, Summit Public Schools will cement its place at the forefront of education in the State of New Jersey.

(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.

(5) BUDGETARY CONTROLS (continued):

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, 2022.

(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 ensure 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

(9) RISK MANAGEMENT (continued):

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. Derek J. Jess, 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 \$65,000,000¹

(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 & Bliss, 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 annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the tenth 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 ACFR. 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,

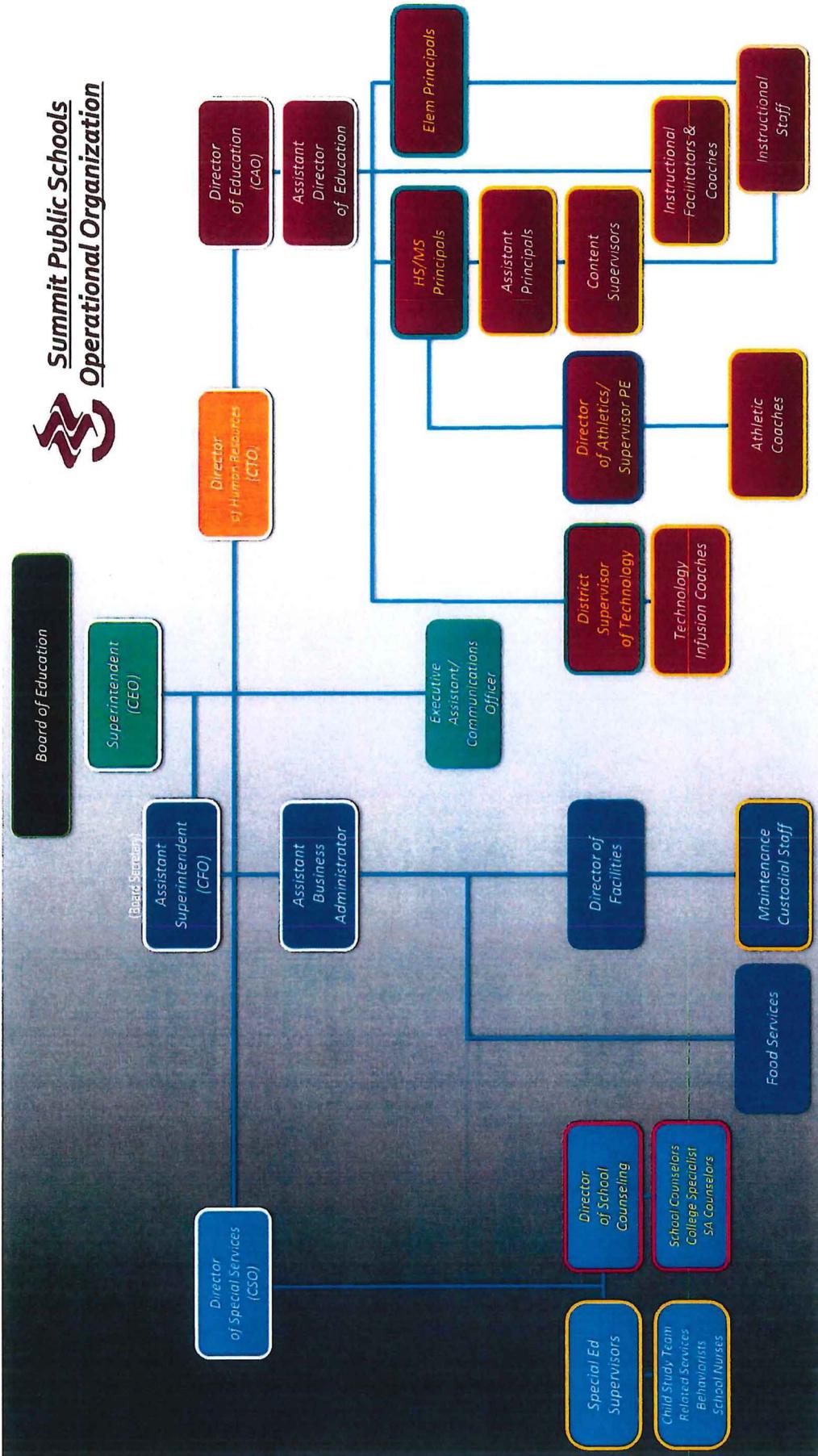


Derek J. Jess, RSBA, QPA
School Business Administrator/Board Secretary

¹ 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.



Summit Public Schools
Operational Organization





SUMMIT PUBLIC SCHOOLS

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

BOARD OF EDUCATION CITY OF SUMMIT PUBLIC SCHOOL DISTRICT

ROSTER OF OFFICIALS JUNE 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Michael Colón, President	2024
Mr. Yon Cho, Vice President	2023
Ms. Melanie Cohn	2024
Ms. Walidah Justice	2024
Ms. Donna Miller	2023
Mr. Joseph Porac	2025
Ms. Kelly Stanton	2025

OTHER OFFICIALS

Mr. Scott Hough, Superintendent of Schools
Mr. Derek J. Jess, School Business Administrator/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

BOARD OF EDUCATION CITY OF SUMMIT PUBLIC SCHOOL DISTRICT

ROSTER OF CONSULTANTS AND ADVISORS JUNE 30, 2022

Attorneys

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

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

CORNELL, MERLINO, McKEEVER & OSBORNE, LLC
238 St. Paul Street
Westfield, New Jersey 07090

Auditor

LERCH, VINCI & BLISS LLP
17-17 Route 208
Fair Lawn, New Jersey 07410

Architects of Record

EI ASSOCIATES
8 Ridgedale Avenue
Cedar Knolls, New Jersey 07927

PARETTE SOMJEN ARCHITECTS, LLC
439 Route 46 East
Rockaway, New Jersey 07866

Official Depository

INVESTORS BANK
51 JFK Parkway
Short Hills, New Jersey 07078



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

City of Summit Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

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



A handwritten signature in black ink, appearing to read 'Will Sutter'.

William A. Sutter
President

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

David J. Lewis
Executive Director

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, 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, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Summit Public Schools, a component unit of the City of Summit, as of and for the fiscal year ended June 30, 2022 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.

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 Summit Public Schools as of June 30, 2022, 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. .

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Summit Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Summit Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Summit Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Summit Public Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Summit Public Schools' basic financial statements. The accompanying 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 Summit Public Schools. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

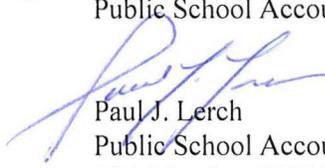
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2023 on our consideration of the Summit Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Summit Public Schools' internal control over financial reporting and compliance.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 8, 2023

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, 2022

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, 2022. 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 2022 are as follows:

- District-Wide - General revenues for governmental activities accounted for \$68,711,230 or 71 percent of all revenues. Program specific revenues in the form of operating grants and contributions and capital grants and contributions accounted for \$26,757,523 or 28 percent of all total revenues. Charges for services accounted for \$479,806 or 1 percent of total revenues of \$95,948,559.
- District-Wide - The governmental activities had \$91,345,834 in expenses; only \$27,237,329 of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily taxes) of \$68,711,230 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$93,644,838 in revenues and other financing sources and \$92,141,314 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$12,111,627, an increase of \$1,503,524 from 2021.
- Fund Financials - At the end of June 30, 2022, the District's unassigned fund balance for the General Fund was \$2,333,790, a decrease from 2021 of \$4,339.

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

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

District-wide Statements

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

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

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

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has 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 2022 and 2021.

Net Position. The District's combined Net Position for 2022 and 2021 were \$68,471,638 and \$63,691,233, 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, 2022 and 2021

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current and Other Assets	\$ 16,523,228	\$ 13,784,832	\$ 458,975	\$ 202,942	\$ 16,982,203	\$ 13,987,774
Capital Assets	<u>78,895,524</u>	<u>77,882,902</u>	<u>355,463</u>	<u>388,942</u>	<u>79,250,987</u>	<u>78,271,844</u>
Total Assets	<u>95,418,752</u>	<u>91,667,734</u>	<u>814,438</u>	<u>591,884</u>	<u>96,233,190</u>	<u>92,259,618</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>1,514,548</u>	<u>2,507,274</u>	<u>-</u>	<u>-</u>	<u>1,514,548</u>	<u>2,507,274</u>
Total Assets and Deferred Outflows of Resources	<u>96,933,300</u>	<u>94,175,008</u>	<u>814,438</u>	<u>591,884</u>	<u>97,747,738</u>	<u>94,766,892</u>
Liabilities						
Current Liabilities	3,813,194	2,625,631	240,037	195,930	4,053,231	2,821,561
Non-Current Liabilities	<u>16,568,362</u>	<u>20,382,913</u>	<u>-</u>	<u>-</u>	<u>16,568,362</u>	<u>20,382,913</u>
Total Liabilities	<u>20,381,556</u>	<u>23,008,544</u>	<u>240,037</u>	<u>195,930</u>	<u>20,621,593</u>	<u>23,204,474</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	8,652,702	7,870,147			8,652,702	7,870,147
Unused Commodities	<u>-</u>	<u>-</u>	<u>1,805</u>	<u>1,038</u>	<u>1,805</u>	<u>1,038</u>
Total Deferred Inflows of Resources	<u>8,652,702</u>	<u>7,870,147</u>	<u>1,805</u>	<u>1,038</u>	<u>8,654,507</u>	<u>7,871,185</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,034,258</u>	<u>30,878,691</u>	<u>241,842</u>	<u>196,968</u>	<u>29,276,100</u>	<u>31,075,659</u>
Net Position:						
Net Investment in capital assets	77,364,681	76,877,092	355,463	388,942	77,720,144	77,266,034
Restricted	7,203,550	5,181,773			7,203,550	5,181,773
Unrestricted	<u>(16,669,189)</u>	<u>(18,762,548)</u>	<u>217,133</u>	<u>5,974</u>	<u>(16,452,056)</u>	<u>(18,756,574)</u>
Total Net Position	<u>\$ 67,899,042</u>	<u>\$ 63,296,317</u>	<u>\$ 572,596</u>	<u>\$ 394,916</u>	<u>\$ 68,471,638</u>	<u>\$ 63,691,233</u>

Governmental activities. Governmental activities increased the District's Net Position by \$4,602,725. Key elements of this increase are as follows:

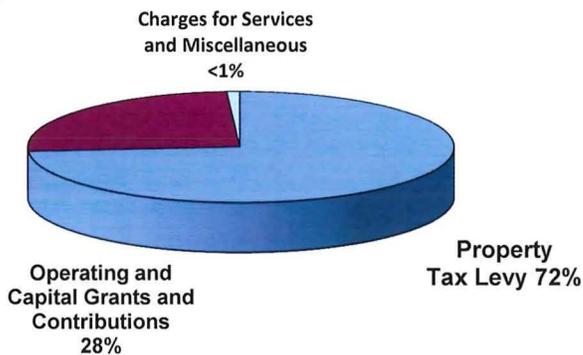
Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues						
Charges for Services	\$ 479,806	\$ 521,053	\$ 559,663	\$ 109,777	\$ 1,039,469	\$ 630,830
Operating Grants and Contributions	24,654,604	31,595,879	1,540,994	824,791	26,195,598	32,420,670
Capital Grants and Contributions	2,102,919	254,202			2,102,919	254,202
General Revenues and Other Items						
Property Taxes	68,506,754	66,872,641			68,506,754	66,872,641
Other General Revenues	204,476	210,035	-	-	204,476	210,035
Total Revenues	<u>95,948,559</u>	<u>99,453,810</u>	<u>2,100,657</u>	<u>934,568</u>	<u>98,049,216</u>	<u>100,388,378</u>
Expenses						
Instruction						
Regular	42,588,519	47,491,972			42,588,519	47,491,972
Special Education	14,350,436	15,629,179			14,350,436	15,629,179
Other Instruction	3,229,015	3,087,680			3,229,015	3,087,680
School Sponsored Activities and Athletics	2,644,218	2,404,750			2,644,218	2,404,750
Support Services						
Student and Instruction Related Serv.	11,119,144	12,195,483			11,119,144	12,195,483
General Administrative Services	1,714,368	1,789,992			1,714,368	1,789,992
School Administrative Services	4,816,218	5,273,588			4,816,218	5,273,588
Plant Operations and Maintenance	7,935,912	7,352,263			7,935,912	7,352,263
Pupil Transportation	1,098,160	798,570			1,098,160	798,570
Central Services	1,810,828	2,034,730			1,810,828	2,034,730
Interest and Other Charges	39,016	45,682			39,016	45,682
Food Service			1,840,735	966,207	1,840,735	966,207
Summer Flash Program	-	-	82,242	113,851	82,242	113,851
Total Expenses	<u>91,345,834</u>	<u>98,103,889</u>	<u>1,922,977</u>	<u>1,080,058</u>	<u>93,268,811</u>	<u>99,183,947</u>
Increase/(Decrease) in Net Position	<u>\$ 4,602,725</u>	<u>\$ 1,349,921</u>	<u>\$ 177,680</u>	<u>\$ (145,490)</u>	<u>\$ 4,780,405</u>	<u>\$ 1,204,431</u>

Table A-2 shows the changes in Net Position for fiscal years ended June 30, 2022 and 2021.

Governmental activities. The District's total governmental revenues were \$95,948,559. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$68,711,230 or 72% of total revenues. Funding from state and federal sources amounted to \$24,654,604 or, 26%. Capital grants and contributions amounted to \$2,102,919 or 2%. Charges for services amounted to \$479,806, or less than 1%.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2022



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$62,812,188 (69%), student support services totaled \$28,494,630 (31%) and interest and other charges total \$39,016, less than 1%.

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2022

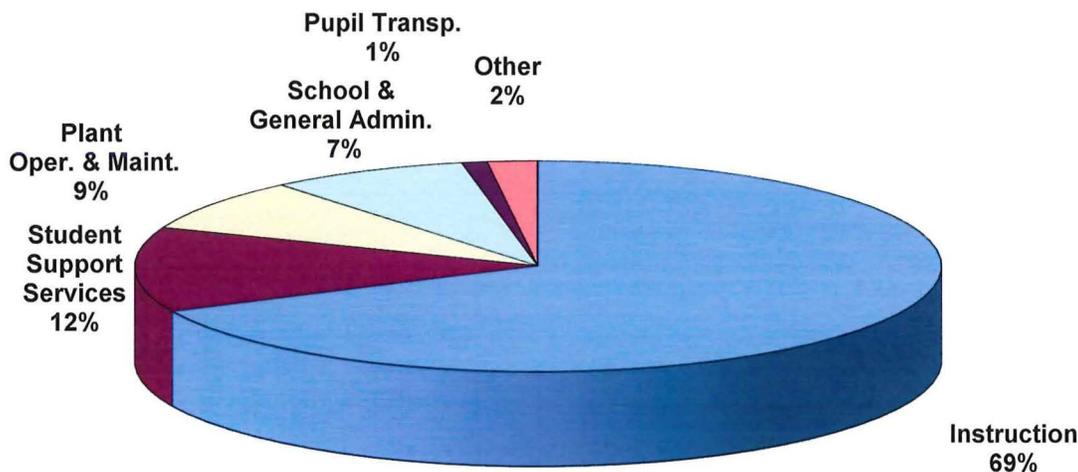


Table A-5 shows the net cost of governmental activities for fiscal years ended June 30, 2022 and 2021.

Table A-5
Total and Net Cost of Services for Governmental Activities
For the Fiscal Years Ended June 30, 2022 and 2021

<u>Functions/Programs</u>	<u>Total</u> <u>Cost of Services</u>		<u>Total</u> <u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Governmental Activities				
Instruction				
Regular	\$ 42,588,519	\$47,491,972	\$ 32,165,834	\$ 31,100,216
Special Education	14,350,436	15,629,179	7,350,692	8,495,692
Other Instruction	3,229,015	3,087,680	308,918	1,583,238
School Sponsored Activities and Athletics	2,644,218	2,404,750	1,706,919	1,719,047
Support Services				
Student and Instruction Related Svcs.	11,119,144	12,195,483	8,274,218	8,608,089
General Administrative Services	1,714,368	1,789,992	1,448,940	1,403,669
School Administrative Services	4,816,218	5,273,588	3,895,384	3,956,810
Plant Operations and Maintenance	7,935,912	7,352,263	6,402,690	6,369,105
Pupil Transportation	1,098,160	798,570	889,755	590,076
Central Services	1,810,828	2,034,730	1,626,139	1,861,131
Interest and Other Charges	39,016	45,682	39,016	45,682
Total Governmental Activities	<u>\$ 91,345,834</u>	<u>\$98,103,889</u>	<u>\$ 64,108,505</u>	<u>\$ 65,732,755</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2022 was \$1,922,977. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in an increase in Net Position of \$177,680.

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 \$12,710,034. In 2020-2021 the fund balance was \$11,159,201, an increase of \$1,550,833.

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 and other financing sources amounted to \$99,166,557 and expenditures were \$97,615,724.

General Fund

The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2022 and 2021.

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>2022</u>	<u>2021</u>		
Local Sources	\$ 69,191,036	\$ 67,603,729	\$ 1,587,307	2.35%
State Sources	22,981,366	17,585,251	5,396,115	30.69%
Federal Sources	<u>35,182</u>	<u>65,326</u>	<u>(30,144)</u>	-46.14%
 Total Revenues	 <u>\$ 92,207,584</u>	 <u>\$ 85,254,306</u>	 <u>\$ 6,953,278</u>	 8.16%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2022 and 2021.

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>2022</u>	<u>2021</u>		
Current				
Instruction	\$ 62,283,833	\$ 56,806,596	\$ 5,477,237	9.64%
Undistributed Expenditures	27,322,859	24,973,271	2,349,588	9.41%
Capital Outlay	2,178,684	2,856,567	(677,883)	-23.73%
Debt Service				
Principal	316,922	280,020	36,902	13.18%
Interest and Other Charges	<u>39,016</u>	<u>45,682</u>	<u>(6,666)</u>	-14.59%
 Total Expenditures	 <u>\$ 92,141,314</u>	 <u>\$ 84,962,136</u>	 <u>\$ 7,179,178</u>	 8.45%

Capital Assets – The Summit Public Schools’ investment in capital assets for its governmental and business type activities as of June 30, 2022 and June 30, 2021 amounts to \$79,250,987 and \$78,271,844, 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, 2022 and 2021
(Net of Depreciation)

	Governmental		Business-Type		2022	2021
	Activities		Activities			
	2022	2021	2022	2021		
Land	\$ 1,758,661	\$ 1,758,661			\$ 1,758,661	\$ 1,758,661
Construction in Progress	1,133,860				1,133,860	-
Land Improvements	7,662,066	7,662,066			7,662,066	7,662,066
Buildings and Building Improvements	92,062,403	91,216,306			92,062,403	91,216,306
Machinery and Equipment	<u>16,697,281</u>	<u>14,803,385</u>	<u>\$ 1,141,919</u>	<u>\$ 1,128,397</u>	<u>17,839,200</u>	<u>15,931,782</u>
Total	119,314,271	115,440,418	1,141,919	1,128,397	120,456,190	116,568,815
Less: Accumulated Depreciation	<u>40,418,747</u>	<u>37,557,516</u>	<u>786,456</u>	<u>739,455</u>	<u>41,205,203</u>	<u>38,296,971</u>
Total	<u>\$ 78,895,524</u>	<u>\$ 77,882,902</u>	<u>\$ 355,463</u>	<u>\$ 388,942</u>	<u>\$ 79,250,987</u>	<u>\$ 78,271,844</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, 2022, and 2021, the District had outstanding long-term liabilities of \$16,568,362 and \$20,382,913, respectively, as stated in Table A-7.

Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2022 and 2021

	2022	2021
Compensated Absences Payable	\$ 1,393,408	\$ 1,467,296
Capital Financing Agreement	1,530,843	1,005,810
Other Financing Agreement	173,156	
Net Pension Liability	<u>13,470,955</u>	<u>17,909,807</u>
Total	<u>\$ 16,568,362</u>	<u>\$ 20,382,913</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 thanks to the continued support of the City of Summit and additional state aid. A major concern of all school districts within the State of New Jersey is the continued receipt of state aid and the tax burden that is placed on its residents.

In the 2005-06 school year, the New Jersey State Legislature passed S-1701 which required all districts to reduce surplus to the greater of 2% or \$100,000 in all budget years moving forward. During the budget planning process, school districts take into the account multiple factors, some of which deal with the possibility of unanticipated costs such as utility cost increases, large increases to health benefits, the addition of special education students who enter the district during the school year and who receive high-cost private school services and the notice from private schools for the disabled that funds are due for district placements from prior years. 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.

During the 2021-2022 school year, all school districts in New Jersey were permitted to increase their fund balance (Unassigned) to 4%, thus permitting our fund balance to increase in total to approximately \$3.4M. With the end of the 2022-23 school year all school districts will be required to go back to pre-pandemic surplus levels in accordance with S-1701.

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. Derek J. Jess
School Business Administrator/Board Secretary

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

BASIC FINANCIAL STATEMENTS

**SUMMIT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,243,645	\$ 367,349	\$ 13,610,994
Receivables, net	3,279,583	69,143	3,348,726
Inventory		22,483	22,483
Capital Assets, net:			
Not Being Depreciated	2,892,521		2,892,521
Being Depreciated	<u>76,003,003</u>	<u>355,463</u>	<u>76,358,466</u>
Total Assets	<u>95,418,752</u>	<u>814,438</u>	<u>96,233,190</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,514,548</u>	<u>-</u>	<u>1,514,548</u>
Total Deferred Outflows of Resources	<u>1,514,548</u>	<u>-</u>	<u>1,514,548</u>
Total Assets and Deferred Outflows of Resources	<u>96,933,300</u>	<u>814,438</u>	<u>97,747,738</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,758,331	53,939	1,812,270
Payable to Other Governments	289,114		289,114
Unearned Revenue	1,765,749	186,098	1,951,847
Noncurrent Liabilities			
Due Within One Year	488,184		488,184
Due Beyond One Year	<u>16,080,178</u>	<u>-</u>	<u>16,080,178</u>
Total Liabilities	<u>20,381,556</u>	<u>240,037</u>	<u>20,621,593</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	8,652,702		8,652,702
Deferred Commodities Revenue	<u>-</u>	<u>1,805</u>	<u>1,805</u>
Total Deferred Inflows of Resources	<u>8,652,702</u>	<u>1,805</u>	<u>8,654,507</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,034,258</u>	<u>241,842</u>	<u>29,276,100</u>
NET POSITION			
Investment in Capital Assets	77,364,681	355,463	77,720,144
Restricted for:			
Capital Projects	5,046,253		5,046,253
Other Purposes	2,157,297		2,157,297
Unrestricted	<u>(16,669,189)</u>	<u>217,133</u>	<u>(16,452,056)</u>
Total Net Position	<u>\$ 67,899,042</u>	<u>\$ 572,596</u>	<u>\$ 68,471,638</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, 2022**

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	\$ 42,588,519	\$ 77,967	\$ 10,344,718		\$ (32,165,834)		\$ (32,165,834)
Special Education	14,350,436	376,538	6,623,206		(7,350,692)		(7,350,692)
Other Instruction	3,229,015		1,224,928	\$ 1,695,169	(308,918)		(308,918)
School Sponsored Activities and Athletics	2,644,218	11,558	925,741		(1,706,919)		(1,706,919)
Support Services:							
Student & Instruction Related Services	11,119,144		2,844,926		(8,274,218)		(8,274,218)
General Administrative Services	1,714,368		265,428		(1,448,940)		(1,448,940)
School Administrative Services	4,816,218		920,834		(3,895,384)		(3,895,384)
Plant Operations and Maintenance	7,935,912	13,743	1,111,729	407,750	(6,402,690)		(6,402,690)
Pupil Transportation	1,098,160		208,405		(889,755)		(889,755)
Central Services	1,810,828		184,689		(1,626,139)		(1,626,139)
Interest and Other Charges	39,016	-	-	-	(39,016)	-	(39,016)
Total Governmental Activities	91,345,834	479,806	24,654,604	2,102,919	(64,108,505)	-	(64,108,505)
Business-Type Activities:							
Food Service	1,840,735	475,898	1,540,994			\$ 176,157	176,157
Summer Flash Program	82,242	83,765	-	-	-	1,523	1,523
Total Business-Type Activities	1,922,977	559,663	1,540,994	-	-	177,680	177,680
Total Primary Government	\$ 93,268,811	\$ 1,039,469	\$ 26,195,598	\$ 2,102,919	(64,108,505)	177,680	(63,930,825)
General Revenues							
					68,506,754		68,506,754
					204,476	-	204,476
Total General Revenues					68,711,230	-	68,711,230
Change in Net Position					4,602,725	177,680	4,780,405
Net Position—Beginning of Year					63,296,317	394,916	63,691,233
Net Position—End of Year					\$ 67,899,042	\$ 572,596	\$ 68,471,638

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, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 13,243,645			\$ 13,243,645
Receivables, Net				
Intergovernmental	126,409	\$ 2,444,735		2,571,144
Other	72,829	635,610		708,439
Due from Other Funds	<u>413,094</u>	<u>-</u>	<u>-</u>	<u>413,094</u>
 Total Assets	 <u>\$ 13,855,977</u>	 <u>\$ 3,080,345</u>	 <u>\$ -</u>	 <u>\$ 16,936,322</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Other Liabilities	\$ 212,108	\$ 111,241		\$ 323,349
Accrued Liability for Insurance Claims	1,298,105			1,298,105
Claims and Judgments Payable	41,801			41,801
Payroll Deductions and Withholdings Payable	95,076			95,076
Payable to Governments	88,814	200,300		289,114
Due to Other Funds		413,094		413,094
Unearned Revenue	<u>8,446</u>	<u>1,757,303</u>	<u>-</u>	<u>1,765,749</u>
 Total Liabilities	 <u>1,744,350</u>	 <u>2,481,938</u>	 <u>-</u>	 <u>4,226,288</u>
Fund Balances:				
Restricted:				
Capital Reserve	3,311,762			3,311,762
Capital Reserve, Designated for Subsequent Year's Expenditures	1,734,491			1,734,491
Maintenance Reserve	894,563			894,563
Maintenance Reserve, Designated for Subsequent Year's Expenditures	155,420			155,420
Emergency Reserve	151			151
Excess Surplus	524,742			524,742
Excess Surplus, Designated for Subsequent Year's Expenditures	1,200,000			1,200,000
Unemployment Compensation Reserve	508,907			508,907
Student Activities and Athletics		424,033		424,033
Scholarship Awards		174,374		174,374
Committed:				
Year End Encumbrances	88,008			88,008
Assigned:				
Year End Encumbrances	59,793			59,793
Designated for Subsequent Year's Expenditures	1,300,000			1,300,000
Unassigned:				
General Fund	<u>2,333,790</u>	<u>-</u>	<u>-</u>	<u>2,333,790</u>
 Total Fund Balances	 <u>12,111,627</u>	 <u>598,407</u>	 <u>-</u>	 <u>12,710,034</u>
 Total Liabilities and Fund Balances	 <u>\$ 13,855,977</u>	 <u>\$ 3,080,345</u>	 <u>\$ -</u>	

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

SUMMIT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

Total Fund Balances (Exhibit B-1) \$ 12,710,034

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$119,314,271 and the accumulated depreciation is \$40,418,747. 78,895,524

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 amortized over future years.

Deferred Outflows of Resources	\$ 1,514,548	
Deferred Inflows of Resources	<u>(8,652,702)</u>	(7,138,154)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of:

Compensated Absences	(1,393,408)	
Capital Financing Agreements	(1,530,843)	
Other Financing Agreements	(173,156)	
Net Pension Liability	<u>(13,470,955)</u>	(16,568,362)

Net position of governmental activities (Exhibit A-1) \$ 67,899,042

SUMMIT PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources:				
Property Tax Levy	\$ 68,506,754			\$ 68,506,754
Tuition	454,505			454,505
Miscellaneous	229,777	\$ 1,581,608	-	1,811,385
Total - Local Sources	69,191,036	1,581,608	-	70,772,644
State Sources	22,981,366	427,025		23,408,391
Federal Sources	35,182	3,527,479	-	3,562,661
Total Revenues	92,207,584	5,536,112	-	97,743,696
EXPENDITURES				
Current:				
Regular Instruction	43,471,977	604,836		44,076,813
Special Education Instruction	14,011,921	601,345		14,613,266
Other Instruction	2,715,703	612,296		3,327,999
School Sponsored Activities and Athletics	2,084,232	565,181		2,649,413
Support Services				
Student & Instruction Related Services	10,073,383	1,191,551		11,264,934
General Administrative Services	1,746,915			1,746,915
School Administrative Services	4,912,458			4,912,458
Plant Operations and Maintenance	7,689,835	204,032		7,893,867
Pupil Transportation	1,097,765			1,097,765
Central Services	1,802,503			1,802,503
Debt Service				
Principal	316,922			316,922
Interest and Other Charges	39,016			39,016
Capital Outlay	2,178,684	1,695,169	-	3,873,853
Total Expenditures	92,141,314	5,474,410	-	97,615,724
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,270	61,702	-	127,972
OTHER FINANCING SOURCES				
Insurance Proceeds	407,750			407,750
Capital Financing Agreements	841,955			841,955
Other Financing Agreements	173,156			173,156
Transfer In	14,393			14,393
Transfer Out	-	-	\$ (14,393)	(14,393)
Total Other Financing Sources	1,437,254	-	(14,393)	1,422,861
Net Change in Fund Balances	1,503,524	61,702	(14,393)	1,550,833
Fund Balance , Beginning of Year	10,608,103	536,705	14,393	11,159,201
Fund Balance, End of Year	\$ 12,111,627	\$ 598,407	\$ -	\$ 12,710,034

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, 2022

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,550,833

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	\$ 3,873,853	
Depreciation Expense	<u>(2,861,231)</u>	1,012,622

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	73,888	
Decrease in Pension Expense	<u>2,663,571</u>	2,737,459

In the statement of activities "the issuance of long-term debt (capital & other financing) 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.

Debt Issued:

Issuance of Capital Financing Agreements	(841,955)	
Issuance of Other Financing Agreements	(173,156)	

Principal Repayments:

Payment of Capital Financing Agreement Principal	<u>316,922</u>	
		<u>(698,189)</u>

Change in net position of governmental activities (Exhibit A-2) \$ 4,602,725

**SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Business-Type Activities Enterprise Fund <u>Food Services</u>	Business-Type Activities Enterprise Fund Summer Flash <u>Program</u>	Business-Type Activities Enterprise Fund <u>Totals</u>
ASSETS			
Current Assets			
Cash	\$ 235,546	\$ 131,803	\$ 367,349
Intergovernmental Receivable			
State	1,269		1,269
Federal	61,209		61,209
Other Accounts Receivable	6,665		6,665
Inventories	<u>22,483</u>	<u>-</u>	<u>22,483</u>
 Total Current Assets	 <u>327,172</u>	 <u>131,803</u>	 <u>458,975</u>
Capital Assets			
Equipment	1,141,919		1,141,919
Less: Accumulated Depreciation	<u>(786,456)</u>	<u>-</u>	<u>(786,456)</u>
 Total Capital Assets	 <u>355,463</u>	 <u>-</u>	 <u>355,463</u>
 Total Assets	 <u>682,635</u>	 <u>131,803</u>	 <u>814,438</u>
 LIABILITIES			
Current Liabilities			
Accounts Payable	53,939		53,939
Unearned Revenue	<u>72,486</u>	<u>113,612</u>	<u>186,098</u>
 Total Current Liabilities	 <u>126,425</u>	 <u>113,612</u>	 <u>240,037</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>1,805</u>	<u>-</u>	<u>1,805</u>
 Total Deferred Inflows of Resources	 <u>1,805</u>	 <u>-</u>	 <u>1,805</u>
 NET POSITION			
Investment in Capital Assets	355,463		355,463
Unrestricted	<u>198,942</u>	<u>18,191</u>	<u>217,133</u>
 Total Net Position	 <u>\$ 554,405</u>	 <u>\$ 18,191</u>	 <u>\$ 572,596</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, 2022**

	Business-Type Activities Enterprise Fund <u>Food Services</u>	Business-Type Activities Enterprise Fund Summer Flash <u>Program</u>	Business-Type Activities Enterprise Fund <u>Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - reimbursable programs	\$ 8,438		\$ 8,438
Daily Sales - non-reimbursable programs	467,460		467,460
Program Fees	-	\$ 83,765	83,765
	<u>475,898</u>	<u>83,765</u>	<u>559,663</u>
OPERATING EXPENSES			
Salaries and Employee Benefits	622,407	76,702	699,109
Cost of Sales - reimbursable	634,802		634,802
Cost of Sales - non-reimbursable	174,084		174,084
Other Purchased Services	236,928		236,928
Supplies and Materials	120,252	5,540	125,792
Miscellaneous	5,261		5,261
Depreciation	47,001	-	47,001
	<u>1,840,735</u>	<u>82,242</u>	<u>1,922,977</u>
Operating Income (Loss)	<u>(1,364,837)</u>	<u>1,523</u>	<u>(1,363,314)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	32,537		32,537
Federal Sources			
School Breakfast Program	106,314		106,314
National School Lunch Program	1,276,052		1,276,052
Pandemic EBT - Administrative	1,242		1,242
Emergency Operational Cost Program	13,968		13,968
Food Distribution Program	110,881	-	110,881
	<u>1,540,994</u>	<u>-</u>	<u>1,540,994</u>
Net Income (Loss)	<u>176,157</u>	<u>1,523</u>	<u>177,680</u>
Change in Net Position	176,157	1,523	177,680
Total Net Position - Beginning of Year	<u>378,248</u>	<u>16,668</u>	<u>394,916</u>
Total Net Position - End of Year	<u>\$ 554,405</u>	<u>\$ 18,191</u>	<u>\$ 572,596</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, 2022**

	Business-Type Activities Enterprise Fund <u>Food Services</u>	Business-Type Activities Enterprise Fund Summer Flash <u>Program</u>	Business-Type Activities Enterprise Fund <u>Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 451,343	\$ 120,577	\$ 571,920
Cash Payments for Employees' Salaries and Benefits	(622,407)	(76,702)	(699,109)
Cash Payments to Suppliers for Goods and Services	<u>(1,038,790)</u>	<u>(5,540)</u>	<u>(1,044,330)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(1,209,854)</u>	<u>38,335</u>	<u>(1,171,519)</u>
Cash Flows from in Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursement	<u>1,413,520</u>	<u>-</u>	<u>1,413,520</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,413,520</u>	<u>-</u>	<u>1,413,520</u>
Cash Flows from Capital Financing Activities			
Acquisition of Capital Assets	<u>(13,522)</u>	<u>-</u>	<u>(13,522)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(13,522)</u>	<u>-</u>	<u>(13,522)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	190,144	38,335	228,479
Cash and Cash Equivalents, Beginning of Year	<u>45,402</u>	<u>93,468</u>	<u>138,870</u>
Cash and Cash Equivalents, End of Year	<u>\$ 235,546</u>	<u>\$ 131,803</u>	<u>\$ 367,349</u>
Reconciliation of Operating (Loss) to Net Cash Provided/ (Used) by Operating Activities			
Operating Income (Loss)	\$ (1,364,837)	\$ 1,523	\$ (1,363,314)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities			
Depreciation	47,001		47,001
Food Distribution Program - Non-Cash Assistance	110,881		110,881
Change in Assets, Liabilities and Deferred Inflows			
(Increase)/Decrease in Accounts Receivable	(1,999)		(1,999)
Increase/(Decrease) in Accounts Payable	29,851		29,851
Increase/(Decrease) in Unearned Revenue	(22,556)	36,812	14,256
Increase/(Decrease) in Deferred Commodities Revenue	767		767
(Increase)/Decrease in Inventory	<u>(8,962)</u>	<u>-</u>	<u>(8,962)</u>
Total Adjustments	<u>154,983</u>	<u>36,812</u>	<u>191,795</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ (1,209,854)</u>	<u>\$ 38,335</u>	<u>\$ (1,171,519)</u>
Non-Cash Investing, Capital and Financial Activities			
Value Received - Food Distribution Program	\$ 111,648		\$ 111,648

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

NOTES TO THE FINANCIAL STATEMENTS

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 of Schools is appointed by the Board and is responsible for the administrative control of the District. A School 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 of Schools 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 School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools 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 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. 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 Statement No. 92, *Omnibus 2020*. 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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement 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 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.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement 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 Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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, 2022**

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, financing agreements 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, 2022**

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 financing agreements 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, 2022**

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. 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, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources

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.

6. 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.

7. Pensions

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

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

SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Financing Agreements*

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 – 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 2022/2023 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 2022/2023 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).

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that is required to be appropriated in the 2023/2024 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, 2021 audited excess surplus that was appropriated in the 2022/2023 original budget certified for taxes.

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 and Athletics – 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.

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.

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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

Assigned Fund Balance (Continued)

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2022/2023 District budget certified for taxes.

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

In the general operating fund and other governmental funds (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.

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 Board of Education 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 Board's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district 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 Board of Education 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 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2020-2021 and 2021-2022 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

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. 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 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$7,912,131. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances, and the appropriation of maintenance reserve funds.

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, 2022**

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, 2022 is as follows:

Balance, July 1, 2021		\$ 3,423,010
Increased by:		
Unexpended Capital Projects Balance	\$ 14,393	
Unexpended Capital Outlay Balance	20,874	
Deposited by Board Resolution	<u>1,750,000</u>	
Total Increases		<u>1,785,267</u>
		5,208,277
Withdrawals:		
Approved in District Budget	<u>162,024</u>	
Total Withdrawals		<u>162,024</u>
Balance, June 30, 2022		<u>\$ 5,046,253</u>

The June 30, 2022 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. \$1,734,491 of the capital reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 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, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021		\$	700,058
Increased by:			
Deposit by Board Resolution			<u>750,000</u>
			1,450,058
Withdrawals:			
Approved by Board Resolution	\$	72,528	
Approved in District Budget		<u>327,547</u>	
			<u>400,075</u>
Balance, June 30, 2022		\$	<u>1,049,983</u>

The June 30, 2022 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,019,169. \$155,420 of the maintenance reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 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, 2022 is as follows:

Balance, July 1, 2021	\$	<u>151</u>
Balance, June 30, 2022	\$	<u>151</u>

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. 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, 2022 is \$1,724,742. Of this amount, \$1,200,000 was designated and appropriated in the 2022/2023 original budget certified for taxes and the remaining amount of \$524,742 is required to be appropriated in the 2023/2024 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, 2022, the book value of the Board's deposits were \$13,610,994 and bank and brokerage firm balances of the Board’s deposits amounted to \$15,780,005. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

Insured	\$ 15,286,984
Uninsured and Collateralized	<u>493,024</u>
	<u>\$ 15,780,008</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2022 the Board’s bank balance of \$493,024 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department but not in the Board's name.	<u>\$ 493,024</u>
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**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 2022, the Board had no outstanding investments.

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, 2022 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		\$ 2,444,017	\$ 61,209	\$ 2,505,226
State	\$ 126,409	718	1,269	128,396
Other	72,829	635,610	6,665	715,104
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Total Receivables	<u>\$ 199,238</u>	<u>\$ 3,080,345</u>	<u>\$ 69,143</u>	<u>\$ 3,348,726</u>

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Preschool Tuition		\$ 8,446
Special Revenue Fund		
Unencumbered Grant Draw Downs		470,591
Grant Draw Downs Reserve for Encumbrances		<u>1,286,712</u>
Total Unearned Revenue for Governmental Funds		<u>\$ 1,765,749</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance, June 30, 2022</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,758,661			\$ 1,758,661
Construction in Progress	<u>-</u>	\$ 1,133,860	<u>-</u>	<u>1,133,860</u>
Total capital assets, not being depreciated	<u>1,758,661</u>	<u>1,133,860</u>	<u>-</u>	<u>2,892,521</u>
Capital assets, being depreciated:				
Land Improvements	7,662,066			7,662,066
Buildings and Building Improvements	91,216,306	846,097		92,062,403
Machinery and Equipment	<u>14,803,385</u>	<u>1,893,896</u>	<u>-</u>	<u>16,697,281</u>
Total capital assets being depreciated	<u>113,681,757</u>	<u>2,739,993</u>	<u>-</u>	<u>116,421,750</u>
Less accumulated depreciation for:				
Land Improvements	(4,372,128)	(293,390)		(4,665,518)
Buildings and Building Improvements	(24,015,261)	(1,434,792)		(25,450,053)
Machinery and Equipment	<u>(9,170,127)</u>	<u>(1,133,049)</u>	<u>-</u>	<u>(10,303,176)</u>
Total accumulated depreciation	<u>(37,557,516)</u>	<u>(2,861,231)</u>	<u>-</u>	<u>(40,418,747)</u>
Total capital assets, being depreciated, net	<u>76,124,241</u>	<u>(121,238)</u>	<u>-</u>	<u>76,003,003</u>
Governmental activities capital assets, net	<u>\$ 77,882,902</u>	<u>\$ 1,012,622</u>	<u>\$ -</u>	<u>\$ 78,895,524</u>

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2021	Increases	Balance, June 30, 2022
Business-type activities:			
Capital assets, being depreciated:			
Machinery and Equipment	\$ 1,128,397	\$ 13,522	\$ 1,141,919
Total capital assets being depreciated	<u>1,128,397</u>	<u>13,522</u>	<u>1,141,919</u>
Less accumulated depreciation for:			
Machinery and Equipment	(739,455)	(47,001)	(786,456)
Total accumulated depreciation	<u>(739,455)</u>	<u>(47,001)</u>	<u>(786,456)</u>
Total capital assets, being depreciated, net	<u>388,942</u>	<u>(33,479)</u>	<u>355,463</u>
Business-type activities capital assets, net	<u>\$ 388,942</u>	<u>\$ (33,479)</u>	<u>\$ 355,463</u>

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

Governmental activities:	
Instruction	
Regular	\$ 1,405,304
Special Education	440,799
Other Instruction	83,021
School Sponsored/Activities and Athletics	<u>78,915</u>
Total Instruction	<u>2,008,039</u>
Support Services	
Student and Instruction Related Services	358,030
General Administrative Services	46,308
School Administrative Services	179,795
Plant Operations and Maintenance	201,834
Pupil Transportation	1,708
Central Services	<u>65,517</u>
Total Support Services	<u>853,192</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,861,231</u>
Business-type activities:	
Food Service Fund	<u>\$ 47,001</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 47,001</u>

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2022:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
HVAC Upgrades at Summit HS	<u>\$ 1,133,860</u>	<u>\$ 1,374,700</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 413,094</u>
Total		<u>\$ 413,094</u>

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

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

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to finance other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District's approved budget.

Capital financing agreements at June 30, 2022 are comprised of the following:

\$732,780, fiscal year 2019 Agreement for the acquisition of copiers for a term of 5 years due in annual principal installments of \$72,378 to \$140,229 through November 20, 2024 interest at 4.25%	\$ 212,607
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**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Capital Financing Agreements (Continued)

<p>\$445,831, fiscal year 2022 Agreement for the acquisition of copiers for a term of 5 years due in annual principal installments of \$78,974 to \$92,224 through April 10, 2027 interest at 2.97%</p>	432,011
<p>\$396,124, fiscal year 2022 Agreement for the acquisition of copiers for a term of 5 years due in annual principal installments of \$70,167 to \$81,948 through April 10, 2027 interest at 2.95%</p>	383,843
<p>\$810,000, fiscal year 2021 Agreement for the acquisition of technology equipment for a term of 5 years due in annual principal installments of \$161,814 through \$173,172 through August 14, 2024 interest at 3.45%</p>	<p style="text-align: right;"><u>502,382</u></p>
<p>Total</p>	<p style="text-align: right;"><u>\$ 1,530,843</u></p>

Other Financing Agreements

The District entered into the following agreements to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget.

Other financing agreements at June 30, 2022 are comprised of the following:

<p>\$173,156, fiscal year 2022 Agreement for the acquisition of technology equipment for a term of 5 years due in annual principal installments of \$26,799 and \$31,473 through August 16, 2027 interest at 3.50%</p>	<p style="text-align: right;"><u>\$ 173,156</u></p>
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**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Other Financing Agreements (Continued)

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 461,385	\$ 45,733	\$ 26,799	\$ 4,701	\$ 538,618
2024	403,892	29,948	26,907	4,593	465,340
2025	342,253	18,309	28,088	3,412	392,062
2026	174,172	7,244	29,311	2,189	212,916
2027	149,141	2,039	30,578	922	182,680
2028	-	-	31,473	27	31,500
Total	<u>\$ 1,530,843</u>	<u>\$ 103,273</u>	<u>\$ 173,156</u>	<u>\$ 15,844</u>	<u>\$ 1,823,116</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, 2021 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	\$ 600,000
\$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	2,945,000
\$13,800,000 School Improvement Bonds, 2016 due in annual installments of \$885,000 to \$1,115,000 at an interest rate of 2% through 2031	9,865,000
\$7,995,000 School Refunding Bonds, 2017 due in annual installments of \$1,475,000 to \$1,550,000 at an interest rate of 1.739% through 2026	<u>7,555,000</u>
	<u>\$ 20,965,000</u>

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

Fiscal Year	School Bonds		Total
	Principal	Interest	
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	3,110,000	152,027	3,262,027
2027-2031	<u>5,255,000</u>	<u>268,950</u>	<u>5,523,950</u>
	<u>\$ 20,965,000</u>	<u>\$ 1,780,158</u>	<u>\$ 22,745,158</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2022 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 300,253,544
Less: Net Debt	<u>20,965,000</u>
Remaining Borrowing Power	<u>\$ 279,288,544</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Additions	Reductions	Balance, June 30, 2022	Due Within One Year
Governmental activities:					
Net Pension Liability	\$ 17,909,807		\$ 4,438,852	\$ 13,470,955	
Capital Financing Agreements	1,005,810	\$ 841,955	316,922	1,530,843	\$ 461,385
Other Financing Agreements		173,156		173,156	26,799
Compensated absences	<u>1,467,296</u>	<u>-</u>	<u>73,888</u>	<u>1,393,408</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 20,382,913</u>	<u>\$ 1,015,111</u>	<u>\$ 4,829,662</u>	<u>\$ 16,568,362</u>	<u>\$ 488,184</u>

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

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 Annual Comprehensive 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, 2022 the unpaid claims payable of \$41,801 has been accrued as a liability in the General Fund as of June 30, 2022. Additionally, an accrued liability for insurance claims in the amount of \$1,298,105 for claims incurred but not reported (IBNR) has been recorded as a liability in the General Fund as of June 30, 2022. 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.

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>
2022	NONE	\$ 82,142	\$ 1,300	\$ 15,830	\$ 508,907
2021	NONE	75,695	1,358	72,985	507,607
2020	NONE	75,712	6,072	131,364	467,520

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2022, 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) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS 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 PFRS 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 for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Amendments

The authority to amend the provisions of the above plans rests with 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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022.

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, 2022 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 2022, 2021 and 2020 were equal to the required contributions.

During the fiscal years ended June 30, 2022, 2021 and 2020 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 unfunded 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>
2022	\$ 1,331,706	\$ 13,114,563	\$ 32,501
2021	1,201,446	9,035,894	23,925
2020	1,047,642	7,020,623	25,262

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$0, \$0 and \$6,061, respectively for PERS and the State contributed \$5,514, \$5,652 and \$6,813, 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 \$2,561,233 during the fiscal year ended June 30, 2022 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.

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, 2020 through June 30, 2021. 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, 2021 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$13,470,955 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the District's proportionate share was .11371 percent, which was an increase of .00389 percent from its proportionate share measured as of June 30, 2020 of .10982 percent.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$1,331,865 for PERS. The pension contribution made by the District during the current 2021/2022 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, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. 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, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 212,454	\$ 96,436
Changes of Assumptions	70,157	4,795,747
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		3,548,604
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,231,937</u>	<u>211,915</u>
Total	<u>\$ 1,514,548</u>	<u>\$ 8,652,702</u>

At June 30, 2022, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2023	\$ (1,731,867)
2024	(1,743,337)
2025	(1,755,087)
2026	(1,789,819)
2027	(118,044)
Thereafter	<u>-</u>
	<u>\$ (7,138,154)</u>

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022**

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, 2021) 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 rates 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining 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:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 18,344,709</u>	<u>\$ 13,470,955</u>	<u>\$ 9,334,884</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability at as of the measurement date of June 30, 2021. A sensitivity analysis specific to the District’s net pension liability at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2020 through June 30, 2021. 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, 2021, 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,450,721 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, 2022 the State's proportionate share of the net pension liability attributable to the District is \$146,649,222. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. 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, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was .30504 percent, which was a decrease of .00940 percent from its proportionate share measured as of June 30, 2020 of .31444 percent.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021 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>TPAF</u>
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 Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022**

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, 2021) 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, 2021 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%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

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

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 173,510,525</u>	<u>\$ 146,649,222</u>	<u>\$ 124,087,415</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District at as of the measurement date of June 30, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

D. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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 Summit Public Schools 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 Summit Public Schools or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. 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.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

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

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair 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, 2021 is \$60.0 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, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2021.

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, 2022, 2021 and 2020 were \$3,064,092, \$2,831,709 and \$2,604,523, 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.

**SUMMIT PUBLIC SCHOOLS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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, 2020 through June 30, 2021. 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.

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$10,525,047. 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, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$151,987,210. 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, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the District was .00253 percent, which was an increase of .00003 percent from its proportionate share measured as of June 30, 2020 of .00250 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

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

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This 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, 2022**

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, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2020 Measurement Date	\$ <u>169,609,087</u>
Changes Recognized for the Fiscal Year:	
Service Cost	9,304,264
Interest on the Total OPEB Liability	3,942,708
Changes of Benefit Terms	(161,772)
Differences Between Expected and Actual Experience	(27,852,070)
Changes of Assumptions	149,947
Gross Benefit Payments	(3,105,750)
Contributions from the Member	100,796
Net Changes	\$ <u>(17,621,877)</u>
Balance, June 30, 2021 Measurement Date	<u>\$ 151,987,210</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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, 2021.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.16%; 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 182,056,818</u>	<u>\$ 151,987,210</u>	<u>\$ 128,309,199</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 123,034,140</u>	<u>\$ 151,987,210</u>	<u>\$ 190,869,043</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2021 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.

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 5 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPEMENTS

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. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. 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. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$4,325,764 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, 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 School District 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 its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.

NOTE 6 SUBSEQUENT EVENTS

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. On December 6, 2022, the City adopted Bond Ordinance #22-3271 appropriating funds for school improvements and authorizing the issuance of \$37,429,555 school bonds or notes.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISONS

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES					
Local Sources					
Property Taxes	\$ 68,506,754		\$ 68,506,754	\$ 68,506,754	
Tuition from Individuals	83,700		83,700	77,967	\$ (5,733)
Tuition from Other LEA's Within the State	395,984		395,984	376,538	(19,446)
Interest on Unemployment Reserve				1,300	1,300
Miscellaneous	123,000	-	123,000	228,477	105,477
Total Local Sources	<u>69,109,438</u>	<u>-</u>	<u>69,109,438</u>	<u>69,191,036</u>	<u>81,598</u>
State Sources					
Extraordinary Aid	220,047		220,047	716,840	496,793
Special Educational Aid	2,747,521		2,747,521	2,747,521	-
Security Aid	391,879		391,879	391,879	-
Transportation Aid	203,264		203,264	203,264	-
Additional Nonpublic Transportation Aid				1,000	1,000
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				12,932,109	12,932,109
NCGI Premium				182,454	182,454
Post-Retirement Medical Contribution				3,064,092	3,064,092
Long-Term Disability				5,514	5,514
TPAF Social Security Contributions (Non-Budget)	-	-	-	2,561,233	2,561,233
Total State Sources	<u>3,562,711</u>	<u>-</u>	<u>3,562,711</u>	<u>22,805,906</u>	<u>19,243,195</u>
Federal Sources					
Medicaid Reimbursement	43,893	-	43,893	35,182	(8,711)
Total Federal Sources	<u>43,893</u>	<u>-</u>	<u>43,893</u>	<u>35,182</u>	<u>(8,711)</u>
Total Revenues	<u>72,716,042</u>	<u>-</u>	<u>72,716,042</u>	<u>92,032,124</u>	<u>19,316,082</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	921,802		921,802	833,195	88,607
Grades 1-5	9,186,769	\$ (146,451)	9,040,318	8,705,145	335,173
Grades 6-8	5,493,773	(2,807)	5,490,966	5,451,045	39,921
Grades 9-12	8,006,284	1	8,006,285	7,555,282	451,003
Home Instruction					
Salaries and Wages	20,600	18,913	39,513	39,513	-
Pur. Prof. and Ed. Svs.	32,000	(16,105)	15,895	15,895	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	965,439	132,077	1,097,516	1,097,516	-
Purchased Technical Services	12,000	165	12,165	12,165	-
Other Purchased Services	334,404	22,536	356,940	352,366	4,574
General Supplies	1,285,642	54,330	1,339,972	1,154,516	185,456
General Supplies (Non-Budget)				173,156	(173,156)
Textbooks	178,835	(17,733)	161,102	93,878	67,224
Other Objects	-	395	395	395	-
Total Regular Programs	<u>26,437,548</u>	<u>45,321</u>	<u>26,482,869</u>	<u>25,484,067</u>	<u>998,802</u>

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 688,905		\$ 688,905	\$ 687,819	\$ 1,086
General Supplies	4,800	-	4,800	3,313	1,487
Total Learning and/or Language Disabilities	<u>693,705</u>	<u>-</u>	<u>693,705</u>	<u>691,132</u>	<u>2,573</u>
Resource Room/Resource Center					
Salaries of Teachers	3,552,030	-	3,552,030	3,316,190	235,840
Other Salaries for Instruction	2,952,839	-	2,952,839	2,831,299	121,540
Other Purchased Services		-			-
General Supplies	11,200	\$ (329)	10,871	7,548	3,323
Total Resource Room/Resource Center	<u>6,516,069</u>	<u>(329)</u>	<u>6,515,740</u>	<u>6,155,037</u>	<u>360,703</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	535,380	(89,214)	446,166	446,166	-
Other Salaries for Instruction	472,191	58,415	530,606	530,606	-
General Supplies	1,100	329	1,429	1,429	-
Total Preschool Disabilities - Part-Time	<u>1,008,671</u>	<u>(30,470)</u>	<u>978,201</u>	<u>978,201</u>	<u>-</u>
Total Special Education	<u>8,218,445</u>	<u>(30,799)</u>	<u>8,187,646</u>	<u>7,824,370</u>	<u>363,276</u>
Basic Skills/Remedial Instruction					
Salaries of Teachers	671,066	78,100	749,166	749,166	-
General Supplies	8,335	(5,944)	2,391	2,391	-
Total Basic Skills/Remedial Instruction	<u>679,401</u>	<u>72,156</u>	<u>751,557</u>	<u>751,557</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	775,300	(34,904)	740,396	740,396	-
Purchased Professional-Educational Services	2,000	(1,877)	123		123
General Supplies	1,650	-	1,650	1,301	349
Total Bilingual Education	<u>778,950</u>	<u>(36,781)</u>	<u>742,169</u>	<u>741,697</u>	<u>472</u>
School Sponsored Co-Curricular Activities					
Salaries	356,380	1,700	358,080	358,080	-
Purchased Services	5,900	14,122	20,022	19,697	325
Supplies and Materials	-	280	280	280	-
Total School Sponsored Co-Curricular Activities	<u>362,280</u>	<u>16,102</u>	<u>378,382</u>	<u>378,057</u>	<u>325</u>
School Sponsored Athletics					
Salaries	826,854	21,790	848,644	848,644	-
Purchased Services	201,167	(37,892)	163,275	135,326	27,949
Supplies and Materials	100,500	14,893	115,393	108,253	7,140
Other Objects	7,600	-	7,600	7,087	513
Total School Sponsored Athletics	<u>1,136,121</u>	<u>(1,209)</u>	<u>1,134,912</u>	<u>1,099,310</u>	<u>35,602</u>

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Summer School - Instruction					
Salaries of Teachers	\$ 94,032	\$ 26,094	\$ 120,126	\$ 99,232	\$ 20,894
General Supplies	1,000	-	1,000	-	1,000
Total Summer School - Instruction	<u>95,032</u>	<u>26,094</u>	<u>121,126</u>	<u>99,232</u>	<u>21,894</u>
Total Instruction	<u>37,707,777</u>	<u>90,884</u>	<u>37,798,661</u>	<u>36,378,290</u>	<u>1,420,371</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State- Special		20,209	20,209	140	20,069
Tuition to County Voc. School Dist.-Regular	230,350	45,150	275,500	255,450	20,050
Tuition to County Voc. School Dist.-Special	47,355	-	47,355	21,600	25,755
Tuition to CSSD & Reg. Day Schools	490,954	(172,683)	318,271	297,155	21,116
Tuition to Priv. Sch. For the Disabled W/I State	925,258	126,757	1,052,015	1,023,261	28,754
Tuition to Priv. Sch. Disabled & Other LEAs-Spl, O/S State	<u>316,300</u>	<u>(149,198)</u>	<u>167,102</u>	<u>143,350</u>	<u>23,752</u>
Total Undistributed Expenditures - Instruction	<u>2,010,217</u>	<u>(129,765)</u>	<u>1,880,452</u>	<u>1,740,956</u>	<u>139,496</u>
Health Services					
Salaries	698,735	-	698,735	653,489	45,246
Purchased Professional & Technical Services	22,420	57,248	79,668	51,420	28,248
Other Purchased Services	8,200	(1,445)	6,755	5,415	1,340
Supplies and Materials	<u>38,000</u>	<u>(33,969)</u>	<u>4,031</u>	<u>4,006</u>	<u>25</u>
Total Health Services	<u>767,355</u>	<u>21,834</u>	<u>789,189</u>	<u>714,330</u>	<u>74,859</u>
Speech, OT/PT and Related Serv.					
Salaries	854,474	6,502	860,976	745,616	115,360
Purchased Professional/Educational Services	<u>45,000</u>	<u>(6,502)</u>	<u>38,498</u>	<u>9,027</u>	<u>29,471</u>
Total Speech, OT/PT and Related Serv.	<u>899,474</u>	<u>-</u>	<u>899,474</u>	<u>754,643</u>	<u>144,831</u>
Other Supp. Serv. - Extra					
Purchased Professional / Educational Services	<u>357,287</u>	<u>-</u>	<u>357,287</u>	<u>215,190</u>	<u>142,097</u>
Total Other Supp. Serv. - Extra	<u>357,287</u>	<u>-</u>	<u>357,287</u>	<u>215,190</u>	<u>142,097</u>
Guidance					
Salaries of Other Professional Staff	1,113,402	1	1,113,403	1,075,168	38,235
Salaries of Secretarial & Clerical Assistants	180,375	-	180,375	142,082	38,293
Other Purchased Services	2,000	-	2,000	450	1,550
Supplies and Materials	27,175	4,219	31,394	20,293	11,101
Other Objects	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total Guidance	<u>1,323,002</u>	<u>4,220</u>	<u>1,327,222</u>	<u>1,237,993</u>	<u>89,229</u>

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Child Study Teams					
Salaries of Other Professional Staff	\$ 1,207,358	\$ (13,000)	\$ 1,194,358	\$ 1,114,703	\$ 79,655
Salaries of Secretarial & Clerical Assistants	114,924	-	114,924	114,852	72
Purchased Professional- Educat. Services	18,000	15,750	33,750	33,750	-
Miscellaneous Purchased Services	7,000	(2,750)	4,250	1,604	2,646
Supplies and Materials	14,900	1,874	16,774	13,512	3,262
Other Objects	450	-	450	270	180
Total Child Study Teams	<u>1,362,632</u>	<u>1,874</u>	<u>1,364,506</u>	<u>1,278,691</u>	<u>85,815</u>
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	715,408	(2,000)	713,408	542,018	171,390
Salaries of Other Professional Staff	11,000	2,000	13,000	13,000	-
Other Salaries	172,728	-	172,728	152,387	20,341
Salaries of Master Teachers	501,672	-	501,672	473,720	27,952
Purchased Professional - Educational Services	17,500	-	17,500	10,026	7,474
Supplies and Materials	20,300	5,000	25,300	18,174	7,126
Total Improvement of Instruction Services	<u>1,438,608</u>	<u>5,000</u>	<u>1,443,608</u>	<u>1,209,325</u>	<u>234,283</u>
Educational Media/School Library					
Salaries	979,215	-	979,215	968,802	10,413
Other Purchased Services	-	500	500	400	100
Supplies and Materials	219,734	2,243	221,977	205,919	16,058
Total Educational Media/School Library	<u>1,198,949</u>	<u>2,743</u>	<u>1,201,692</u>	<u>1,175,121</u>	<u>26,571</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	2,500	20,460	22,960	22,960	-
Other Objects	62,575	(35,733)	26,842	21,724	5,118
Total Instructional Staff Training Services	<u>65,075</u>	<u>(15,273)</u>	<u>49,802</u>	<u>44,684</u>	<u>5,118</u>
Support Services General Administration					
Salaries	636,740	8,623	645,363	645,363	-
Legal Services	225,000	15,865	240,865	240,694	171
Audit Fees	70,000	(16,802)	53,198	15,998	37,200
Other Purchased Professional Services	20,000	14,190	34,190	32,351	1,839
Communications/Telephone	130,000	(15,773)	114,227	109,462	4,765
BOE Other Purchased Services	18,000	(7,777)	10,223	8,544	1,679
Miscellaneous Purchased Services	126,500	8,027	134,527	134,527	-
General Supplies	5,000	(132)	4,868	3,091	1,777
BOE In-House Training/Meeting Supplies	150	(150)	-	-	-
BOE Membership Dues and Fees	48,000	(11,169)	36,831	36,831	-
Total Support Services General Administration	<u>1,279,390</u>	<u>(5,098)</u>	<u>1,274,292</u>	<u>1,226,861</u>	<u>47,431</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,771,824	(9,979)	1,761,845	1,761,845	-
Salaries of Other Professional Staff	383,966	4,353	388,319	388,319	-
Salaries of Secretarial and Clerical Assistants	853,378	36,002	889,380	889,380	-
Other Purchased Services	41,000	(27,132)	13,868	13,868	-
General Supplies	3,000	(3,000)	-	-	-
Other Objects	28,500	(2,010)	26,490	26,403	87
Total Support Services School Administration	<u>3,081,668</u>	<u>(1,766)</u>	<u>3,079,902</u>	<u>3,079,815</u>	<u>87</u>

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 1,009,080	\$ 9,512	\$ 1,018,592	\$ 1,018,592	
Miscellaneous Purchased Services	9,500	(3,926)	5,574	5,574	
Supplies and Materials	31,000	(2,663)	28,337	27,873	\$ 464
Interest on Lease Purchase Agreements	50,745	(29,602)	21,143		21,143
Miscellaneous Expenditures	76,750	9,343	86,093	86,079	14
Total Central Services	<u>1,177,075</u>	<u>(17,336)</u>	<u>1,159,739</u>	<u>1,138,118</u>	<u>21,621</u>
Admin. Info. Tech.					
Salaries	184,755	-	184,755	184,045	710
Other Purchased Services	4,500	-	4,500	1,714	2,786
Total Admin. Info. Tech.	<u>189,255</u>	<u>-</u>	<u>189,255</u>	<u>185,759</u>	<u>3,496</u>
Required Maintenance for School Facilities					
Salaries	986,030	-	986,030	977,463	8,567
Cleaning, Repair and Maintenance Services	264,135	48,020	312,155	298,879	13,276
Cleaning, Repair and Maintenance Services (Non-Budget)				400,744	(400,744)
Travel		3,600	3,600	1,952	1,648
General Supplies	242,179	26,394	268,573	268,219	354
Other Objects	-	1,236	1,236	1,236	-
Total Required Maintenance for School Facilities	<u>1,492,344</u>	<u>79,250</u>	<u>1,571,594</u>	<u>1,948,493</u>	<u>(376,899)</u>
Custodial Services					
Salaries	2,251,290	(39,059)	2,212,231	2,211,693	538
Purchased Professional & Technical Services	74,034	82,126	156,160	143,450	12,710
Cleaning, Repair and Maintenance Services	49,233	9,767	59,000	53,007	5,993
Other Purchased Property Services	68,000	28,011	96,011	91,794	4,217
Insurance	530,303	95,394	625,697	625,698	(1)
General Supplies	190,840	400	191,240	191,182	58
Energy (Natural Gas)	265,000	88,663	353,663	345,900	7,763
Energy (Electricity)	536,000	-	536,000	496,302	39,698
Other Objects	36,000	(400)	35,600	35,600	-
Total Custodial Services	<u>4,000,700</u>	<u>264,902</u>	<u>4,265,602</u>	<u>4,194,626</u>	<u>70,976</u>
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	34,959	-	34,959	7,116	27,843
General Supplies	26,600	-	26,600	26,600	-
Total Care & Upkeep of Grounds	<u>61,559</u>	<u>-</u>	<u>61,559</u>	<u>33,716</u>	<u>27,843</u>

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Security					
Salaries	\$ 171,550		\$ 171,550	170,916	\$ 634
Other Objects	15,000	-	15,000	4,841	10,159
Total Security	<u>186,550</u>	<u>-</u>	<u>186,550</u>	<u>175,757</u>	<u>10,793</u>
Student Transportation Services					
Salaries for Pupil Transport (Between Home and School)- Spec. Ed.	75,302	-	75,302	27,604	47,698
Cleaning, Repair, & Maint. Services	6,545	\$ (715)	5,830	2,148	3,682
Contracted Services (Oth. Than Bet. Home & Sch)- Vendors	262,861	47,562	310,423	276,821	33,602
Contracted Services (Special Ed. Students) - Vendors	9,115	4,959	14,074	11,556	2,518
Contracted Services (Reg. Students) - ESCs & CTSA's	79,899	(13,104)	66,795	66,027	768
Contracted Services (Special Ed. Students) - ESCs & CTSA's	632,391	103,062	735,453	686,243	49,210
Miscellaneous Purchased Services - Transportation	275	-	275	265	10
General Supplies	16,115	-	16,115	16,115	-
Total Student Transportation Services	<u>1,082,503</u>	<u>141,764</u>	<u>1,224,267</u>	<u>1,086,779</u>	<u>137,488</u>
Unallocated Benefits- Employee Benefits					
Social Security Contributions	1,138,030	-	1,138,030	1,048,415	89,615
Other Retirement Contributions - PERS	1,369,901	-	1,369,901	1,331,706	38,195
Other Retirement Contributions - Regular	35,000	-	35,000	32,501	2,499
Workmen's Compensation	433,228	(42,976)	390,252	352,580	37,672
Health Benefits	10,819,702	(265,423)	10,554,279	10,040,492	513,787
Tuition Reimbursement	110,000	-	110,000	82,205	27,795
Other Employee Benefits	251,750	-	251,750	244,156	7,594
Total Unallocated Benefits	<u>14,157,611</u>	<u>(308,399)</u>	<u>13,849,212</u>	<u>13,132,055</u>	<u>717,157</u>
Reimbursed TPAF Pension Contributions- (Non-Budgeted)					
Normal Costs				12,932,109	(12,932,109)
NCGI Premium				182,454	(182,454)
Post-Retirement Medical Contribution				3,064,092	(3,064,092)
Long Term Disability				5,514	(5,514)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	<u>2,561,233</u>	<u>(2,561,233)</u>
Total Undistributed Expenditures	<u>36,131,254</u>	<u>43,950</u>	<u>36,175,204</u>	<u>53,318,314</u>	<u>(17,143,110)</u>
Total Current Expenditures	<u>73,839,031</u>	<u>134,834</u>	<u>73,973,865</u>	<u>89,696,604</u>	<u>(15,722,739)</u>
CAPITAL OUTLAY					
Equipment					
Grades 1-5		270,136	270,136	268,267	1,869
Grades 6-8		44,964	44,964	44,964	-
Grades 9-12		194,319	194,319	194,319	-
Undistributed					
Instruction	112,550	36,414	148,964	139,554	9,410
Capital Financing Agreements (Non-Budget)				841,955	(841,955)
General Administration		9,229	9,229	9,022	207
Custodial Services		40,119	40,119	40,119	-
Required Maintenance of School Facilities	11,208	(6,000)	5,208	-	5,208
Total Equipment	<u>123,758</u>	<u>589,181</u>	<u>712,939</u>	<u>1,538,200</u>	<u>(825,261)</u>

**SUMMIT PUBLIC SCHOOLS
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CAPITAL OUTLAY (Continued)					
Facilities Acquisition and Construction Services					
Other Purchased Professional Services		\$ 177,850	\$ 177,850	\$ 136,898	\$ 40,952
Construction Services	\$ 489,571	47,069	536,640	503,586	33,054
Capital Financing Agreements - Principal	179,544	12,305	191,849	179,146	12,703
Assessment for Debt Service on SDA Funding	35,021	-	35,021	35,021	-
Total Facilities Acq. And Construction Services	704,136	237,224	941,360	854,651	86,709
Total Capital Outlay	827,894	826,405	1,654,299	2,392,851	(738,552)
Transfer Funds To Charter School	51,859	-	51,859	51,859	-
Total General Fund	74,718,784	961,239	75,680,023	92,141,314	(16,461,291)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(2,002,742)	(961,239)	(2,963,981)	(109,190)	2,854,791
Other Financing Sources					
Insurance Proceeds				407,750	407,750
Capital Financing Agreements (Non-Budget)				841,955	841,955
Other Financing Agreements (Non-Budget)				173,156	173,156
Transfer In	-	-	-	14,393	14,393
Total Other Financing Sources (Uses)	-	-	-	1,437,254	1,437,254
Net Increase in Fund Balance	(2,002,742)	(961,239)	(2,963,981)	1,328,064	4,292,045
Fund Balance, Beginning of Year	11,826,768	-	11,826,768	11,826,768	-
Fund Balance, End of Year	\$ 9,824,026	\$ (961,239)	\$ 8,862,787	\$ 13,154,832	\$ 4,292,045
Recapitulation of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 3,311,762	
Capital Reserve- Designated for Subsequent Year's Expenditures				1,734,491	
Maintenance Reserve				894,563	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				155,420	
Emergency Reserve				151	
Reserve for Excess Surplus				524,742	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				1,200,000	
Unemployment Compensation Reserve				508,907	
Committed Fund Balance:					
Year-end Encumbrances				88,008	
Assigned Fund Balance:					
Year-end Encumbrances				59,793	
Designated for Subsequent Year's Expenditures				1,300,000	
Unassigned Fund Balance					
				3,376,995	
				13,154,832	
Reconciliation to Governmental Fund Statements (GAAP)					
Less: Delayed State Aid/Extraordinary Aid				1,043,205	
Fund Balances per Governmental Funds (GAAP)				\$ 12,111,627	

**SUMMIT PUBLIC SCHOOLS
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES					
Intergovernmental					
State	\$ 165,806	\$ 382,774	\$ 548,580	\$ 348,998	\$ (199,582)
Federal	749,220	5,419,848	6,169,068	4,756,933	(1,412,135)
Local Sources					
Miscellaneous	-	1,148,270	1,148,270	1,346,189	197,919
Total Revenues	<u>915,026</u>	<u>6,950,892</u>	<u>7,865,918</u>	<u>6,452,120</u>	<u>(1,413,798)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	212,109	735,026	947,135	554,029	393,106
Purchased Professional Services		27,911	27,911	-	27,911
Purchased Professional/Educational Services	87,387	281,612	368,999	224,697	144,302
Other Purchased Services		29,328	29,328	15,037	14,291
Tuition	500,269	45,831	546,100	542,693	3,407
General Supplies	29,380	932,400	961,780	509,667	452,113
Textbooks	14,355	48,246	62,601	24,542	38,059
Other Objects	1,009	10,770	11,779	270	11,509
Student Activities (Non-Budget)	-	-	-	565,181	(565,181)
Total Instruction	<u>844,509</u>	<u>2,111,124</u>	<u>2,955,633</u>	<u>2,436,116</u>	<u>519,517</u>
Support Services					
Salaries of Other Professional Staff		6,897	6,897	6,897	-
Personal Services-Employee Benefits	9,126	95,565	104,691	89,989	14,702
Purchased Professional Services		1,325,712	1,325,712	506,628	819,084
Purchased Professional/Educational Services	31,657	182,067	213,724	189,571	24,153
Purchased Professional/Tech Services	27,453	7,997	35,450	35,420	30
Other Purchased Services	2,281	232,343	234,624	219,302	15,322
Supplies and Materials		196,698	196,698	85,117	111,581
Other Objects		600	600	528	72
Scholarship Awards (Non-Budget)	-	-	-	86,623	(86,623)
Total Support Services	<u>70,517</u>	<u>2,047,879</u>	<u>2,118,396</u>	<u>1,220,075</u>	<u>898,321</u>
Facilities Acquisition and Construction					
Non-Instructional Equipment		102,495	102,495	52,734	49,761
Instructional Equipment	-	15,946	15,946	8,045	7,901
Construction Services	-	2,673,448	2,673,448	2,673,448	-
Total Facilities Acq. & Construction	<u>-</u>	<u>2,791,889</u>	<u>2,791,889</u>	<u>2,734,227</u>	<u>57,662</u>
Total Expenditures	<u>915,026</u>	<u>6,950,892</u>	<u>7,865,918</u>	<u>6,390,418</u>	<u>1,475,500</u>
Excess of Revenues Over Expenditures	-	-	-	61,702	61,702
Fund Balance, Beginning of Year	536,705	-	536,705	536,705	-
Fund Balance, End of Year	<u>\$ 536,705</u>	<u>\$ -</u>	<u>\$ 536,705</u>	<u>\$ 598,407</u>	<u>\$ 61,702</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Student Activities and Athletics				\$ 424,033	
Scholarships				174,374	
				<u>\$ 598,407</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, 2022**

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

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

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

	General Fund <u>C-1</u>		Special Revenue Fund <u>C-2</u>
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 92,032,124	(C-2)	\$ 6,452,120
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, 2021, Net			370,704
Encumbrances - June 30, 2022			(1,286,712)
State Aid and Extraordinary Aid payments (2020/2021) recognized for GAAP purposes not recognized for Budgetary statements	1,218,665		
State Aid and Extraordinary Aid payments (2021/2022) recognized for budgetary purposes not recognized for GAAP statements	<u>(1,043,205)</u>		<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	(B-2) <u>\$ 92,207,584</u>	(B-2)	<u>\$ 5,536,112</u>
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) <u>\$ 92,141,314</u>	(C-2)	<u>\$ 6,390,418</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, 2021, Net			\$ 370,704
June 30, 2022	<u>-</u>		<u>(1,286,712)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	(B-2) <u>\$ 92,141,314</u>	(B-2)	<u>\$ 5,474,410</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 Nine Fiscal Years*

	<u>2022</u>	<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)	0.11371 %	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)	\$ 13,470,955	\$ 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	\$ 8,152,687	\$ 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	165.23%	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	70.33%	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 Nine Fiscal Years*

	<u>2022</u>	<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	\$ 1,331,706	\$ 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>1,331,706</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 8,400,518	\$ 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	15.85%	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 Nine Fiscal Years*

	<u>2022</u>	<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>\$ 146,649,222</u>	<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>\$ 146,649,222</u>	<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	\$ 35,285,551	\$ 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	35.52%	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, 2022**

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 Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 9,304,264	\$ 5,159,370	\$ 4,900,906	\$ (2,284,679)	\$ 6,737,252
Interest on Total OPEB Liability	3,942,708	3,735,815	4,409,920	3,815,904	4,096,419
Changes of Benefit Terms	(161,772)				
Differences Between Expected and Actual Experience	(27,852,070)	29,597,900	(15,350,981)		
Changes of Assumptions	149,947	30,981,752	1,535,701	(14,607,891)	(17,155,688)
Gross Benefit Payments	(3,105,750)	(2,952,755)	(3,161,716)	(6,445,440)	(3,347,116)
Contribution from the Member	100,796	89,498	93,722	237,337	123,249
Net Change in Total OPEB Liability	(17,621,877)	66,611,580	(7,572,448)	(19,284,769)	(9,545,884)
Total OPEB Liability - Beginning	169,609,087	102,997,507	110,569,955	129,854,724	139,400,608
Total OPEB Liability - Ending	\$ 151,987,210	\$ 169,609,087	\$ 102,997,507	\$ 110,569,955	\$ 129,854,724
District's Proportionate Share of OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of OPEB Liability	151,987,210	169,609,087	102,997,507	110,569,955	129,854,724
Total OPEB Liability - Ending	\$ 151,987,210	\$ 169,609,087	\$ 102,997,507	\$ 110,569,955	\$ 129,854,724
District's Covered-Employee Payroll	\$ 43,438,238	\$ 41,969,937	\$ 40,992,850	\$ 41,177,287	\$ 40,555,715
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%	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, 2022**

Changes in Benefit Terms:	None.
Changes of Assumptions	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, 2022**

	<u>EXHIBIT E-1A</u>	<u>EXHIBIT E-1B</u>	<u>EXHIBIT E-1C</u>	<u>Total</u>
REVENUES				
Intergovernmental				
State		\$ 220,017	\$ 128,981	\$ 348,998
Federal	\$ 2,367,458	2,389,475		4,756,933
Local Sources				
Miscellaneous	-	-	1,346,189	1,346,189
Total Revenues	<u>\$ 2,367,458</u>	<u>\$ 2,609,492</u>	<u>\$ 1,475,170</u>	<u>\$ 6,452,120</u>
EXPENDITURES				
Instruction				
Salaries of Teachers	\$ 368,484	\$ 95,174	\$ 90,371	\$ 554,029
Purchased Professional/Ed Services		178,997	45,700	224,697
Tuition		542,693		542,693
Other Purchased Services	15,037			15,037
General Supplies	7,937	70,528	431,202	509,667
Textbooks		24,542		24,542
Other Objects	270			270
Student Activities/Athletics	-	-	565,181	565,181
Total Instruction	<u>391,728</u>	<u>911,934</u>	<u>1,132,454</u>	<u>2,436,116</u>
Support Services				
Salaries of Other Professional Staff		6,897		6,897
Personal Services-Employee Benefits	81,516	8,473		89,989
Purchased Professional Services	78,677	427,951		506,628
Purchased Professional/Educational Services		55,959	133,612	189,571
Purchased Professional/Tech Services		35,420	-	35,420
Other Purchased Services	5,526	213,776	-	219,302
Supplies and Materials	-	85,117		85,117
Other Objects		528		528
Scholarship Awards	-	-	86,623	86,623
Total Support Services	<u>165,719</u>	<u>834,121</u>	<u>220,235</u>	<u>1,220,075</u>
Facilities Acquisition and Construction				
Non-Instructional Equipment			52,734	52,734
Instructional Equipment			8,045	8,045
Construction Services	1,810,011	863,437	-	2,673,448
Total Facilities Acq. & Construction	<u>1,810,011</u>	<u>863,437</u>	<u>60,779</u>	<u>2,734,227</u>
Total Expenditures	<u>2,367,458</u>	<u>2,609,492</u>	<u>1,413,468</u>	<u>6,390,418</u>
Excess of Revenues Over Expenditures			61,702	61,702
Fund Balance, Beginning of Year	-	-	536,705	536,705
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 598,407</u>	<u>\$ 598,407</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, 2022**

	<u>ESEA</u>				<u>AMERICAN RESCUE PLAN (ARP)</u>		<u>Subtotal E-1A</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>ESSER</u>	<u>Accelerated Learning Coaching and Educator Support Grant</u>	
REVENUES							
Intergovernmental							
Federal	\$ 386,048	\$ 61,728	\$ 36,858	\$ 2,813	\$ 1,810,011	\$ 70,000	\$ 2,367,458
Total Revenues	<u>\$ 386,048</u>	<u>\$ 61,728</u>	<u>\$ 36,858</u>	<u>\$ 2,813</u>	<u>\$ 1,810,011</u>	<u>\$ 70,000</u>	<u>\$ 2,367,458</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 307,315	\$ 33,315	\$ 25,241	\$ 2,613			\$ 368,484
Purchased Professional Services							-
Other Purchased Services	15,037						15,037
General Supplies	3,866		4,071				7,937
Other Objects	-	-	270	-	-	-	270
Total Instruction	<u>326,218</u>	<u>33,315</u>	<u>29,582</u>	<u>2,613</u>	<u>-</u>	<u>-</u>	<u>391,728</u>
Support Services							
Personal Services-Employee Benefits	59,830	19,736	1,750	200			81,516
Purchased Professional Services		8,677				\$ 70,000	78,677
Other Purchased Services			5,526				5,526
Supplies and Materials	-	-	-	-	-	-	-
Total Support Services	<u>59,830</u>	<u>28,413</u>	<u>7,276</u>	<u>200</u>	<u>-</u>	<u>70,000</u>	<u>165,719</u>
Facilities Acquisition and Construction							
Construction Services	-	-	-	-	\$ 1,810,011	-	1,810,011
Total Facilities Acq. & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,810,011</u>	<u>-</u>	<u>1,810,011</u>
Total Expenditures	<u>386,048</u>	<u>61,728</u>	<u>36,858</u>	<u>2,813</u>	<u>1,810,011</u>	<u>70,000</u>	<u>2,367,458</u>
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

SUMMIT PUBLIC SCHOOLS
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CARES Act	CRRSA - ESSER II			IDEA Part B Basic	ARP		IDEA Preschool	Non-Public				Subtotal E-1B	
		ESSER II	Learning Accreditation	Mental Health		IDEA Part B Basic	IDEA Preschool		Technology	Textbooks	Nursing	Security		
REVENUES														
Intergovernmental														
State									\$ 16,478	\$ 24,542	\$ 35,522	\$ 143,475	\$ 220,017	
Federal	\$ 128,368	\$ 909,785	\$ 56,912	\$ 6,724	\$ 1,019,965	\$ 211,762	\$ 34,932	\$ 21,027	-	-	-	-	2,389,475	
Total Revenues	128,368	909,785	56,912	6,724	1,019,965	211,762	34,932	21,027	16,478	24,542	35,522	143,475	2,609,492	
EXPENDITURES														
Instruction														
Salaries of Teachers		\$ 42,373	\$ 44,507	\$ 3,692	\$ 4,602								\$ 95,174	
Purchased Professional-Ed Services											\$ 35,522	\$ 143,475	178,997	
Tuition					542,693								542,693	
General Supplies					54,050				\$ 16,478				70,528	
Textbooks	-	-	-	-	-	-	-	-	-	\$ 24,542	-	-	24,542	
Total Instruction	-	42,373	44,507	3,692	601,345	-	-	-	16,478	24,542	35,522	143,475	911,934	
Support Services														
Salaries Other Professional Staff					6,897								6,897	
Personal Services-Employee Benefits		3,975	3,405	282	811								8,473	
Purchased Professional Services	\$ 128,368		9,000	2,750	287,833								427,951	
Purchased Professional-Ed Services							\$ 34,932	\$ 21,027					55,959	
Purchased Professional/Tech Services					35,420								35,420	
Other Purchased Services					2,014	\$ 211,762							213,776	
Supplies and Materials					85,117								85,117	
Other Objects	-	-	-	-	528	-	-	-	-	-	-	-	528	
Total Support Services	128,368	3,975	12,405	3,032	418,620	211,762	34,932	21,027	-	-	-	-	834,121	
Facilities Acquisition and Construction														
Construction Services	-	863,437	-	-	-	-	-	-	-	-	-	-	863,437	
Total Facilities Acq. & Construction	-	863,437	-	-	-	-	-	-	-	-	-	-	863,437	
Total Expenditures	128,368	909,785	56,912	6,724	1,019,965	211,762	34,932	21,027	16,478	24,542	35,522	143,475	2,609,492	
Excess of Revenues Over Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

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, 2022

	<u>Non Public Chapter 192/193</u>								
	<u>Compensatory Services</u>	<u>Home Instruction</u>	<u>Supplemental Instruction</u>	<u>Examination & Classification</u>	<u>Corrective Speech</u>	<u>Student Activities/ Athletics</u>	<u>Scholarship</u>	<u>Various Other Local Grants</u>	<u>Subtotal E-1C</u>
REVENUES									
Intergovernmental									
State	\$ 4,389	\$ 718	\$ 37,087	\$ 70,884	\$ 15,903				\$ 128,981
Miscellaneous- Local	-	-	-	-	-	\$ 648,143	\$ 65,363	\$ 632,683	1,346,189
Total Revenues	\$ 4,389	\$ 718	\$ 37,087	\$ 70,884	\$ 15,903	\$ 648,143	\$ 65,363	\$ 632,683	\$ 1,475,170
EXPENDITURES									
Instruction									
Salaries of Teachers								\$ 90,371	\$ 90,371
Purchased Professional-Ed Services								45,700	45,700
General Supplies	-	-	-	-	-			431,202	431,202
Student Activities and Athletics	-	-	-	-	-	\$ 565,181	-	-	565,181
Total Instruction	-	-	-	-	-	565,181	-	567,273	1,132,454
Support Services									
Purchased Professional-Ed Services	\$ 4,389	\$ 718	\$ 37,087	\$ 70,884	\$ 15,903			4,631	133,612
Purchased Professional/Tech Services									-
Other Purchased Services									-
Scholarship Awards	-	-	-	-	-	-	\$ 86,623	-	86,623
Total Support Services	4,389	718	37,087	70,884	15,903	-	86,623	4,631	220,235
Facilities Acquisition and Construction									
Non-Instructional Equipment								52,734	52,734
Instructional Equipment	-	-	-	-	-	-	-	8,045	8,045
Total Facilities Acq. & Construction	-	-	-	-	-	-	-	60,779	60,779
Total Expenditures	4,389	718	37,087	70,884	15,903	565,181	86,623	632,683	1,413,468
Excess of Revenues Over Expenditures	-	-	-	-	-	82,962	(21,260)	-	61,702
Fund Balance, Beginning of Year	-	-	-	-	-	341,071	195,634	-	536,705
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,033	\$ 174,374	\$ -	\$ 598,407

**SUMMIT PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**SUMMIT PUBLIC SCHOOLS
SPECIAL REVENUE FUND
SCHEDULE OF STUDENT ACTIVITIES RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>School</u>	<u>Balance July 1, 2021</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2022</u>
ELEMENTARY SCHOOLS				
Brayton	\$ 12,712	\$ 13,640	\$ 12,468	\$ 13,884
Franklin	2,787	3,350	2,062	4,075
Wilson Primary Center	1,295	880	550	1,625
Jefferson	19,997	16,279	12,187	24,089
Lincoln - Hubbard	3,853	667	2,600	1,920
Washington	10,317	1,804	6,000	6,121
Jefferson Primary Center	1,265	700	336	1,629
JUNIOR HIGH SCHOOLS				
Lawton C Johnson Middle School	100,458	232,252	190,137	142,573
SENIOR HIGH SCHOOL				
Summit High School	188,387	259,456	219,726	228,117
ATHLETICS				
High School Athletics	-	119,115	119,115	-
Total	<u>\$ 341,071</u>	<u>\$ 648,143</u>	<u>\$ 565,181</u>	<u>\$ 424,033</u>

CAPITAL PROJECTS FUND

SUMMIT PUBLIC SCHOOLS
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfer Out</u>	<u>Unexpended Appropriations June 30, 2022</u>
			<u>Prior Years</u>	<u>Current Year</u>		
<u>Local Projects-</u>						
∞ 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>	<u>\$ -</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, 2022**

Expenditures and Other	
Financing Uses	
Transfer to General Fund - Capital Reserve	<u>\$ 14,393</u>
Total Expenditures	<u>14,393</u>
Excess (Deficit) of Revenues over (under) Expenditures	(14,393)
Fund Balance, Beginning of Year	<u>\$ 14,393</u>
Fund Balance, End of Year - Budgetary Basis	<u><u>\$ -</u></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, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 1,279,679	-	\$ 1,279,679	\$ 1,279,679
Total Revenues	<u>1,279,679</u>	<u>-</u>	<u>1,279,679</u>	<u>1,279,679</u>
Expenditures and Other Financing Uses				
Other Purchased and Technical Services (390)	61,625		61,625	63,000
Construction Services (450)	1,203,661		1,203,661	1,216,679
Transfer to Capital Reserve		\$ 14,393	14,393	
Total Expenditures	<u>1,265,286</u>	<u>14,393</u>	<u>1,279,679</u>	<u>1,279,679</u>
Excess (deficiency) or Revenues over (under) Expenditures	<u>\$ 14,393</u>	<u>\$ (14,393)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,279,679			
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, 2022**

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, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022**

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, 2022**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2022

NOT APPLICABLE

LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER OTHER AND CAPITAL FINANCING AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<u>Purpose</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
<u>Other Financing Agreement</u>						
Technology Equipment	\$ 173,156	3.50%	-	\$ 173,156	-	\$ 173,156
			<u>\$ -</u>	<u>\$ 173,156</u>	<u>\$ -</u>	<u>\$ 173,156</u>
<u>Capital Financing Agreement</u>						
Copiers	\$ 659,093	4.25%	\$ 347,011		\$ 134,404	\$ 212,607
Copiers	445,831	2.97%		\$ 445,831	13,820	432,011
Copiers	396,124	2.95%		396,124	12,281	383,843
Technology Equipment	810,000	3.45%	658,799	-	156,417	502,382
			<u>\$ 1,005,810</u>	<u>\$ 841,955</u>	<u>\$ 316,922</u>	<u>\$ 1,530,843</u>

LONG TERM DEBT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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,									
	2013	2014 (1)	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Investment In Capital Assets	\$ 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	\$ 77,364,681
Restricted	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	7,203,550
Unrestricted	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)	(16,669,189)
Total Governmental Activities Net Position	\$ 66,526,576	\$ 52,399,766	\$ 63,013,871	\$ 65,354,956	\$ 61,917,065	\$ 60,380,131	\$ 59,641,231	\$ 61,946,396	\$ 63,296,317	\$ 67,899,042
Business-Type Activities										
Investment In Capital Assets	\$ 315,636	\$ 345,388	\$ 342,331	\$ 431,646	\$ 422,196	\$ 425,106	\$ 420,873	\$ 419,843	\$ 388,942	\$ 355,463
Restricted										
Unrestricted	553,282	595,915	619,349	538,729	642,158	89,816	180,719	120,563	5,974	217,133
Total Business-Type Activities Net Position	\$ 868,918	\$ 941,303	\$ 961,680	\$ 970,375	\$ 1,064,354	\$ 514,922	\$ 601,592	\$ 540,406	\$ 394,916	\$ 572,596
District-Wide										
Investment In Capital Assets	\$ 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	\$ 77,720,144
Restricted	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	7,203,550
Unrestricted	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)	(16,452,056)
Total District Net Position	\$ 67,395,494	\$ 53,340,069	\$ 63,975,551	\$ 66,325,331	\$ 62,981,419	\$ 60,895,053	\$ 60,242,823	\$ 62,486,802	\$ 63,691,233	\$ 68,471,638

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 42,588,519
Special Education	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	14,350,436
Other Instruction	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	3,229,015
School Sponsored Activities & Athletics	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	2,644,218
Support Services:										
Student and Instruction Related Services	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	11,119,144
Health Services	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	1,598,382	1,509,632	1,703,893	1,912,289	1,980,111	1,950,316	1,861,673			
General Administrative Services	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	1,714,368
School Administrative Services	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	4,816,218
Plant Operations And Maintenance	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	7,935,912
Pupil Transportation	732,508	704,629	783,899	887,653	1,052,710	958,686	1,054,288	868,786	798,570	1,098,160
Central Services	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	1,810,828
Interest and Other Charges	35,021	35,021	35,021	35,021	35,021	35,021	48,503	23,089	45,682	39,016
Charter Schools										
Total Governmental Activities Expenses	<u>69,506,629</u>	<u>69,609,256</u>	<u>79,902,809</u>	<u>86,236,966</u>	<u>95,716,336</u>	<u>97,049,695</u>	<u>91,321,947</u>	<u>87,972,138</u>	<u>98,103,889</u>	<u>91,345,834</u>
Business-Type Activities:										
Food Service	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	1,840,735
Summer Flash Program	167,250	243,187	245,984	246,620	242,630	229,284	252,357	253,019	113,851	82,242
Transfers						605,000				
Total Business-Type Activities	<u>1,825,607</u>	<u>2,013,425</u>	<u>1,987,222</u>	<u>2,015,532</u>	<u>2,032,968</u>	<u>2,620,134</u>	<u>2,010,151</u>	<u>1,733,307</u>	<u>1,080,058</u>	<u>1,922,977</u>
Total District-Wide Expenses	<u>\$ 71,332,236</u>	<u>\$ 71,622,681</u>	<u>\$ 81,890,031</u>	<u>\$ 88,252,498</u>	<u>\$ 97,749,304</u>	<u>\$ 99,669,829</u>	<u>\$ 93,332,098</u>	<u>\$ 89,705,445</u>	<u>\$ 99,183,947</u>	<u>\$ 93,268,811</u>
Program Revenues										
Governmental Activities:										
Charges for Services	\$ 309,373	\$ 324,367	\$ 679,483	\$ 1,149,840	\$ 1,129,474	\$ 1,039,603	\$ 921,335	\$ 327,266	\$ 521,053	\$ 479,806
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	2,102,919
Operating Grants And Contributions	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	24,654,604
Total Governmental Activities Program Revenues	<u>11,692,489</u>	<u>13,070,305</u>	<u>29,609,678</u>	<u>26,355,432</u>	<u>28,823,278</u>	<u>31,287,741</u>	<u>26,100,270</u>	<u>23,151,221</u>	<u>32,371,134</u>	<u>27,237,329</u>
Business-Type Activities:										
Charges For Services										
Food Service	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	475,898
Summer Flash Program	221,394	253,252	224,904	222,380	280,340	274,139	260,632	229,596	80,995	83,765
Operating Grants And Contributions	342,970	388,211	370,406	401,461	429,897	408,049	381,724	367,285	824,791	1,540,994
Total Business Type Activities Program Revenues	<u>1,933,466</u>	<u>2,084,810</u>	<u>2,008,599</u>	<u>2,024,227</u>	<u>2,126,947</u>	<u>2,070,702</u>	<u>2,096,821</u>	<u>1,672,121</u>	<u>934,568</u>	<u>2,100,657</u>
Total District-Wide Program Revenues	<u>\$ 13,625,955</u>	<u>\$ 15,155,115</u>	<u>\$ 31,618,277</u>	<u>\$ 28,379,659</u>	<u>\$ 30,950,225</u>	<u>\$ 33,358,443</u>	<u>\$ 28,197,091</u>	<u>\$ 24,823,342</u>	<u>\$ 33,305,702</u>	<u>\$ 29,337,986</u>

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (64,108,505)
Business-Type Activities	107,859	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)	177,680
Total District-Wide Net Expense	<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>	<u>\$ (63,930,825)</u>
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Taxes:										
Property Taxes Levied For General Purposes	\$ 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	\$ 68,506,754
State Aid not Restricted				72,410	82,938	119,435	119,912			
Miscellaneous Income	258,660	358,841	263,151	160,620	405,305	371,703	366,514	471,341	210,035	204,476
Transfers							605,000			
Donated Capital Assets								21,000		-
Loss on Disposal of Assets					(30,319)	(4,860)	(20,400)			
Total Governmental Activities	<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>	<u>68,711,230</u>
Total District-Wide General Revenues	<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>	<u>\$ 68,711,230</u>
Change in Net Position										
Governmental Activities	\$ 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	\$ 4,602,725
Business-Type Activities	107,859	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)	177,680
Total District-Wide Change in Net Position	<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>	<u>\$ 4,780,405</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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Restricted	\$ 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	\$ 8,330,036
Committed								606,676	155,387	88,008
Assigned	242,468	795,118	801,906	470,376	190,483	248,496	627,216	953,543	739,571	1,359,793
Unassigned	883,996	958,106	924,198	957,397	944,299	959,194	924,530	869,507	2,338,129	2,333,790
Total General Fund	<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>	<u>12,111,627</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	598,407
Capital Projects Fund						922,190	818,036	14,393	14,393	-
Total All Other Governmental Funds	<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>	<u>598,407</u>
Total Fund Balances	<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>	<u>\$ 12,710,034</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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Levy	\$ 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	\$ 68,506,754
Tuition Charges		324,367	679,483	1,149,840	1,129,474	1,010,265	921,335	290,943	487,525	454,505
Miscellaneous	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	1,811,385
State Sources	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	23,408,391
Federal Sources	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	3,562,661
Total Revenue	71,425,627	73,846,428	83,462,126	78,832,581	77,280,498	79,581,321	82,057,527	83,940,748	88,829,596	97,743,696
Expenditures										
Instruction										
Regular Instruction	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	44,076,813
Special Education Instruction	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	14,613,266
Other Instruction	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	3,327,999
School Sponsored Activities & Athletics	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	2,649,413
Support Services:										
Student & Inst. Related Services	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	11,264,934
Health Services	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	1,563,319	1,473,003	1,495,298	1,567,866	1,515,656	1,572,720	1,625,692			
General Administrative Services	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	1,746,915
School Administrative Services	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	4,912,458
Plant Operations And Maintenance	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	7,893,867
Pupil Transportation	730,431	701,411	780,334	782,285	980,021	950,688	1,050,493	865,735	792,624	1,097,765
Central Services	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	1,802,503
Debt Service										
Principal							59,796	123,467	280,020	316,922
Interest and Other Charges	35,021	35,021	35,021	35,021	35,021	35,021	48,503	23,089	45,682	39,016
Capital Outlay	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	3,873,853
Total Expenditures	70,406,352	72,198,502	85,509,244	78,513,218	76,750,810	79,963,261	82,618,250	82,229,138	88,498,083	97,615,724
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	1,019,275	1,647,926	(2,047,118)	319,363	529,688	(381,940)	(560,723)	1,711,610	331,513	127,972

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Other Financing Sources (Uses)										
Capital Financing Agreements (Non-Budgeted)							\$ 659,093			\$ 841,955
Other Financing Agreements (Non-Budgeted)										173,156
Lease-Purchase Proceeds								\$ 810,000		
Insurance Proceeds										407,750
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			14,393
Transfers Out	(4,204)	(3,733,380)	(599,657)	(90,507)	-	(937,051)	(1,387,072)			(14,393)
Total Other Financing Sources (Uses)	-	-	(20,677)	-	-	328,391	659,093	810,000	-	1,422,861
Net Change In Fund Balances	<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>	<u>\$ 1,550,833</u>
Debt Service As A Percentage Of										
Noncapital Expenditures	0.05%	0.05%	0.05%	0.05%	0.05%	0.04%	0.14%	0.18%	0.38%	0.38%

Source: District financial records

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

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest</u>	<u>Gate Receipts</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>E-Rate</u>	<u>Cancelled Prior Year Payables</u>	<u>Computer Recycle</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2022	454,505	40,751	11,558	86,898	13,743	17,511	29,000		30,316	684,282

Source: District financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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
2022	9,928,300	2,666,258,900	316,136,300	151,564,800	91,029,900	3,234,918,200	2,811,937	3,237,730,137	7,722,939,399	2.136

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality *	County **	
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
2022	2.136	1.067	1.080	4.283

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	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Summit West Celgene LLC	\$ 100,315,600	3.10%		
Summit East Corporate Property LLC	53,532,100	1.65%		
RWX 25 Deforest Owner LLC	20,206,500	0.62%		
Summit Clayton Assn. & NE Summit Assn.	12,080,000	0.37%		
1st Union National Bank	11,387,400	0.35%		
Atlantic Health Systems	10,509,700	0.32%		
Constantine CXII LLC	8,940,000	0.28%		
RWX 1 Deforest Owner LLC	8,769,100	0.27%		
Summit Propco LLC	8,654,200	0.27%		
The Maple Group LLC	8,241,400	0.25%		
The Summit Property Company (Schering-Plough)			\$ 225,888,000	7.23%
Celgene Corporation			17,312,800	0.55%
Bouras Properties, LLC			11,599,300	0.37%
1st Union National Bank			10,387,400	0.33%
The Maple Group, L.L.C.			8,241,400	0.26%
Canoe Brook County Club			8,040,500	0.26%
Bassett Associates			7,521,700	0.24%
SHPI/CSL Summit, LLC			7,000,000	0.22%
E. Coast Constantine Village			6,800,000	0.22%
PSI Summit Hospital Inc			6,500,000	0.21%
	<u>\$ 242,636,000</u>	<u>7.49%</u>	<u>\$ 309,291,100</u>	<u>9.90%</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	
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%	
2022	68,506,754	68,506,754	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/Other Financing Agreements	Bond Anticipation Notes (BANs)	Capital Financing Agreements			
2013			NONE			NONE	21,648	
2014			NONE			NONE	21,795	
2015			NONE			NONE	21,818	
2016			NONE			NONE	21,848	
2017			NONE			NONE	21,906	
2018			NONE			NONE	21,964	
2019			\$ 599,297			\$ 599,297	21,965	\$ 27
2020			1,285,830			1,285,830	21,911	59
2021			1,005,810			1,005,810	21,812	46
2022			1,703,999			1,703,999	22,526	76

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Source: District financial records

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

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

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, 2021
(Unaudited)

	<u>Total Debt</u>
Municipal Debt: (1)	
City of Summit	\$ 85,122,127
City of Summit School District - Type I	<u>20,965,000</u>
	106,087,127
Overlapping debt Apportioned to the Municipality:	
Union County (2);(A):	
County of Union (A)	<u>63,364,736</u>
 Total Direct and Overlapping Debt	 <u>\$ 169,451,863</u>

(A) The debt for this entity was apportioned to the City of Summit by dividing the Municipality's 2021 equalized value by the total 2021 equalized value for Union County.

Sources:

- (1) City of Summit 2021 Annual Debt Statement
- (2) Union County 2021 Annual Debt Statement

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

Equalized valuation basis	
2021	\$ 7,608,811,801
2020	7,473,608,439
2019	<u>7,436,595,548</u>
	<u>\$ 22,519,015,788</u>
Average equalized valuation of taxable property	\$ 7,506,338,596
Debt limit (4 % of average equalization value)	300,253,544 ^a
Total Net Debt Applicable to Limit	<u>20,965,000</u>
Legal debt margin	<u>\$ 279,288,544</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>
Debt Limit	\$ 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	\$ 300,253,544
Total Net Debt Applicable to Limit	<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>	<u>20,965,000</u>
Legal Debt Margin	<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>	<u>\$ 279,288,544</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.06%	17.11%	19.70%	17.66%	16.64%	17.80%	12.18%	10.07%	8.15%	6.98%

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

^a Limit set by NJS 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>
2013	21,648	\$ 1,201,702,128	\$ 55,511	5.4%
2014	21,795	1,276,511,355	58,569	5.7%
2015	21,818	1,322,083,528	60,596	4.5%
2016	21,848	1,354,095,344	61,978	3.7%
2017	21,906	1,409,475,852	64,342	3.4%
2018	21,964	1,479,187,544	67,346	3.1%
2019	21,965	1,512,663,655	68,867	2.7%
2020	21,911	1,589,489,673	72,543	2.3%
2021	21,812	not available	not available	6.3%
2022	22,526	not available	not available	4.2%

Source: New Jersey State Department of Education

N/A - Not Available

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

	<u>2022</u>		<u>2013</u>	
<u>Employer</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>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>	<u>2022</u>
Instruction										
Regular	294.87	297.73	298.19	303.94	301.33	298.23	305.00	291.93	291.43	290.00
Special education	110.88	132.51	135.46	142.67	142.98	145.38	156.00	154.50	159.50	158.50
School sponsored/other instructional	14.40	14.00	18.50	20.50	22.50	22.50	23.20	22.00	22.00	19.50
Support Services:										
Student & instruction related services	49.17	52.17	55.97	58.37	60.37	60.37	63.30	61.97	64.17	60.26
School administrative services	35.70	36.50	31.70	31.70	31.99	31.70	32.00	30.70	30.70	29.00
General administrative services	6.00	6.00	6.00	6.00	7.00	7.00	7.00	6.00	6.00	6.00
Central services	11.00	11.00	11.00	11.00	10.00	10.00	10.00	11.00	11.00	11.00
Administrative Information Technology	1.25	1.30	1.30	1.30	1.30	1.33	1.33	1.33	1.33	1.33
Plant operations and maintenance	48.88	49.83	48.98	51.98	53.48	52.95	53.50	53.45	53.45	53.45
Pupil transportation	2.40	3.40	3.25	2.75	2.25	1.25	1.25	1.25	1.00	1.00
Total	<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>	<u>630.04</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
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%
2022	3,899	93,385,933	23,951	11.59%	379	1:11	1:11	1:10	3,897.1	3,709.7	1.88%	95.19%

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)**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<u>Elementary</u>										
Brayton Elementary (1911)										
Square Feet	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737	53,737
Capacity (students)	415	415	415	415	415	415	415	415	415	415
Enrollment ^a	361	375	372	360	361	367	367	323	315	301
Franklin Elementary (1927)										
Square Feet	48,280	48,280	48,280	57,675	57,675	57,675	57,675	57,675	57,675	57,675
Capacity (students)	349	349	349	512	512	512	512	512	512	512
Enrollment	381	382	360	349	365	347	347	340	327	319
Jefferson Elementary (1931)										
Square Feet	44,890	44,890	44,890	53,890	53,890	53,890	53,890	53,890	53,890	53,890
Capacity (students)	263	263	263	347	347	347	347	347	347	347
Enrollment	234	226	214	227	237	221	221	214	204	202
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	164	155	144	138	138	108	108	125	140	124
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	332	306	302	298	288	311	311	328	326	331
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	317	339	341	349	362	364	364	337	336	320
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	220	220	220
Enrollment	171	132	126	163	144	138	138	195	159	166
<u>Middle School</u>										
LCJ Summit Middle School (1922)										
Square Feet	149,720	149,720	149,720	149,720	149,720	149,720	149,720	149,720	149,720	149,720
Capacity (students)	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Enrollment	1,041	1,005	982	954	927	922	922	974	941	960
<u>High School</u>										
Summit High School (1962)										
Square Feet	206,690	206,690	206,690	206,690	206,690	206,690	206,690	206,690	206,690	206,690
Capacity (students)	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247
Enrollment	1,094	1,183	1,217	1,274	1,239	1,175	1,175	1,118	1,135	1,132

Number of Schools at June 30, 2022

 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)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
School Facilities											
Summit High School	206,690	\$ 366,978	\$ 344,929	\$ 354,867	\$ 363,274	\$ 348,455	\$ 427,676	\$ 409,298	\$ 409,721	\$ 448,349	\$ 561,705
Lawton C. Johnson Middle School	149,720	251,168	253,700	254,294	267,386	252,410	309,796	296,483	326,787	309,431	387,664
Brayton Elementary School	53,737	81,514	86,972	73,235	92,573	90,594	111,191	106,413	118,904	135,183	169,361
Franklin Elementary School	57,675	89,706	78,484	84,431	96,467	97,233	119,339	114,211	124,016	120,263	150,669
Jefferson Elementary School	53,890	110,357	107,852	115,456	136,941	90,852	111,507	106,716	87,632	81,335	101,899
Lincoln-Hubbard Elementary School	74,600	125,167	114,575	106,813	121,422	125,767	154,360	147,727	117,337	155,259	194,513
Washington Elementary School	53,340	78,326	81,940	85,003	102,937	89,925	110,369	105,626	119,664	110,494	138,430
Jefferson Primary Center	21,000					35,403	43,453	41,585	47,611	49,235	61,683
Wilson Primary Center	32,000	31,117	38,065	45,851	41,695	53,948	66,213	63,368	64,693	60,871	76,261
Total School Facilities		<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>	<u>1,842,185</u>
Other Facilities											
Stadium		5,165	5,372	5,586	5,809	6,042	6,283	6,535	6,666		
Administration		10,517	10,560	10,580	11,518	11,748	11,983	12,223	12,712	84,854	106,308
Total Other Facilities		<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>	<u>106,308</u>
Grand Total		<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>	<u>\$ 1,948,493</u>

Source: School District's Financial Statements

**SUMMIT PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2022
(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	168,434,531	5,000
Blanket Personal Property	10,735,838	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	25,000,000	
Annual Aggregate	25,000,000	
**Excess Over Primary Limit of \$10,000,000/NJUEP of \$30,000,000		
Bonds - Selective Insurance Co.		
Louis J. Pepe, Board Secretary/Business Administrator. Expired on 1/1/22	150,000	
Derek J. Jess, Board Secretary/Business Administrator. Added on 1/1/22	150,000	
Tammie Baldwin, Treasurer of School Monies	375,000	

SINGLE AUDIT SECTION

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA

**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 Summit Public Schools as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Summit Public Schools' basic financial statements and have issued our report thereon dated February 8, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

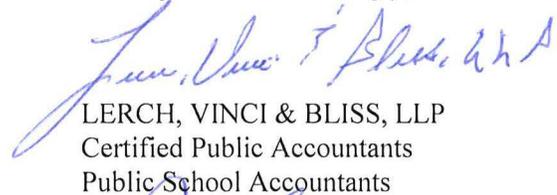
Report on Compliance and Other Matters

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

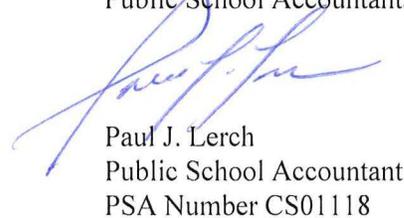
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Summit Public Schools in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated February 8, 2023.

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 Summit Public Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 8, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**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

Opinion on Each Major Federal and State Program

We have audited the Summit Public Schools' compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Summit Public Schools' major federal and state programs for the fiscal year ended June 30, 2022. The Summit Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Summit Public Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Summit Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Summit Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Summit Public Schools' federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Summit Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Summit Public Schools' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Summit Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Summit Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Summit Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

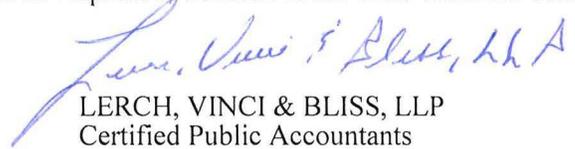
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

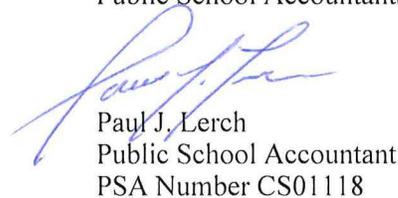
Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Summit Public Schools, a component unit of the City of Summit, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements.

We have issued our report thereon dated February 8, 2023, 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 & BLISS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
February 8, 2023

SUMMIT PUBLIC SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor/ Program Title	AI Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2021	Carryover Amount		Cash Received	Budgetary Expenditures	Adjustments		June 30, 2022			Memo Only GAAP Receivable
						Unearned Revenue	Accounts Receivable			Unearned Revenue	Accounts Receivable	(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education															
General Fund															
Medicaid Assistance Program (SEMI)	93.778	2005N5MAP	7/1/21-6/30/22	\$ 35,182	-	-	-	\$ 35,182	\$ 35,182	-	-	-	-	-	-
<i>Total U.S. Department of Education/Total General Fund</i>					-	-	-	35,182	35,182	-	-	-	-	-	-
U.S. Department of Agriculture															
Passed-through State Department of Education															
Food Distribution Program - Non Cash Assistance	10.555	221NJ304N1099	7/1/21-6/30/22	111,648				111,648	109,843				\$ 1,805		
Food Distribution Program - Non Cash Assistance	10.555	211NJ304N1099	7/1/20-6/30/21	93,849	\$ 1,038				1,038						
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	1,276,052				1,220,923	1,276,052			\$ (55,129)		\$ (55,129)	
National School Lunch Program	10.555	211NJ304N1099	7/1/20-6/30/21	468,855	(28,186)			28,186							
Emergency Operational Cost Program-Schools	10.555	202121H170341	7/1/21-6/30/22	13,968				13,968	13,968						
P-EBT Administrative	10.649	2022225900941	7/1/21-6/30/22	1,242				1,242	1,242						
School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	106,313				100,234	106,314			(6,080)		(6,080)	
School Breakfast Program	10.553	211NJ304N1099	7/1/20-6/30/21	238,540	(15,691)			15,691							
<i>Total U.S. Department of Agriculture- Cluster/Total Food Service Fund</i>					(42,839)	-	-	1,491,892	1,508,457	-	-	(61,209)	1,805	-	(61,209)
Special Revenue Fund															
I.D.E.A. Part B															
Basic Regular	84.027A	H027A210100	7/1/21-9/30/22	1,016,685		\$ 283,763	\$ (757,776)	1,244,150	1,019,965			(530,311)	280,483		(249,828)
Basic Regular	84.027A	H027A200100	7/1/20-9/30/21	1,057,437	(474,013)	(283,763)	757,776								
ARP Basic	84.027X	H027X210100	7/1/21-9/30/22	246,447				137,809	211,762			(108,638)	34,685		(73,953)
ARP Preschool	84.173X	H173X210114	7/1/21-9/30/22	21,027				14,671	21,027			(6,356)	-		(6,356)
Preschool	84.173A	H173A210114	7/1/21-9/30/22	34,932				30,592	34,932			(4,340)	-		(4,340)
<i>I.D.E.A Cluster</i>					(474,013)	-	-	1,427,222	1,287,686	-	-	(649,645)	315,168	-	(334,477)
ESEA/NCLB															
Title III	84.365A	S365A210030	7/1/21-9/30/22	48,671				31,243	36,858			(56,884)	56,409		(475)
Title III	84.365A	S365A200030	7/1/20-9/30/21	31,989	5,140	(44,596)	39,456								
Title III Immigrant	84.365A	S365A210030	7/1/21-9/30/22				34,301	(37,385)	5,897			(31,488)	31,488		-
Title III Immigrant	84.365A	S365A200030	7/1/20-9/30/21	28,985	(3,084)	(34,301)	37,385								
<i>Title III Cluster</i>					2,056	-	-	37,140	39,671	-	-	(88,372)	87,897	-	(475)
Title I	84.010A	S010A210030	7/1/21-9/30/22	260,463			198,981	(307,077)	424,481			(143,059)	73,396		(69,663)
Title I	84.010A	S010A200030	7/1/20-9/30/21	307,130	(108,096)	(198,981)	307,077								
Title IIa	84.367A	S367A210029	7/1/21-9/30/22	51,327			33,468	(65,994)	64,894			(52,427)	23,067		(29,360)
Title IIa	84.367A	S367A200029	7/1/20-9/30/21	57,264	(32,526)	(33,468)	65,994								
Title IV	84.424	S424A210031	7/1/21-9/30/22	22,418			27,803	(27,803)				(50,221)	50,221		-
Title IV	84.424	S424A200031	7/1/20-9/30/21	16,788			(27,803)	27,803							
Elementary and Secondary School Emergency Relief (ESSER)															
Coronavirus Aid, Relief, and Economic Security (CARES) Act															
CARES Emergency Relief Grant	84.425	S425D200027	3/13/20-9/30/22	331,549	(203,181)			330,096	128,368			(1,453)			(1,453)
Digital Divide	84.425D	S377A130031	7/16/20-10/31/20	158,174		4,280	(4,280)			\$ 4,280	\$ (4,280)				
Elementary and Secondary School Emergency Relief (ESSER II)															
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act															
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	1,006,709	(96,924)			809,381	909,785			(197,328)			(197,328)
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	64,605	(6,020)			62,932	56,912			(1,673)	1,673		-
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	(250)			5,724	6,724			(39,276)	38,026		(1,250)
American Rescue Plan (ARP)															
ESSER															
Accelerated Learning Coaching and Educator Support Grant	84.425U	S425U210027	3/11/21-9/30/24	2,262,514					1,810,011			(2,262,514)	452,503		(1,810,011)
Evidence Based Summer Learning and Enrichment Activities Grant	84.425U	S425U210027	3/11/21-9/30/24	332,213				70,000	70,000			(262,213)	262,213		-
Evidence Based Comprehensive Beyond the School Day Activities Grant	84.425U	S425U210027	3/11/21-9/30/24	40,000								(40,000)	40,000		-
NJTSS Mental Health Support Staffing Grant	84.425U	S425U210027	3/11/21-9/30/24	40,000								(40,000)	40,000		-
<i>ESSER Cluster Total</i>					(306,375)	4,280	(4,280)	1,278,133	2,981,800	4,280	(4,280)	(2,889,457)	879,415	-	(2,010,042)
Coronavirus Relief Fund															
Nonpublic Digital Divide	21.019	S425D200027	7/16/20-10/31/20	46,156			27,556	(27,556)				27,556	(27,556)		-
<i>Coronavirus Relief Fund Cluster Total</i>							27,556	(27,556)				27,556	(27,556)		-
<i>Total U.S. Department of Education/Total Special Revenue Fund</i>					(918,954)	31,836	(31,836)	3,231,870	4,756,933	31,836	(31,836)	(3,873,181)	1,429,164	-	(2,444,017)
Total Federal Awards Subject to Single Audit					\$ (961,793)	\$ 31,836	\$ (31,836)	\$ 4,758,944	\$ 6,300,572	\$ 31,836	\$ (31,836)	\$ (3,934,390)	\$ 1,430,969	\$ -	\$ (2,505,226)

Adjustments represent cancelled prior year orders.
 See Accompanying Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

**SUMMIT PUBLIC SCHOOLS
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2022			Memo Only	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund														
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 2,747,521			\$ 2,479,264	\$ 2,747,521				\$ (268,257)			\$ 2,747,521
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	2,110,845	\$ (205,076)		205,076								
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	391,879			353,617	391,879				(38,262)			391,879
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	391,879	(38,073)	-	38,073	-	-	-	-	-	-	-	-
<i>State Aid Public- Cluster</i>				(243,149)	-	3,076,030	3,139,400	-	-	(306,519)	-	-	-	3,139,400
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	203,264			183,418	203,264				(19,846)			203,264
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	203,264	(19,748)		19,748								
Additional Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	1,000				1,000				(1,000)		\$ (1,000)	1,000
Extraordinary Special Education Cost Aid	22-495-034-5120-044	7/1/21-6/30/22	716,840				716,840				(716,840)			716,840
Extraordinary Special Education Cost Aid	21-495-034-5120-044	7/1/20-6/30/21	955,768	(955,768)		955,768								
On -Behalf TPAF Pension System Contr.														
Pension Cost	22-495-034-5094-002	7/1/21-6/30/22	12,932,109			12,932,109	12,932,109							12,932,109
Non-contributory Insurance	22-495-034-5094-004	7/1/21-6/30/22	182,454			182,454	182,454							182,454
Post Retirement Medical Contribution	22-495-034-5094-001	7/1/21-6/30/22	3,064,092			3,064,092	3,064,092							3,064,092
Long-Term Disability	22-495-034-5094-004	7/1/21-6/30/22	5,514			5,514	5,514							5,514
T.P.A.F. - Social Security	22-495-034-5094-003	7/1/21-6/30/22	2,561,233	-	-	2,435,824	2,561,233	-	-	(125,409)	-	-	(125,409)	2,561,233
Total General Fund				(1,218,665)	-	22,854,957	22,805,906	-	-	(1,169,614)	-	-	(126,409)	22,805,906
Special Revenue Fund														
New Jersey Nonpublic Aid:														
Auxiliary Services:														
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	5,106			5,106	4,389					\$ 717	-	4,389
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	4,355	2,613					\$ 2,613					
Transportation	21-100-034-5120-067	7/1/20-6/30/21	4,470	4,470					4,470					
Home Instruction	N/A	7/1/21-6/30/22	718				718			(718)			\$ (718)	718
Home Instruction	N/A	7/1/20-6/30/21	2,668	(3,583)	-	3,583	-	-	-	-	-	-	-	-
<i>Auxiliary Services- Cluster</i>				3,500	-	8,689	5,107	-	7,083	(718)	-	717	(718)	5,107
Handicapped Services:														
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	75,056			75,056	70,884					4,172		70,884
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	73,198	17,465					17,465					
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	26,970			26,970	15,903					11,067		15,903
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	18,775	365					365					
Supplemental Instruction	22-100-034-5120-066	7/1/21-6/30/22	37,996			37,996	37,087					909	-	37,087
Supplemental Instruction	21-100-034-5120-066	7/1/20-6/30/21	27,928	247	-	-	-	-	247	-	-	-	-	-
<i>Handicapped Services- Cluster</i>				18,077	-	140,022	123,874	-	18,077	-	-	16,148	-	123,874
Security Aid	22-100-034-5120-509	7/1/21-6/30/22	181,125			181,125	143,475						37,650	143,475
Security Aid	21-100-034-5120-509	7/1/20-6/30/21	183,400	13,989					13,989					
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	62,601			62,601	24,542						38,059	24,542
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	26,208	1,582					1,582					
Technology	22-100-034-5120-373	7/1/21-6/30/22	43,806			43,806	16,478					27,328		16,478
Nursing Services	22-100-034-5120-070	7/1/21-6/30/22	115,920			115,920	35,522					80,398		35,522
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	43,758	17,219	-	-	-	-	17,219	-	-	-	-	-
Total Special Revenue Fund				54,367	-	552,163	348,998	-	57,950	(718)	-	200,300	(718)	348,998

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SUMMIT PUBLIC SCHOOLS
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2021	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	June 30, 2022			Memo Only	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Agriculture														
Enterprise Fund														
National School Lunch Program	22-100-010-3350-023	7/1/21-6/30/22	\$ 32,537			\$ 31,268	\$ 32,537			\$ (1,269)			\$ (1,269)	\$ 32,537
National School Lunch Program	21-100-010-3350-023	7/1/20-6/30/21	24,282	\$ (2,008)	-	2,008	-	-	-	-	-	-	-	-
Total Enterprise Fund				(2,008)	-	33,276	32,537	-	-	(1,269)	-	-	(1,269)	32,537
Total State Financial Assistance Subject to Single Audit				\$ (1,166,306)	\$ -	\$ 23,440,396	23,187,441	\$ -	\$ 57,950	\$ (1,171,601)	\$ -	\$ 200,300	\$ (128,396)	\$ 23,187,441
Less: On-Behalf TPAF Pension and Annuity Aid														
Pension Cost							\$ 12,932,109							
Non-contributory Insurance							182,454							
Post Retirement Medical Contribution							3,064,092							
Long-Term Disability							5,514							
							16,184,169							
Total State Financial Assistance Subject to Major Program Determination							\$ 7,003,272							

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**SUMMIT PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 an increase of \$175,460 for the general fund and a decrease of \$916,008 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	\$ 35,182	\$ 22,981,366	\$ 23,016,548
Special Revenue Fund	3,527,479	427,025	3,954,504
Food Service Fund	<u>1,508,457</u>	<u>32,537</u>	<u>1,540,994</u>
Total Financial Assistance	<u>\$ 5,071,118</u>	<u>\$ 23,440,928</u>	<u>\$ 28,512,046</u>

**SUMMIT PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 \$2,561,233 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 \$13,114,563, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,064,092 and TPAF Long-Term Disability Insurance in the amount of \$5,514 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2022.

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, 2022**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> x </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes <u> x </u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes <u> x </u> no

Federal Awards Section

Type of auditor's report on compliance for major programs:	<u>Unmodified</u>
Internal Control over compliance:	
1) Material weakness(es) identified?	_____ yes <u> x </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes <u> x </u> 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 <u> x </u> none

Identification of major programs:

<u>CFDA Numbers</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425, 84.425D, 84.425U</u>	<u>S425D210027/S425U210027</u>	<u>ESSER Program Cluster/ Education Stabilization Fund (ESF)</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>221NJ304N1099</u>	<u>School Breakfast Program</u>
<u>84.027A, 84.027X</u>	<u>H027X210100</u>	<u>IDEA Basic, IDEA ARP Basic</u>
<u>84.173A, 84.173X</u>	<u>H173X210114</u>	<u>IDEA Preschool, IDEA Preschool ARP</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes _____ no

**SUMMIT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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>
495-034-5120-089	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, 2022**

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, 2022**

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, 2022**

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.