

SUMMIT PUBLIC SCHOOLS



**Summit Public Schools
Summit, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023**

**Annual Comprehensive
Financial Report**

of the

**Summit
Public Schools**

Summit, New Jersey

For the Fiscal Year Ended June 30, 2023



Prepared by

**Summit Public Schools
Board Office**

Finance Department

SUMMIT PUBLIC SCHOOLS
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INTRODUCTORY SECTION
(UNAUDITED)



SUMMIT PUBLIC SCHOOLS

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

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

December 4, 2023

The Honorable President and Members of
the Board of Education and Citizens
Summit Public Schools
County of Union, New Jersey

Dear Board Members and Citizens:

It is with pleasure that we submit the Annual Comprehensive Financial Report (ACFR) of the Summit Public Schools (the "District") for the fiscal year ended June 30, 2023. 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 (the "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 basic financial statements and results of operations 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 Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

Generally Accepted Accounting Principles require 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). The transmittal letter is designed to be read in conjunction with the MD&A. The MD&A section provides an overview of factors that impact the District's financial position.

1) **REPORTING ENTITY AND ITS SERVICES:** The Summit Public Schools District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Summit Public Schools District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for impaired and disabled students.

The Honorable President and Members of
the Board of Education
Summit Public Schools
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2) ENROLLMENT: The District completed the 2022-2023 school year with an enrollment of 3,978 students, representing an increase of 0.20% or 79 students more compared to the previous year's enrollment.

3) SCHOOLS BUILDINGS AND CAPITAL IMPROVEMENTS: The District's buildings were built in the following years: Brayton (1911), Franklin (1927), Jefferson (1931), Jefferson Primary (2008), Lincoln-Hubbard (1953), Washington (1922), Wilson Primary Center (2008), Lawton C. Johnson Summit Middle School (1922) and Summit High School (1962).

4) ECONOMIC CONDITION AND OUTLOOK: Summit, a Union County treasure, has over 22,000 residents comprised of an international group speaking 40 languages with a broad economic and ethnic cross-section, largely mirroring the makeup of the nation as a whole. This tree-dense suburban community is nestled in the hills of the Watchung Reservation with six square miles of broken hills at a 450-foot elevation. The City of Summit sits above Springfield, to the east of Millburn, and just northwest, Chatham joins Summit to pinch the broad valley of the Passaic River.

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

4) ECONOMIC CONDITION AND OUTLOOK (Cont'd):

For the Class of 2023, several points are noteworthy:

During the 2022-2023 school year, students enrolled in AP courses were required to take the AP exam in that course. There were 642 exams taken by 407 students in May 2023. This year we had 370 students earn a score of 3 or better on at least one of their AP Exams (90.9%).

There were 197 students identified for their excellent performance on AP exams. 74 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.

34 students were recognized as an AP Scholar with Honors (average AP score of 3.25). These students earned a score of 3 or higher on four or more AP exams.

89 students were recognized as AP Scholars with Distinction (average AP score of 3.5) for earning a score of 3 or higher on five or more AP exams.

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

- 86.2 attending four-year institutions and 6.34% 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.

5) MAJOR INITIATIVES: During the 2022-23 school year, all elementary schools received 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.

During the 2022-23 school year, the district will embark on a \$37,429,555 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.

5) MAJOR INITIATIVES (Cont'd): 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.

6) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

7) ACCOUNTING SYSTEM BUDGETARY CONTROLS: The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report.

The District's accounting records include an expanded minimum chart of accounts using dimensions to define area and location. Board approval for most budgetary transfers is required at the state minimum level, which is the dimension object within program. Additional approval from the New Jersey State Department of Education is required in the case of General Fund transfers from instructional to non-instructional accounts, any transfer to capital outlay from current expense except for equipment, transfers from unassigned fund balance, and all transfers that on a cumulative basis exceeds 10% of the advertised appropriation as established by the New Jersey Department of Education, Division of Finance.

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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2023.

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", Note 1.

The District's budget is developed annually by the administration with input from all stakeholders in the District. Once compiled, it is presented to the District's Board of Education and the New Jersey Department of Education's Executive County Superintendent of Schools in March of each year. It is then advertised for public input and a budget hearing is scheduled. Public comment at the hearing may result in modifications. The final budget must be posted to the District's website forty-eight hours after the public hearing.

7) ACCOUNTING SYSTEM BUDGETARY CONTROLS (Cont'd): 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 Education. Annual appropriated budgets are adopted for the general fund, the special revenue 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.

8) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the 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", Note 1.

9) DEBT ADMINISTRATION: Summit is a Type I school district, a component unit of the City of Summit. All school debt is reflected in the city's budget.

10) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

11) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. Workers' compensation insurance coverage is provided, in conjunction with a group of other school districts, through a joint insurance fund. A schedule of insurance coverage is found on Exhibit J-20.

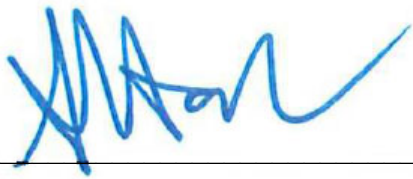
12) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

13) AWARDS AND ACKNOWLEDGMENTS: The Association of School Business Officials (ASBO) awarded a Certificate of Achievement and Excellence in Financial Reporting to the Summit Public Schools for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the eleventh 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 Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

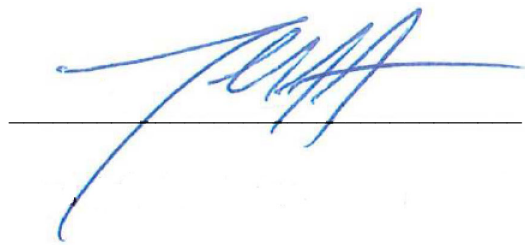
The Honorable President and Members of
the Board of Education
Summit Public Schools
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December 4, 2023

We would like to express our appreciation to the members of the District's Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

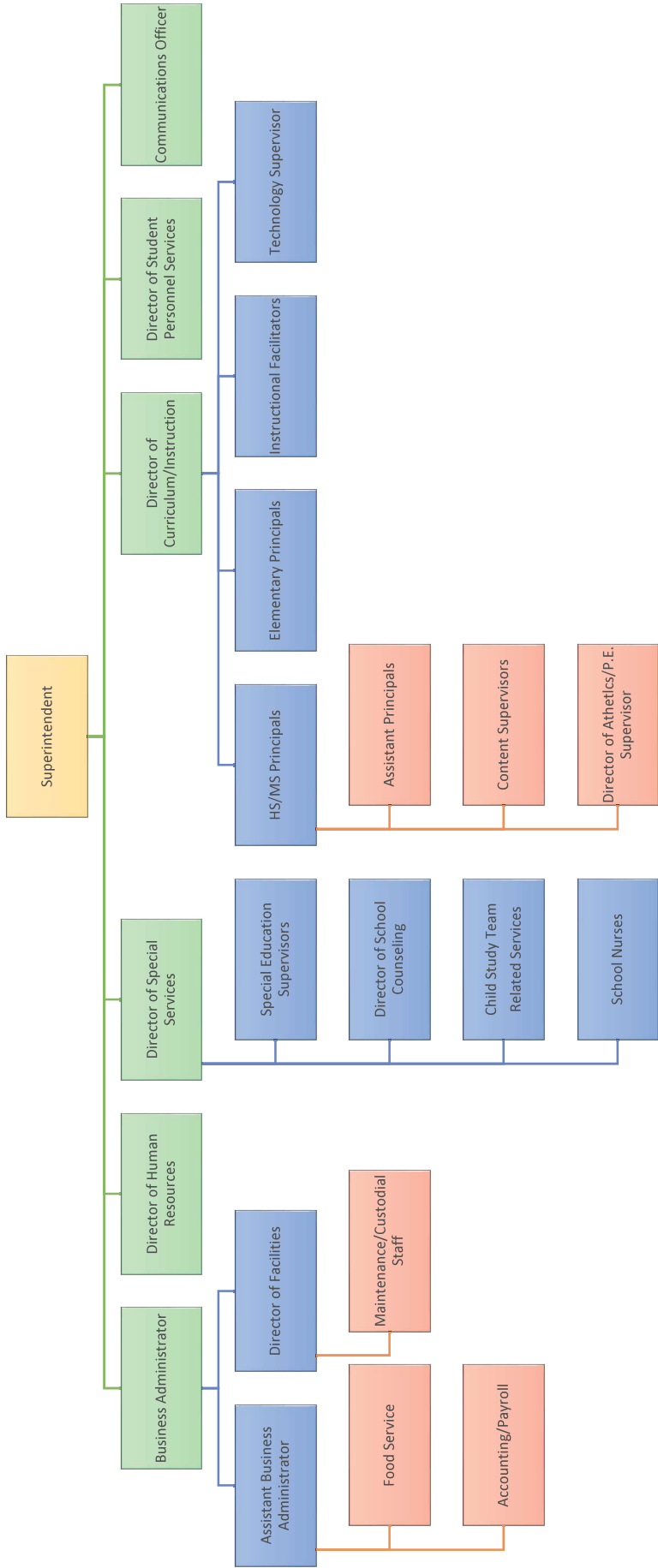


Scott Hough
Superintendent of Schools



Derek J. Jess
Business Administrator/Board Secretary

Summit Public Schools Operational Organization



**SUMMIT PUBLIC SCHOOLS
ROSTER OF OFFICIALS
JUNE 30, 2023**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Yon Cho, President	2026
Walidah Justice, Vice President	2024
Melanie Cohn	2024
Michael Colón	2024
Jennifer Erday	2025
Eileen P. Kelly	2026
Kelly Stanton	2025

Other Officers

Title

Mr. Scott Hough	Superintendent of Schools
Mr. Derek J. Jess	School Business Administrator/Board Secretary
Mrs. Kathy Sarno, CPA	Assistant School Business Administrator
Ms. Tammie Baldwin	Treasurer of School Monies

SUMMIT PUBLIC SCHOOLS

Consultants and Advisors

Audit Firm

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Mount Arlington Corporate Center
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Mount Arlington, NJ 07856-1320

Attorneys

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100 Southgate Parkway
Morristown, NJ 07962

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Moorestown, NJ 08057

Cornell, Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Architects of Record

EI Associates
8 Ridgedale Avenue
Cedar Knolls, NJ 07927

Parette Somjen Architects, LLC
439 Route 46 East
Rockaway, NJ 07866

Official Depository

Citizens Bank
51 JFK Parkway
Short Hills, NJ 07078



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

City of Summit Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Summit Public Schools
County of Union, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Summit Public Schools (the “District”), in the County of Union, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, 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 (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 District 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 qualified audit opinion.

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 misstatement, 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 District’s 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 the 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment 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 District’s 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 District’s 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.

Other Matters

The financial statements of the District as of June 30, 2022 were audited by other auditors whose report dated February 8, 2023 expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 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, are 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 District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state 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*; and New Jersey's 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. 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 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 accompanying supplementary information schedules and the schedules of expenditures of federal and state awards 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 and statistical sections 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 basic 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 December 4, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 District's 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 District's internal control over financial reporting and compliance.

December 4, 2023
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA LLP

Kathryn L. Mantell
Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section of Summit Public School's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

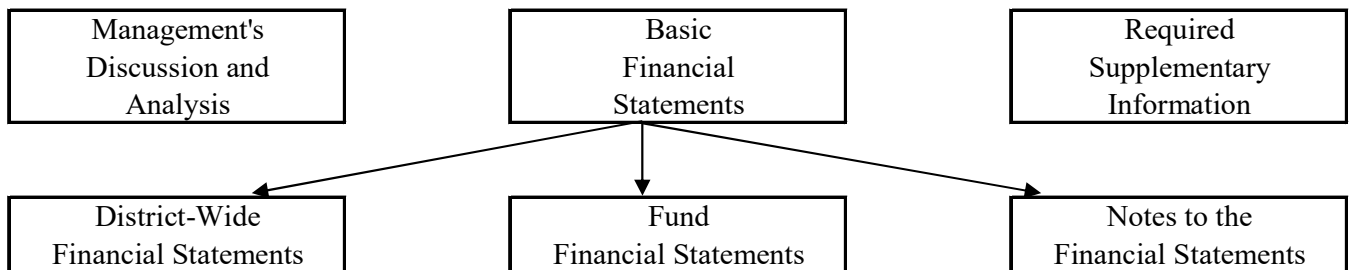
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services and summer FLASH program.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report



**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and summer FLASH program.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, lease assets, subscription assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service, summer arts and innovation summer institute programs are included here.

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 establishes other funds to control and manage money for particular purposes (such as repaying its long-term liabilities) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Notes to Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$4,962,445. Net position from governmental activities increased by \$4,702,191 and net position from business-type activities increased by \$260,254. Net investment in capital assets increased by \$1,176,668, restricted net position decreased by \$2,543,634, and unrestricted net position increased by \$1,242,143.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage Change 2022/23
	(Restated)		(Restated)		(Restated)		
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	
Current and							
Other Assets	\$ 16,632,653	\$ 17,155,345	\$ 736,288	\$ 458,975	\$ 17,368,941	\$17,614,320	
Capital Assets, Net	37,604,521	36,737,689	115,513	119,691	37,720,034	36,857,380	
Lease Assets, Net	845,932	1,038,819			845,932	1,038,819	
Total Assets	<u>55,083,106</u>	<u>54,931,853</u>	<u>851,801</u>	<u>578,666</u>	<u>55,934,907</u>	<u>55,510,519</u>	0.76%
Deferred Outflows of Resources	<u>3,503,688</u>	<u>1,514,548</u>			<u>3,503,688</u>	<u>1,514,548</u>	131.34%
Other Liabilities	3,392,672	3,669,313	254,723	240,037	3,647,395	3,909,350	
Long-Term Liabilities	20,814,284	17,288,131			20,814,284	17,288,131	
Total Liabilities	<u>24,206,956</u>	<u>20,957,444</u>	<u>254,723</u>	<u>240,037</u>	<u>24,461,679</u>	<u>21,197,481</u>	15.40%
Deferred Inflows of Resources	<u>2,841,392</u>	<u>8,652,702</u>		<u>1,805</u>	<u>2,841,392</u>	<u>8,654,507</u>	-67.17%
Net Position:							
Net Investment in							
Capital Assets	37,253,355	36,072,509	115,513	119,691	37,368,868	36,192,200	
Restricted	11,641,908	9,098,274			11,641,908	9,098,274	
Unrestricted/(Deficit)	<u>(17,356,817)</u>	<u>(18,334,528)</u>	<u>481,565</u>	<u>217,133</u>	<u>(16,875,252)</u>	<u>(18,117,395)</u>	
Total Net Position	<u>\$ 31,538,446</u>	<u>\$ 26,836,255</u>	<u>\$ 597,078</u>	<u>\$ 336,824</u>	<u>\$ 32,135,524</u>	<u>\$27,173,079</u>	18.26%

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Changes in Net Position. The District's combined net position was \$32,135,524 on June 30, 2023, an increase of \$4,962,445 or 18.26% over the previous year (see Figure A-3). Net position in the Governmental Activities increased due primarily to the maturity of long term liabilities, capital assets additions offset by depreciation expense, an increase in the capital and maintenance reserves, an increase in excess surplus, an increase in designated for subsequent year's expenditures and changes in net pension liability and related deferred outflows and inflows; offset by a decrease in unexpended budget appropriations. An explanation for the change in Net Position for Business-Type Activities is included later in this section of the report.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	Change 2022/23
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,461,770	\$ 479,806	\$ 1,724,180	\$ 559,663	\$ 3,185,950	\$ 1,039,469	
Operating Grants and Contributions	22,742,131	24,654,604	797,798	1,540,994	23,539,929	26,195,598	
Capital Contribution	37,125	2,102,919			37,125	2,102,919	
General Revenue:							
Property Taxes	69,767,778	68,506,754			69,767,778	68,506,754	
Unrestricted State and Federal Aid	391,723				391,723		
City Improvement Authorization	1,555,845				1,555,845		
Other	373,001	204,476	15,907		388,908	204,476	
Total Revenue	<u>96,329,373</u>	<u>95,948,559</u>	<u>2,537,885</u>	<u>2,100,657</u>	<u>98,867,258</u>	<u>98,049,216</u>	0.83%
Expenses:							
Instruction	60,389,018	62,812,188			60,389,018	62,812,188	
Pupil/Instruction Services	14,454,695	11,119,144			14,454,695	11,119,144	
Administrative & Business	8,175,990	6,530,586			8,175,990	6,530,586	
Maintenance & Operations	7,162,416	9,746,740			7,162,416	9,746,740	
Transportation	1,445,063	1,098,160			1,445,063	1,098,160	
Other		39,016	2,277,631	1,922,977	2,277,631	1,961,993	
Total Expenses	<u>91,627,182</u>	<u>91,345,834</u>	<u>2,277,631</u>	<u>1,922,977</u>	<u>93,904,813</u>	<u>93,268,811</u>	0.68%
Increase/(Decrease) in Net Position	<u>\$ 4,702,191</u>	<u>\$ 4,602,725</u>	<u>\$ 260,254</u>	<u>\$ 177,680</u>	<u>\$ 4,962,445</u>	<u>\$ 4,780,405</u>	3.81%

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs while experiencing changes in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

Careful management of expenses remains essential for the District to sustain its financial health. The District will continue its practice of examining all expenses carefully and being mindful that increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services <hr/> 2022/23	Net Cost of Services <hr/> 2022/23	Total Cost of Services <hr/> 2021/22	Net Cost of Services <hr/> 2021/22
Instruction	\$ 60,389,018	\$ 42,749,473	\$ 62,812,188	\$ 41,532,363
Pupil and Instruction Services	14,454,695	9,193,510	11,119,144	8,274,218
Administrative and Business	8,175,990	7,331,772	6,530,586	5,344,324
Maintenance and Operations	7,162,416	6,869,521	9,746,740	8,028,829
Transportation	1,445,063	1,241,880	1,098,160	889,755
Other			39,016	39,016
	<hr/> <u>\$ 91,627,182</u>	<hr/> <u>\$ 67,386,156</u>	<hr/> <u>\$ 91,345,834</u>	<hr/> <u>\$ 64,108,505</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$260,254 (Refer to Figure A-4). Factors contributing to these results included:

- Food Service Fund revenue exceeded expenses by \$248,382, which was primarily due to an increase in daily sales.
- Summer FLASH program revenue exceeded expenses by \$11,872, which was primarily due to an increase in program fees.

Financial Analysis of the District's Funds

Total fund balance in the District's Governmental Funds increased \$1,277,692. The fund balance in the District's General Fund increased \$1,668,587 on the GAAP basis during the fiscal year primarily due to \$5,308,841 of unexpended appropriations; offset by \$2,500,000 included as anticipated budget revenue for the fiscal year ending June 30, 2023 and \$1,284,861 of budgeted withdrawals from Capital and Maintenance Reserves. The fund balance in the District's Special Revenue Fund increased \$49,934 due to increases in student activities and scholarship funds.

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Analysis of the District's Funds (Cont'd)

The fund balance in the District's Capital Projects Fund decreased \$440,829 due to the recognition of NJ Clean Energy program grant receivables. The State imposes spending and tax levy limits on the District in its budget process. At year end, the District's 2% limit is \$1,481,886 plus adjustments for certain additional unbudgeted State Aid of \$340,945, for a total of \$1,822,831 as the maximum General Fund unassigned fund balance.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment. The District is required to report revenue and offsetting expenditures for TPAF benefits paid by NJDOE on behalf of the District. These amounts are not budgeted and are required to be presented as excess revenue and expenditures without appropriations.

Capital Asset and Long-Term Liabilities Administration

The District's capital assets increased by \$862,654 or 2.34% - as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 8 to the financial statements.)

**Figure A-6
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
		(Restated)		(Restated)		(Restated)	Change
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Sites	\$ 1,758,660	\$ 1,758,660			\$ 1,758,660	\$ 1,758,660	
Construction in Progress	4,999,175	1,133,860			4,999,175	1,133,860	
Site Improvements	2,916,659	3,230,598			2,916,659	3,230,598	
Buildings & Building Improvements	26,838,648	29,654,236			26,838,648	29,654,236	
Machinery and Equipment	1,091,379	960,335	\$ 115,513	\$ 119,691	1,206,892	1,080,026	
Total Capital Assets, Net	\$ 37,604,521	\$ 36,737,689	\$ 115,513	\$ 119,691	\$ 37,720,034	\$ 36,857,380	2.34%

During the fiscal year, the District acquired or constructed \$4,181,737 (\$4,173,322 from its governmental activities and \$8,415 from its business-type activities) in capital asset additions for various capital projects; offset by \$3,319,083 in current year depreciation (\$3,306,490 from its governmental activities and \$12,593 from its business-type activities).

**SUMMIT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Long-term Liabilities

The District's long term liabilities increased by \$3,526,153 or 20.40% – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 10 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Percentage Change
	2022/23	(Restated) 2021/22	
Net Pension Liability	\$ 17,458,610	\$ 13,470,955	
Other Long-Term Liabilities	3,355,674	3,817,176	
	\$ 20,814,284	\$ 17,288,131	20.40%

- The District paid down \$345,087 in lease principal during the fiscal year.
- The District paid down \$161,814 in financed purchases principal during the fiscal year.
- Compensated absences payable increased by a net amount of \$45,399.
- Net pension liability increased by \$3,987,655.

Factors Bearing on the District's Future Revenue/Expense Changes

The District is unaware of any significant factors bearing on the District's future revenue/expenses.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Summit Public Schools Board of Education, 14 Beekman Terrace, Summit, New Jersey 07901. Please visit our website at <http://www.summit.k12.nj.us>.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

SUMMIT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 6,185,359	\$ 677,136	\$ 6,862,495
Internal Balances	(497)	497	
Receivables from State Government	897,719	1,012	898,731
Receivables from Federal Government	776,282	20,137	796,419
Receivables from Other Governments	82,123		82,123
Other Accounts Receivables	96,980		96,980
Inventories		37,506	37,506
Restricted Cash and Cash Equivalents	8,594,687		8,594,687
Capital Assets, Net:			
Sites (Land) and Construction in Progress	6,757,835		6,757,835
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	30,846,686	115,513	30,962,199
Lease Assets, net	845,932		845,932
Total Assets	55,083,106	851,801	55,934,907
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Outflows Related to Pensions	1,979,945		1,979,945
District Contribution Subsequent to the Measurement Date - Pensions	1,523,743		1,523,743
Total Deferred Outflows of Resources	3,503,688		3,503,688
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	2,187,482	13,607	2,201,089
Payable to State Government	219,635		219,635
Accrued Liability for Insurance Claims	126,011		126,011
Unearned Revenue	859,544	241,116	1,100,660
Noncurrent Liabilities:			
Due Within One Year	558,727		558,727
Due Beyond One Year	20,255,557		20,255,557
Total Liabilities	24,206,956	254,723	24,461,679
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,841,392		2,841,392
Total Deferred Inflows of Resources	2,841,392		2,841,392
<u>NET POSITION</u>			
Net Investment in Capital Assets	37,253,355	115,513	37,368,868
Restricted for:			
Capital Projects	5,785,204		5,785,204
Maintenance	1,459,271		1,459,271
Emergency	151		151
Unemployment Compensation	701,720		701,720
Excess Surplus	3,047,221		3,047,221
Student Activities	440,909		440,909
Scholarships	207,432		207,432
Unrestricted/(Deficit)	(17,356,817)	481,565	(16,875,252)
Total Net Position	\$ 31,538,446	\$ 597,078	\$ 32,135,524

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 43,864,724	\$ 79,265	\$ 10,593,382		\$ (33,192,077)		\$ (33,192,077)
Special Education	11,982,556	502,005	5,886,607		(5,593,944)		(5,593,944)
Other Special Instruction	2,510,996		545,657		(1,965,339)		(1,965,339)
Other Instruction	2,030,742		32,629		(1,998,113)		(1,998,113)
Support Services:							
Tuition	2,528,034		718,807		(1,809,227)		(1,809,227)
Student and Instruction Related Services	11,926,661	880,500	3,661,878		(7,384,283)		(7,384,283)
General Administrative Services	1,495,823		81,851		(1,413,972)		(1,413,972)
School Administrative Services	4,600,193		643,999		(3,956,194)		(3,956,194)
Central Services	1,512,022		118,368		(1,393,654)		(1,393,654)
Administrative Information Technology	567,952				(567,952)		(567,952)
Plant Operations and Maintenance	7,162,416		255,770	\$ 37,125	(6,869,521)		(6,869,521)
Pupil Transportation	1,445,063		203,183		(1,241,880)		(1,241,880)
Total Governmental Activities	91,627,182	1,461,770	22,742,131	37,125	(67,386,156)		(67,386,156)
Business-Type Activities:							
Food Service	2,165,788	1,609,627	797,798			\$ 241,637	241,637
Summer FLASH Program	111,843	114,553				2,710	2,710
Total Business-Type Activities	2,277,631	1,724,180	797,798			244,347	244,347

SUMMIT PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 93,904,813	\$ 3,185,950	\$ 23,539,929	\$ 37,125	\$ (67,386,156)	\$ 244,347	\$ (67,141,809)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net Federal, State and Local Aid not Restricted					69,767,778		69,767,778
City Improvement Authorization					391,723		391,723
Interest Earnings					1,555,845		1,555,845
Miscellaneous Income					94,210	15,907	110,117
					278,791		278,791
Total General Revenues					72,088,347	15,907	72,104,254
Change in Net Position					4,702,191	260,254	4,962,445
Net Position - Beginning (Restated)					26,836,255	336,824	27,173,079
Net Position - Ending					\$ 31,538,446	\$ 597,078	\$ 32,135,524

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

SUMMIT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 5,961,989	\$ 223,370		\$ 6,185,359
Interfund Receivable	440,829			440,829
Receivables From State Government	892,390	5,329		897,719
Receivables From Federal Government		776,282		776,282
Receivables From Other Governments	82,123			82,123
Other Accounts Receivable		96,980		96,980
Restricted Cash and Cash Equivalents	7,946,346	648,341		8,594,687
Total Assets	\$ 15,323,677	\$ 1,750,302	\$ -0-	\$ 17,073,979
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 497		\$ 440,829	\$ 441,326
Accounts Payable	267,911	\$ 395,828		663,739
Accrued Liability for Insurance Claims	126,011			126,011
Payable to State Government		219,635		219,635
Unearned Revenue	373,046	486,498		859,544
Total Liabilities	767,465	1,101,961	440,829	2,310,255
Fund Balances:				
Restricted:				
Capital Reserve	5,785,204			5,785,204
Maintenance Reserve	1,459,271			1,459,271
Emergency Reserve	151			151
Unemployment Compensation	701,720			701,720
Excess Surplus - For 2024-2025	2,522,479			2,522,479
Excess Surplus - For 2023-2024	524,742			524,742
Student Activities		440,909		440,909
Scholarships		207,432		207,432
Assigned:				
Other Purposes	158,909			158,909
Designated for Subsequent Year's Expenditures	1,975,258			1,975,258
Unassigned / (Deficit)	1,428,478		(440,829)	987,649
Total Fund Balances / (Deficit)	14,556,212	648,341	(440,829)	14,763,724
Total Liabilities and Fund Balances	\$ 15,323,677	\$ 1,750,302	\$ -0-	\$ 17,073,979

SUMMIT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Amounts reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are different because:

Total Fund Balances from previous page	\$ 14,763,724
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	37,604,521
Leased Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.	845,932
Long-Term Liabilities, including the Net Pension Liability for PERS, Leases Payable and Financed Purchases Payable, are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(20,814,284)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds	<u>(861,447)</u>
Net Position of Governmental Activities (Exhibit A-1)	<u><u>\$ 31,538,446</u></u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 69,767,778			\$ 69,767,778
Tuition from Individuals	79,265			79,265
Tuition from Other LEAs	502,005			502,005
Interest Earned on Capital Reserve Funds	34,415			34,415
Restricted Miscellaneous Revenue	22,982	\$ 978,315		1,001,297
Unrestricted Miscellaneous Revenue	315,604	1,053,840		1,369,444
Total - Local Sources	70,722,049	2,032,155		72,754,204
State Sources	23,614,157	618,103		24,232,260
Federal Sources	94,398	3,494,018	\$ 37,125	3,625,541
Total Revenues	94,430,604	6,144,276	37,125	100,612,005
EXPENDITURES:				
Current:				
Regular Instruction	25,822,132	2,016,649		27,838,781
Special Education Instruction	7,923,326	28,185		7,951,511
Other Special Instruction	1,482,330			1,482,330
School-Sponsored/Other Instruction	1,616,687			1,616,687
Support Services and Undistributed Costs:				
Tuition	1,809,227	718,807		2,528,034
Student/Other Instruction Related Services	6,985,973	1,989,942		8,975,915
General Administrative Services	1,186,321			1,186,321
School Administrative Services	3,102,196			3,102,196
Central Services	1,071,788			1,071,788
Administrative Information Technology	568,928			568,928
Plant Operations and Maintenance	6,036,789			6,036,789
Student Transportation	1,353,082			1,353,082
Unallocated Benefits	32,129,663			32,129,663
Capital Outlay	1,068,525	1,340,759	2,638,849	5,048,133
Total Expenditures	92,156,967	6,094,342	2,638,849	100,890,158
Excess/(Deficit) of Revenue Over/(Under) Expenditures	2,273,637	49,934	(2,601,724)	(278,153)
Other Financing Sources/(Uses):				
City Improvement Authorization			1,555,845	1,555,845
Transfers	(605,050)		605,050	
Total Other Financing Sources/(Uses)	(605,050)		2,160,895	1,555,845
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	1,668,587	49,934	(440,829)	1,277,692
Fund Balance - July 1 (Restated)	12,887,625	598,407		13,486,032
Fund Balance / (Deficit)- June 30	\$ 14,556,212	\$ 648,341	\$ (440,829)	\$ 14,763,724

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)		\$ 1,277,692
Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:		
Capital outlays related to capital assets are reported in Governmental Funds as expenditures.		
However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.		
	Depreciation Expense	\$ (3,306,490)
	Capital Asset Additions	<u>4,173,322</u>
		866,832
Capital outlays related to lease assets are reported in Governmental Funds as expenditures.		
However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or lease term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.		
	Amortization Expense	(192,887)
Repayment of leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		345,087
Repayment of financed purchases is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
		161,814
In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(45,399)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
	Change in Net Pension Liability	(3,987,655)
	Changes in Deferred Outflows and Inflows Related to Pensions	<u>6,276,707</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 4,702,191</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities - Proprietary Funds		
	Non-Major Fund	Major Fund	Total Enterprise
	Food Service	Summer FLASH Program	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 506,018	\$ 171,118	\$ 677,136
Interfund Receivable	497		497
Intergovernmental Accounts Receivable:			
State	1,012		1,012
Federal	20,137		20,137
Inventories	37,506		37,506
Total Current Assets	<u>565,170</u>	<u>171,118</u>	<u>736,288</u>
Non-Current Assets:			
Capital Assets	857,104		857,104
Less: Accumulated Depreciation	(741,591)		(741,591)
Total Non-Current Assets	<u>115,513</u>		<u>115,513</u>
Total Assets	<u>680,683</u>	<u>171,118</u>	<u>851,801</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	13,607		13,607
Unearned Revenue - Donated Commodities	2,038		2,038
Unearned Revenue - Prepaid Sales	64,062		64,062
Unearned Revenue - Supply Chain Assistance	33,961		33,961
Unearned Revenue - Prepaid Tuition		141,055	141,055
Total Current Liabilities	<u>113,668</u>	<u>141,055</u>	<u>254,723</u>
Total Liabilities	<u>113,668</u>	<u>141,055</u>	<u>254,723</u>
NET POSITION:			
Investment in Capital Assets	115,513		115,513
Unrestricted	451,502	30,063	481,565
Total Net Position	<u>\$ 567,015</u>	<u>\$ 30,063</u>	<u>\$ 597,078</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Proprietary Funds		
	Non-Major Fund	Major Fund	Total Enterprise
	Food Service	Summer FLASH Program	
Operating Revenue:			
Daily Sales:			
Reimbursable Programs	\$ 783,882		\$ 783,882
Non-Reimbursable Programs	808,176		808,176
Special Events	17,470		17,470
Program Fees		\$ 114,553	114,553
Miscellaneous Revenue	99		99
Total Operating Revenue	1,609,627	114,553	1,724,180
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	476,930		476,930
Non-Reimbursable Programs	516,675		516,675
Salaries	629,419	94,728	724,147
Employee Benefits	218,282	7,247	225,529
Purchased Professional Technical Services	11,569		11,569
Other Purchased Services	156,104		156,104
Supplies and Materials	135,482	9,868	145,350
Miscellaneous Expenses	8,734		8,734
Depreciation Expense	12,593		12,593
Total Operating Expenses	2,165,788	111,843	2,277,631
Operating Income/(Loss)	(556,161)	2,710	(553,451)
Non-Operating Revenue:			
Local Sources:			
Interest Income	6,745	9,162	15,907
State Sources:			
State School Lunch Program	22,217		22,217
State School Breakfast Program	354		354
Federal Sources:			
National School Lunch Program	432,507		432,507
School Breakfast Program	20,444		20,444
Supply Chain Assistance	153,137		153,137
Local Food for Schools (LFS) Cooperative Program	497		497
Paycheck Protection Plan Loan Reimbursement from Food Service Management Contractor	87,740		87,740
Food Distribution Program	80,902		80,902
Total Non-Operating Revenue	804,543	9,162	813,705
Change in Net Position	248,382	11,872	260,254
Net Position / (Deficit) - Beginning of Year (Restated)	318,633	18,191	336,824
Net Position / (Deficit) - End of Year	\$ 567,015	\$ 30,063	\$ 597,078

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN
INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-Type Activities - Proprietary Funds		
	Non-Major Fund	Major Fund	Total Enterprise
	Food Service	Summer FLASH Program	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,607,868	\$ 141,996	\$ 1,749,864
Payments to Food Service Management Company	(2,070,444)		(2,070,444)
Payments to/for Employees		(101,975)	(101,975)
Payments to Suppliers	(56,971)	(9,868)	(66,839)
Net Cash Provided by/(Used for) Operating Activities	(519,547)	30,153	(489,394)
Cash flows from Financing Activities:			
Interest Income	6,745	9,162	15,907
Net Cash Provided by Financing Activities	6,745	9,162	15,907
Cash flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(8,415)		(8,415)
Net Cash (Used for) Capital and Related Financing Activities	(8,415)		(8,415)
Cash Flows from Noncapital Financing Activities:			
State Sources	22,828		22,828
Federal Sources	768,861		768,861
Net Cash Provided by Noncapital Financing Activities	791,689		791,689
Net Increase in Cash and Cash Equivalents	270,472	39,315	309,787
Cash and Cash Equivalents, July 1	235,546	131,803	367,349
Cash and Cash Equivalents, June 30	\$ 506,018	\$ 171,118	\$ 677,136
Adjustment to Reconcile Operating Income/(Loss)			
Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (556,161)	\$ 2,710	\$ (553,451)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,593		12,593
Food Distribution Program	80,902		80,902
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	6,665		6,665
(Decrease) in Accounts Payable	(40,332)		(40,332)
Increase in Unearned Revenue - Donated Commodities	233		233
Increase/(Decrease) in Unearned Revenue - Prepaid Sales/Fees	(8,424)	27,443	19,019
(Increase) in Inventory	(15,023)		(15,023)
Net Cash Provided by/(Used for) Operating Activities	\$ (519,547)	\$ 30,153	\$ (489,394)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$81,135 and utilized U.S.D.A. Commodities valued at \$80,902.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the “Board”) of Summit Public Schools (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board’s accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria. The District is a component unit of the City of Summit under the provisions of GASB Codification Section 2100.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District’s governmental and business type activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer’s share of payroll taxes, compensated absences and tuition reimbursements.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets or lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from bond ordinances that are specifically authorized by the City of Summit and from aid provided by the state to offset the cost of approved capital projects. There is also a project financed with capital reserve funds.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's food service and summer FLASH program operations. The food service and summer FLASH program are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students and community on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset or lease asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term liabilities and acquisitions under financed purchases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of revenue from the City bond ordinances. Ordinance revenue is recognized in full in the year the ordinances are authorized on the budgetary basis; but, are not recognized on the GAAP basis until funds are expended and submitted for reimbursement from the City.

The Capital Projects Fund budgetary revenue also differs from GAAP revenue due to a difference in the recognition of NJ Clean Energy program grants. Grants are recognized in full in the year the grants are awarded on the budgetary basis; but are not recognized on the GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement.

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue and Other Financing Sources/Fund Balance	\$ 39,849,755	\$ 37,210,906
City and Grant Receivable not Recognized on the GAAP Basis	(37,651,735)	(37,651,735)
Revenue and Other Financing Sources/Fund Balance per Governmental Funds (GAAP)	\$ 2,198,020	\$ (440,829)

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 94,498,592	\$ 4,866,832
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	326,365	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(394,353)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 94,430,604	\$ 6,144,276
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 92,156,967	\$ 4,816,898
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 92,156,967	\$ 6,094,342

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. Encumbrances

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

K. Capital Assets

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	20 to 50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets (Cont'd)

In the Fund financial statements, capital assets used in Governmental fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the Fund financial statements.

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. Long Term Liabilities

In the District-wide and Enterprise Fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable Government activities, Business-type activities, or Enterprise Funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the Fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages related to this as of June 30, 2023.

P. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's various employee contracts/agreements.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

T. Fund Balance Appropriated

General Fund: Of the \$14,556,212 General Fund balance at June 30, 2023, \$158,909 is assigned for year end encumbrances; \$1,975,258 is assigned and included as anticipated budget revenue for the fiscal year ending June 30, 2024; \$5,785,204 is restricted in the capital reserve account; \$1,459,271 is restricted in the maintenance reserve account; \$151 is restricted in the emergency reserve account; \$701,720 is restricted for unemployment compensation; \$524,742 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2024; \$2,522,479 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2025; and \$1,428,478 is unassigned, which is \$394,353 less than the calculated unassigned fund balance, on a GAAP basis, due to the last two state aid payments, which are not recognized until the fiscal year ended June 30, 2024.

Special Revenue Fund: Of the \$648,341 Special Revenue Fund fund balance at June 30, 2023, \$440,909 is restricted for student activities and \$207,432 is restricted for scholarships.

Capital Projects Fund: The Capital Projects Fund has a (\$440,829) deficit in unassigned fund balance at June 30, 2023, which is \$37,651,735 less on a GAAP basis due to a receivable with the City of Summit and the NJ Clean Energy Program grant not being recognized on a GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursements.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-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 balance 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 District has excess surplus as outlined above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Fund Balance Appropriated (Cont'd)

Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

U. Deficit Net Position/Fund Balance

The District has a deficit in unrestricted net position of \$17,356,817 in its governmental activities, which is primarily due to deferred inflows, outflows and liabilities related to pensions and compensated absences. The District also has a deficit of \$440,829 in unassigned and total Capital Projects Fund fund balance due to a difference in both the recognition of revenue due from the City of Summit and grant revenue. These deficits do not indicate the District is in financial difficulties and are a permitted practice under generally accepted accounting principles.

V. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflows and inflows of resources related to pensions at June 30, 2023.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, and subscription assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

W. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for capital, maintenance and emergency reserves, excess surplus, student activities, scholarships and unemployment compensation.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund on a budgetary basis at June 30, 2023.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and amounts designated for subsequent year's expenditures in the General Fund at June 30, 2023.

X. Revenue - Exchange and Nonexchange Transactions

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Y. Operating Revenue and Expenses

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. These revenues are sales for Food Service, and program fees for the Summer Arts and Innovation Summer Institute programs. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

Z. Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

AA. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following two pages.

Custodial Credit Risk - The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) 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;
- (5) Bonds or other obligations, having a maturity date 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", P.L. 1983, c.313 (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 local units;
- (6) Local government investment pools;
- (7) 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); or

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are 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 requirements of the “Local Authorities Fiscal Control Law,” P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district’s funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Unrestricted	Restricted	
Checking/Money Market Accounts	\$ 4,855,180	\$ 8,594,687	\$ 13,449,867
NJ ARM	2,007,315		2,007,315
	\$ 6,862,495	\$ 8,594,687	\$ 15,457,182

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

During the period ended June 30, 2023, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$15,457,182 and the bank balance was \$17,569,229. The balance of \$2,007,315 in NJ ARM is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, 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-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2022		\$ 5,046,253
Add:	Interest Earnings	34,415
	Return of Unexpended Balance from Capital Outlay	939,027
	Transfer from Unassigned Fund Balance per Board Resolution - June 30, 2023	1,500,000
Less:	Budgeted Withdrawal to Capital Projects Fund	(605,050)
	Budgeted Withdrawal to Capital Outlay	(1,129,441)
		\$ 5,785,204
Ending Balance, June 30, 2023		\$ 5,785,204

The balance in the capital reserve account at June 30, 2023 does not exceed the local support costs of uncompleted capital projects in the District's approved LRFP. Withdrawals from the capital reserve were for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE

A maintenance reserve account was established by the Board. The funds for the establishment of this reserve were transferred from excess unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 5. MAINTENANCE RESERVE (Cont'd)

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2022	\$ 1,049,983
Add: Return of Unexpended Balance	64,708
Transfer from Unassigned Fund Balance per Board Resolution - June 30, 2023	500,000
Less: Budgeted Withdrawal	<u>(155,420)</u>
Ending Balance, June 30, 2023	<u><u>\$ 1,459,271</u></u>

NOTE 6. EMERGENCY RESERVE

An emergency reserve account was established by Board resolution for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-4lc(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation 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 pursuant to N.J.S.A. 18A:7G-6(c)l.

Beginning Balance, July 1, 2022	\$ 151
Ending Balance, June 30, 2023	<u><u>\$ 151</u></u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2023, the District made no net transfers to the capital outlay accounts.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 1,758,660			\$ 1,758,660
Construction in Progress	1,133,860	\$ 3,865,315		4,999,175
Total Capital Assets Not Being Depreciated	<u>2,892,520</u>	<u>3,865,315</u>		<u>6,757,835</u>
Capital Assets Being Depreciated:				
Site Improvements	8,420,209			8,420,209
Buildings and Building Improvements	76,121,249			76,121,249
Machinery and Equipment	3,618,253	308,007		3,926,260
Total Capital Assets Being Depreciated	<u>88,159,711</u>	<u>308,007</u>		<u>88,467,718</u>
Governmental Activities Capital Assets	<u>91,052,231</u>	<u>4,173,322</u>		<u>95,225,553</u>
Less Accumulated Depreciation for:				
Site Improvements	(5,189,611)	(313,939)		(5,503,550)
Buildings and Building Improvements	(46,467,013)	(2,815,588)		(49,282,601)
Machinery and Equipment	(2,657,918)	(176,963)		(2,834,881)
	<u>(54,314,542)</u>	<u>(3,306,490)</u>		<u>(57,621,032)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 36,737,689</u>	<u>\$ 866,832</u>	<u>\$ -0-</u>	<u>\$ 37,604,521</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 848,689	\$ 8,415		\$ 857,104
	<u>848,689</u>	<u>8,415</u>		<u>857,104</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(728,998)	(12,593)		(741,591)
	<u>(728,998)</u>	<u>(12,593)</u>		<u>(741,591)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 119,691</u>	<u>\$ (4,178)</u>	<u>\$ -0-</u>	<u>\$ 115,513</u>

The District capitalized \$4,173,322 of expenditures during the fiscal year, which included \$3,865,315 of construction projects in progress. The District has \$37,210,906 in active construction projects, of which \$428,548 represents open encumbrances as of June 30, 2023.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 8. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,526,435
Special Education Instruction	442,277
Other Special Instruction	94,774
Other Instruction/School Sponsored	94,774
Student and Other Instruction Related Services	399,622
General Administration	63,182
School Administration	157,956
Central Services	63,182
Administrative Information Technology	31,591
Operations and Maintenance of Plant	369,515
Student Transportation	63,182
	\$ 3,306,490

NOTE 9. LEASE ASSETS

Lease asset balances and activity for the year ended June 30, 2023 were as follows:

	(Restated) Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Lease Assets Being Amortized:				
Machinery and Equipment	\$ 1,512,734			\$ 1,512,734
Total Lease Assets Being Amortized	1,512,734			1,512,734
Governmental Activities Lease Assets	1,512,734			1,512,734
Less Accumulated Amortization for:				
Machinery and Equipment	(473,915)	\$ (192,887)		(666,802)
	(473,915)	(192,887)		(666,802)
Governmental Activities Lease Assets, Net of Accumulated Amortization	\$ 1,038,819	\$ (192,887)	\$ -0-	\$ 845,932

Amortization expense was charged to governmental functions as follows:

Regular Instruction	\$ 164,027
Administrative Information Technology	28,860
	\$ 192,887

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2022	Accrued	Retired	Balance 6/30/2023	Due Within One Year
Leases Payable	\$ 1,201,617		\$ 345,087	\$ 856,530	\$ 195,731
Financed Purchases Payable	502,382		161,814	340,568	167,396
Compensated Absences Payable	2,113,177	\$ 254,899	209,500	2,158,576	195,600
Net Pension Liability	13,470,955	3,987,655		17,458,610	
	<u>\$ 17,288,131</u>	<u>\$ 4,242,554</u>	<u>\$ 716,401</u>	<u>\$ 20,814,284</u>	<u>\$ 558,727</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the City of Summit by adopting an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City of Summit are general obligation bonds of the City of Summit and are not recorded as debt of the Summit Public Schools.

B. Financed Purchases Payable:

The District has a financed purchase agreement for technology equipment valued at \$810,000, of which \$469,432 has matured and been repaid. The financed purchase agreement is for a term of five years.

The following is a schedule of the future minimum financed purchases payments and the present value of the net minimum financed purchases payments at June 30, 2023.

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 179,146
2025	179,146
	<u>358,292</u>
Less: Amount Representing Interest	<u>(17,724)</u>
Present Value Net of Minimum Financed Purchases Payments	<u>\$ 340,568</u>

The current portion of financed purchases payable at June 30, 2023 is \$167,396 and the long-term portion is \$173,172. The General Fund will be used to liquidate the financed purchases payable.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. LONG-TERM LIABILITIES (Cont'd)

C. Leases Payable:

The District had leases outstanding as of June 30, 2023 as follows:

Purpose	Commencement Date	Frequency of Payment	Final Maturity Date	Interest Rate	Amount
FY2023 Technology Equipment	09/16/22	Monthly	08/16/27	3.10%	\$ 146,356
FY2023 Copiers	09/10/22	Monthly	08/10/27	3.10%	376,038
FY2023 Copiers	09/10/22	Monthly	08/10/27	3.10%	334,136
					<u>\$ 856,530</u>

Principal and interest due on leases outstanding will be liquidated through the General Fund and are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 195,731	\$ 23,485
2025	201,805	17,411
2026	208,069	11,147
2027	214,528	4,688
2028	36,397	139
	<u>\$ 856,530</u>	<u>\$ 56,870</u>

D. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in current and long-term portions. The compensated absences balance of the governmental funds as of June 30, 2023 is \$2,158,576, of which \$195,600 represents the current portion and \$1,962,976 represents the long-term portion. The General Fund will be used to liquidate compensated absences payable. There is no liability for compensated absences in the Proprietary fund types.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2023 is \$-0- and the long-term portion is \$17,458,610. See Note 11 for further information on the PERS.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS):

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 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 reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 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 members 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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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. Funding for noncontributory group insurance benefits is based on actual claims paid.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Contributions (Cont'd)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$1,526,613 for the current fiscal year. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$36,734 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District reported a liability of \$17,458,610 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.116%, which was an increase of 0.002% from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$830,197 related to the District's proportionate share of the net pension liability. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$36,734 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS): (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 419,670
	2019	5.21		524,448
	2020	5.16		1,542,160
	2021	5.13		127,967
	2022	5.04	\$ 54,092	
			54,092	2,614,245
Changes in Proportion	2018	5.63	59,200	
	2019	5.21		116,026
	2020	5.16	200,026	
	2021	5.13	517,128	
	2022	5.04	300,895	
			1,077,249	116,026
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	17,271	
	2020	5.00	518,990	
	2021	5.00	(3,237,123)	
	2022	5.00	3,423,458	
			722,596	
Difference Between Expected and Actual Experience	2018	5.63		15,981
	2019	5.21	40,089	
	2020	5.16	85,919	
	2021	5.13		43,017
	2022	5.04		52,123
			126,008	111,121
District Contribution Subsequent to the Measurement Date	2022	1.00	1,523,743	
			\$ 3,503,688	\$ 2,841,392

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as follows:

Fiscal Year Ending June 30,	Total
2023	\$ (1,201,969)
2024	(450,803)
2025	(117,575)
2026	907,700
2027	1,200
	\$ (861,447)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	2.75 – 6.55% based on years of service
Investment Rate of Return	
	7.00%

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 a 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 a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS' target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 upon 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.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2022 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 22,429,199	\$ 17,458,610	\$ 13,228,438

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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. 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 represents the membership tiers for TPAF:

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

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 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 reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2022, the State's pension contribution was more than the actuarially determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2023, the State of New Jersey contributed \$12,499,423 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$4,362,006.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2023, the State's proportionate share of the net pension liability associated with the District was \$162,079,258. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2022, the District's proportion was 0.314%, which was an increase of 0.009% from its proportion measured as of June 30, 2021.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>162,079,258</u>
Total	<u><u>\$ 162,079,258</u></u>

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$4,362,006 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	<u>96,143,072</u>	
			<u>3,013,097,864</u>	<u>19,441,140,477</u>
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83		<u>18,009,041</u>
			<u>699,820,974</u>	<u>122,664,916</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Cont'd)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual	2019	5.00	\$ 36,220,692	
Actual Investment Earnings on Pension	2020	5.00	482,791,080	
Plan Investments	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			<u>1,172,371,073</u>	
			<u>\$ 4,885,289,911</u>	<u>\$ 19,563,805,393</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	<u>\$ (14,678,515,482)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions (Cont'd)

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 a 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in TPAF' target asset allocation as of June 30, 2022 are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension 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 pension plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	June 30, 2022		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Total Net Pension Liability	\$ 190,041,374	\$ 162,079,258	\$ 138,524,688

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 11. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$32,737 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$44,458 for the fiscal year ended June 30, 2023.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained its health benefit coverage through the New Jersey State Health Benefits Program.

Property and Liability Insurance

The District is a member of the Diploma Joint Insurance Fund (the "Fund"). The Fund is a public entity risk management pool that provides general liability coverage, property coverage, automobile coverage, and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of the Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2023 audit report is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2022 is as follows:

	Diploma Joint Insurance Fund
Total Assets	\$ 22,628,660
Net Position	\$ 12,420,996
Total Revenue	\$ 11,001,211
Total Expenses	\$ 9,061,594
Change in Net Position	\$ 1,939,617
Members Dividends	\$ -0-

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

Financial statements for the Fund are available at its Executive Director's Office:

Public Entity Group Administrative Services (PEGAS)
51 Everett Drive, Suite 40-B
West Windsor, NJ 08550
(609) 275-1140
<https://www.diplomajif.org>

New Jersey Unemployment Compensation Insurance

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, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022-2023	\$ -0-	\$ 7,223	\$ 125,653	\$ 109,894	\$ 701,720
2021-2022	-0-	1,300	118,312	34,295	678,738
2020-2021	-0-	1,358	107,235	85,968	593,421

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 14. INTERFUND/INTRAFUND BALANCES AND TRANSFERS

The following interfund balances remained on the balance sheet at June 30, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 440,829	\$ 497
Capital Projects Fund		440,829
Enterprise Funds:		
Food Service Fund	497	
	<u>\$ 441,326</u>	<u>\$ 441,326</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 14. INTERFUND/INTRAFUND BALANCES AND TRANSFERS (Cont'd)

The interfund between the General Fund and the Capital Projects Fund is due to a deficit in cash and cash equivalents in the Capital Projects Fund. The deficit is due to the timing between expenditure and reimbursement of federal grant funds from the State and reimbursement of capital ordinance funds from the City of Summit. The interfund between the General Fund and the Food Service Fund is reimbursements collected in the General Fund not turned over to the Food Service Fund by June 30.

NOTE 15. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Equitable Advisors
Lincoln Investment
Corebridge Financial
Ameriprise Financial
Security Benefits

NOTE 16. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year.

The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and October 30. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 17. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 17. CONTINGENT LIABILITIES (Cont'd)

Litigation

The Board is periodically involved in claims and lawsuits arising in the normal course of business. The Board does not believe that the ultimate outcome of these claims will have a material adverse effect on the District's financial position.

Encumbrances

At June 30, 2023, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 158,909	\$ 8,998	\$ 428,548	\$ 596,455

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$8,998 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. The \$428,548 year-end encumbrances in the Capital Projects Fund are included in the (\$440,829) deficit unassigned fund balance.

NOTE 18. ACCOUNTS PAYABLE

Accounts payable recorded as of June 30, 2023 consisted of the following:

	Governmental Funds		District Contribution Subsequent to the Measure- ment Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund			Proprietary Funds
Due to State of New Jersey	\$ 2,502	\$ 86,107	\$ 1,523,743	\$ 1,612,352	
Vendors	194,955	309,721		504,676	\$ 13,607
Payroll Deductions and Withholdings	70,454			70,454	
	\$ 267,911	\$ 395,828	\$ 1,523,743	\$ 2,187,482	\$ 13,607

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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 years or more 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 total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2021, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	151,669
Active Plan Members	213,148
Total	364,817

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25% based on service years	2.75 - 6.55% based on service years	3.25 - 16.25% based on service years

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF and PERS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement 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 were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	<u>Total OPEB Liability</u>
Balance at June 30, 2021	\$ 151,987,210
Changes for Year:	
Service Cost	8,150,430
Interest on the Total OPEB Liability	3,321,027
Difference between Actual and Expected Experience	(1,340,764)
Changes of Assumptions	(33,617,293)
Gross Benefit Payments by the State	(3,289,576)
Contributions from Members	105,531
Net Changes	(26,670,645)
Balance at June 30, 2022	\$ 125,316,565

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
Total OPEB Liability Attributable to the District	\$ 147,296,440	\$ 125,316,565	\$ 107,700,794

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2022, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 103,581,801	\$ 125,316,565	\$ 153,866,498

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$5,628,064 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2023, the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 6,506,570
	2018	9.51		6,209,119
	2019	9.29	\$ 876,634	
	2020	9.24	20,697,712	
	2021	9.24	114,779	
	2022	9.13		29,935,224
				<u>21,689,125</u>
Differences between Expected and Actual Experience	2018	9.51		5,869,550
	2019	9.29		10,318,028
	2020	9.24	19,291,080	
	2021	9.24		22,073,018
	2022	9.13	3,082,898	
				<u>22,373,978</u>
Changes in Proportion	N/A	N/A	<u>5,547,989</u>	<u>4,048,246</u>
			<u>\$ 49,611,092</u>	<u>\$ 84,959,755</u>

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

Fiscal Year Ending June 30,	Total
2023	\$ (6,228,288)
2024	(6,228,289)
2025	(6,228,289)
2026	(5,382,802)
2027	(3,077,958)
Thereafter	<u>(9,702,780)</u>
	<u>\$ (36,848,406)</u>

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 20. PRIOR PERIOD ADJUSTMENTS

The District made prior year adjustments in the District Wide Financial Statements to record adjustments to capital assets as a result of a physical inventory, to record an intangible right-to-use asset and a lease liability as of June 30, 2022 as a result of implementing GASB 87, *Leases*, and to record adjustments to the compensated absences payable. The District also made prior year adjustments in the District Wide Financial Statements and the Fund Financial Statements to recognize a receivable from the state government for the fiscal year 2022 extraordinary aid award, to record an adjustment for unsupported accounts payable for Unemployment Compensation, to record payroll deductions payable and cancel uncollectible local grant accounts receivables.

	<u>June 30, 2022</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2022</u> <u>as Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
<u>Assets</u>			
Current and Other Assets	\$ 16,523,228	\$ 632,117	\$ 17,155,345
Capital Assets, Net	78,895,524	(42,157,835)	36,737,689
Lease Asset, Net	-0-	1,038,819	1,038,819
Total Assets	95,418,752	(40,486,899)	54,931,853
<u>Liabilities</u>			
Current Liabilities	3,813,194	(143,881)	3,669,313
Noncurrent Liabilities	16,568,362	719,769	17,288,131
Total Liabilities	20,381,556	575,888	20,957,444
<u>Net Position</u>			
Net Investment in Capital Assets	77,364,681	(41,292,172)	36,072,509
Restricted	7,203,550	1,894,724	9,098,274
Unrestricted/(Deficit)	(16,669,189)	(1,665,339)	(18,334,528)
Total Net Position	\$ 67,899,042	\$ (41,062,787)	\$ 26,836,255
 <u>Balance Sheet - General Fund:</u>			
<u>Fund Balances</u>			
Restricted	\$ 8,330,036	\$ 169,831	\$ 8,499,867
Committed	88,008	(88,008)	
Assigned	1,359,793	88,008	1,447,801
Unassigned/(Deficit)	2,333,790	606,167	2,939,957
Total Fund Balances	\$ 12,111,627	\$ 775,998	\$ 12,887,625

SUMMIT PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Continued)

NOTE 20. PRIOR PERIOD ADJUSTMENTS (Cont'd)

The District also made prior year adjustments in the District Wide Financial Statements and the Fund Financial Statements to record adjustments to capital assets as a result of a physical inventory in the Proprietary Funds.

	<u>June 30, 2022</u> as Previously Reported	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> June 30, 2022 as Restated
<u>Statement of Net Position - Business-Type Activities:</u>			
<u>Assets</u>			
Capital Assets, Net	\$ 355,463	\$ (235,772)	\$ 119,691
Total Assets	<u>355,463</u>	<u>(235,772)</u>	<u>119,691</u>
<u>Net Position</u>			
Net Investment in Capital Assets	355,463	(235,772)	119,691
Total Net Position	<u>\$ 355,463</u>	<u>\$ (235,772)</u>	<u>\$ 119,691</u>
 <u>Balance Sheet - Proprietary Funds:</u>			
<u>Net Position</u>			
Net Investment in Capital Assets	\$ 355,463	\$ (235,772)	\$ 119,691
Total Net Position	<u>\$ 355,463</u>	<u>\$ (235,772)</u>	<u>\$ 119,691</u>

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

SUMMIT PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the Net Pension Liability	0.0986700000%	0.1003800000%	0.1021300000%	0.1075600000%	0.111091000000%	0.1077000000%	0.10982000000%	0.1137100000%	0.1156859888%
District's Proportionate Share of the Net Pension Liability	\$ 18,473,376	\$ 22,532,808	\$ 30,247,699	\$ 25,039,115	\$ 21,640,624	\$ 19,406,615	\$ 17,909,807	\$ 13,470,955	\$ 17,458,610
District's Covered Employee Payroll	\$ 6,501,378	\$ 6,711,653	\$ 6,885,387	\$ 7,456,193	\$ 7,471,215	\$ 7,531,326	\$ 7,761,673	\$ 8,152,687	\$ 8,400,518
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	284.15%	335.73%	439.30%	335.82%	289.65%	257.68%	230.75%	165.23%	207.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 820,714	\$ 876,821	\$ 935,405	\$ 1,019,452	\$ 1,093,852	\$ 1,047,642	\$ 1,201,446	\$ 1,331,706	\$ 1,526,613
Contributions in relation to the Contractually Required Contribution	(820,714)	(876,821)	(935,405)	(1,019,452)	(1,093,852)	(1,047,642)	(1,201,446)	(1,331,706)	(1,526,613)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Employee Payroll	\$ 6,711,653	\$ 6,885,387	\$ 7,456,193	\$ 7,471,215	\$ 7,531,326	\$ 7,761,673	\$ 8,152,687	\$ 8,400,518	\$ 8,382,054
Contributions as a Percentage of Covered Employee Payroll	12.23%	12.73%	12.55%	13.65%	14.52%	13.50%	14.74%	15.85%	18.21%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
State's Proportion of the Net Pension Liability Attributable to the District	0.3188459107%	0.3156785902%	0.3134060072%	0.3130884434%	0.3236728689%	0.3170530612%	0.3144458274%	0.3050413870%	0.3141410848%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 163,208,297	\$ 199,522,349	\$ 246,545,120	\$ 211,095,518	\$ 205,913,727	\$ 194,578,456	\$ 207,058,794	\$ 146,649,222	\$ 162,079,258
District's Covered Employee Payroll	\$ 30,976,568	\$ 31,687,581	\$ 32,393,898	\$ 33,099,522	\$ 33,706,072	\$ 33,461,524	\$ 34,208,264	\$ 35,285,551	\$ 35,019,311
State's proportionate share of the net pension liability attributable to the District as a Percentage of its Covered Employee Payroll	526.88%	629.65%	761.09%	637.76%	610.91%	581.50%	605.29%	415.61%	462.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST NINE FISCAL YEARS

	Fiscal Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 8,782,139	\$ 12,182,636	\$ 18,524,435	\$ 14,623,629	\$ 12,004,050	\$ 11,476,757	\$ 12,875,798	\$ 3,450,721	\$ 4,362,006	
Contributions in relation to the contractually required contribution	(1,592,128)	(2,390,186)	(3,398,493)	(4,766,559)	(6,235,666)	(6,897,002)	(8,867,184)	(12,932,109)	(12,499,423)	
Contribution deficiency/(excess)	\$ 7,190,011	\$ 9,792,450	\$ 15,125,942	\$ 9,857,070	\$ 5,768,384	\$ 4,579,755	\$ 4,008,614	\$ (9,481,388)	\$ (8,137,417)	
District's covered employee payroll	\$ 31,687,581	\$ 32,393,898	\$ 33,099,522	\$ 33,706,072	\$ 33,461,524	\$ 34,208,264	\$ 35,285,551	\$ 35,019,311	\$ 35,712,479	
Contributions as a percentage of covered employee payroll	5.02%	7.38%	10.27%	14.14%	18.64%	20.16%	25.13%	36.93%	35.00%	

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

SUMMIT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS
LAST SIX FISCAL YEARS

	Fiscal Years Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 6,737,252	\$ (2,284,679)	\$ 4,900,906	\$ 5,159,370	\$ 9,304,264	\$ 8,150,430
Interest Cost	4,096,419	3,815,904	4,409,920	3,735,815	3,942,708	3,321,027
Changes in Benefit Terms					(161,772)	
Differences between Expected and Actual Experiences			(15,350,981)	29,597,900	(27,852,070)	(1,340,764)
Changes in Assumptions	(17,155,688)	(14,607,891)	1,535,701	30,981,752	149,947	(33,617,293)
Member Contributions	123,249	237,337	93,722	89,498	100,796	105,531
Gross Benefit Payments	(3,347,116)	(6,445,440)	(3,161,716)	(2,952,755)	(3,105,750)	(3,289,576)
Net Change in Total OPEB Liability	(9,545,884)	(19,284,769)	(7,572,448)	66,611,580	(17,621,877)	(26,670,645)
Total OPEB Liability - Beginning	139,400,608	129,854,724	110,569,955	102,997,507	169,609,087	151,987,210
Total OPEB Liability - Ending	\$ 129,854,724	\$ 110,569,955	\$ 102,997,507	\$ 169,609,087	\$ 151,987,210	\$ 125,316,565
District's Covered Employee Payroll *	\$ 39,279,285	\$ 40,555,715	\$ 41,177,287	\$ 40,992,850	\$ 41,969,937	\$ 43,438,238
Total OPEB Liability as a Percentage of Covered Employee Payroll	331%	273%	250%	414%	362%	288%

* Covered payroll for the fiscal years ending June 30, 2017, 2018, 2019, 2020, 2021 & 2022 are based on the payroll on the June 30, 2016, 2017, 2018, 2019, 2020 and 2021 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

SUMMIT PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

SUMMIT PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN (Cont'd)

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 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 decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years.

BUDGETARY COMPARISON SCHEDULES

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 69,767,778		\$ 69,767,778	\$ 69,767,778	
Tuition From Individuals	83,700		83,700	79,265	\$ (4,435)
Tuition From Other LEAs Within the State	395,984		395,984	502,005	106,021
Unrestricted Miscellaneous Revenues	123,000		123,000	315,604	192,604
Interest Earned on Capital Reserve Funds				34,415	34,415
Other Restricted Miscellaneous Revenues				22,982	22,982
Total Revenues from Local Sources	70,370,462		70,370,462	70,722,049	351,587
Revenues from State Sources:					
Categorical Transportation Aid	203,264		203,264	203,264	
Extraordinary Aid	420,047		420,047	760,992	340,945
Categorical Special Education Aid	3,427,400		3,427,400	3,427,400	
Categorical Security Aid	391,879		391,879	391,879	
Securing Our Children's Future Bond Act				230,899	230,899
TPAF Post Retirement Contributions (Non-Budgeted)				3,329,124	3,329,124
TPAF Pension Contributions (Non-Budgeted)				12,499,423	12,499,423
TPAF Non-Contributory Insurance (Non-Budgeted)				173,415	173,415
TPAF Long-Term Disability Insurance (Non-Budgeted)				5,423	5,423
Reimbursed TPAF Social Security Contributions				2,660,326	2,660,326
Total Revenues from State Sources	4,442,590		4,442,590	23,682,145	19,239,555
Revenues from Federal Sources:					
Medicaid Reimbursement	52,383		52,383	62,763	10,380
Family First Coronavirus Response Act				6,764	6,764
FEMA Reimbursements				24,871	24,871
Total Revenues from Federal Sources	52,383		52,383	94,398	42,015
TOTAL REVENUE	74,865,435		74,865,435	94,498,592	19,633,157

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 887,083	\$ 41,877	\$ 928,960	\$ 928,960	
Grades 1-5 - Salaries of Teachers	9,205,848	(41,878)	9,163,970	8,904,043	\$ 259,927
Grades 6-8 - Salaries of Teachers	5,698,458		5,698,458	5,433,296	265,162
Grades 9-12 - Salaries of Teachers	8,119,483	(948)	8,118,535	7,920,853	197,682
Regular Programs - Home Instruction:					
Salaries of Teachers	20,600	1,813	22,413	22,413	
Purchased Professional - Educational Services	32,000	(864)	31,136	31,136	
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,100,307	(300,000)	800,307	696,011	104,296
Purchased Technical Services	12,000		12,000	11,223	777
Other Purchased Services (400-500 series)	334,404		334,404	292,607	41,797
General Supplies	1,505,386	17,377	1,522,763	1,228,749	294,014
Textbooks	603,840	(17,377)	586,463	352,841	233,622
Total Regular Programs - Instruction	<u>27,519,409</u>	<u>(300,000)</u>	<u>27,219,409</u>	<u>25,822,132</u>	<u>1,397,277</u>
Special Education - Instruction:					
Learning and/or Language Disabilities - Mild to Moderate:					
Salaries of Teachers	748,081		748,081	674,168	73,913
General Supplies	4,800		4,800	3,635	1,165
Total Learning and/or Language Disabilities - Mild to Moderate	<u>752,881</u>		<u>752,881</u>	<u>677,803</u>	<u>75,078</u>
Resource Room/Resource Center:					
Salaries of Teachers	3,551,049		3,551,049	3,325,912	225,137
Other Salaries for Instruction	3,074,686		3,074,686	2,859,462	215,224
General Supplies	11,200		11,200	10,465	735
Total Resource Room/Resource Center	<u>6,636,935</u>		<u>6,636,935</u>	<u>6,195,839</u>	<u>441,096</u>

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 617,911	\$ (60,000)	\$ 557,911	\$ 514,397	\$ 43,514
Other Salaries for Instruction	475,474	60,000	535,474	533,857	1,617
General Supplies	2,000		2,000	1,430	570
Total Preschool Disabilities - Part-Time	<u>1,095,385</u>		<u>1,095,385</u>	<u>1,049,684</u>	<u>45,701</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>8,485,201</u>		<u>8,485,201</u>	<u>7,923,326</u>	<u>561,875</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	787,075	(69,664)	717,411	707,676	9,735
General Supplies	4,836		4,836	2,939	1,897
Total Basic Skills/Remedial - Instruction	<u>791,911</u>	<u>(69,664)</u>	<u>722,247</u>	<u>710,615</u>	<u>11,632</u>
Bilingual Education - Instruction:					
Salaries of Teachers	699,266	69,664	768,930	768,930	
Purchased Professional-Educational Services	2,000		2,000	1,250	750
General Supplies	1,650		1,650	1,535	115
Total Bilingual Education - Instruction	<u>702,916</u>	<u>69,664</u>	<u>772,580</u>	<u>771,715</u>	<u>865</u>
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	359,000	5,206	364,206	364,206	
Purchased Services (300-500 series)	11,400	17,353	28,753	28,188	565
Supplies and Materials		3,468	3,468	3,468	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	<u>370,400</u>	<u>26,027</u>	<u>396,427</u>	<u>395,862</u>	<u>565</u>
School-Sponsored Athletics - Instruction:					
Salaries	859,482	1,644	861,126	861,126	
Purchased Services (300-500 series)	189,208		189,208	176,665	12,543
Supplies and Materials	105,783	(13,635)	92,148	92,148	
Other Objects	18,725	(14,036)	4,689	2,588	2,101
Total School-Sponsored Athletics - Instruction	<u>1,173,198</u>	<u>(26,027)</u>	<u>1,147,171</u>	<u>1,132,527</u>	<u>14,644</u>

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Summer School - Instruction:					
Salaries of Teachers	\$ 106,551	\$	\$ 106,551	\$ 88,298	\$ 18,253
General Supplies	1,000		1,000		1,000
Total Summer School - Instruction	107,551		107,551	88,298	19,253
Total Summer School	107,551		107,551	88,298	19,253
TOTAL INSTRUCTION	39,150,586	\$ (300,000)	38,850,586	36,844,475	2,006,111
Undistributed Expenditures - Instruction:					
Tuition to County Voc. School Dist.-Regular	230,350		230,350	230,350	
Tuition to County Voc. School Dist.-Special	47,355		47,355	29,650	17,705
Tuition to CSSD & Reg. Day Schools	517,881	(100,000)	417,881	247,589	170,292
Tuition to Priv. Sch. for the Handicap. Within the State	1,140,089	9,829	1,149,918	1,149,918	
Tuition to Priv Sch Handicap & Oth LEAs-Spl,O/S St	241,800	(9,829)	231,971	151,720	80,251
Total Undistributed Expenditures - Instruction	2,177,475	(100,000)	2,077,475	1,809,227	268,248
Undistributed Expenditures - Health Services:					
Salaries	703,016	(4,101)	698,915	698,015	900
Purchased Professional and Technical Services	22,420	154,101	176,521	170,253	6,268
Other Purchased Services (400-500 series)	7,200		7,200	7,082	118
Supplies and Materials	38,000	(4,000)	34,000	28,807	5,193
Total Undist. Expenditures - Health Services	770,636	146,000	916,636	904,157	12,479
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	842,293		842,293	837,182	5,111
Purchased Professional - Educational Services	45,000	(10,000)	35,000	8,800	26,200
Total Undist. Expend. - Speech, OT, PT, Related Svcs	887,293	(10,000)	877,293	845,982	31,311
Undist.Expend. - Other Supp.Serv.Students - Extra.Serv.:					
Purchased Professional - Educational Services	360,733		360,733	276,826	83,907
Total Undist. Expend. - Other Supp. Serv. Students - Extra. Serv.	360,733		360,733	276,826	83,907

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Guidance:					
Salaries of Other Professional Staff	\$ 1,178,070	\$ 410	\$ 1,178,480	\$ 1,113,564	\$ 64,916
Salaries of Secretarial and Clerical Assistants	156,878	(410)	156,468	152,983	3,485
Other Purchased Services (400-500 series)	1,500		1,500	960	540
Supplies and Materials	25,975	(7,000)	18,975	13,886	5,089
Total Undist Expend. - Guidance	<u>1,362,423</u>	<u>(7,000)</u>	<u>1,355,423</u>	<u>1,281,393</u>	<u>74,030</u>
Undist. Expend. - Child Study Team:					
Salaries of Other Professional Staff	1,206,430	(37,170)	1,169,260	1,117,000	52,260
Salaries of Secretarial and Clerical Assistants	118,307		118,307	118,307	
Purchased Professional - Educational Services	18,000	11,000	29,000	26,130	2,870
Other Purchased Services (400-500 series)	7,000		7,000	691	6,309
Supplies and Materials	14,900		14,900	11,147	3,753
Other Objects	450		450	325	125
Total Undist Expend. - Child Study Team	<u>1,365,087</u>	<u>(26,170)</u>	<u>1,338,917</u>	<u>1,273,600</u>	<u>65,317</u>
Undist. Expend. - Improv. of Inst. Serv.:					
Salaries of Supervisors of Instruction	672,382		672,382	654,442	17,940
Salaries of Other Professional Staff	13,000		13,000	13,000	
Other Salaries	161,411		161,411	138,023	23,388
Sal of Facilitators, Math Coaches & Literacy Coaches	530,955		530,955	458,210	72,745
Purchased Professional - Educational Services	17,500		17,500	4,000	13,500
Supplies and Materials	20,300		20,300	10,521	9,779
Total Undist. Expend. - Improv. of Inst. Serv.	<u>1,415,548</u>		<u>1,415,548</u>	<u>1,278,196</u>	<u>137,352</u>
Undist. Expend. - Edu. Media Serv./Sch. Library:					
Salaries	1,010,578		1,010,578	954,162	56,416
Supplies and Materials	166,193	(2,830)	163,363	133,689	29,674
Total Undist Expend - Edu. Media Serv./Sch. Library	<u>1,176,771</u>	<u>(2,830)</u>	<u>1,173,941</u>	<u>1,087,851</u>	<u>86,090</u>
Undist. Expend. - Instructional Staff Training Services:					
Other Objects	92,683		92,683	37,968	54,715
Total Undist. Expend. - Instructional Staff Training Services	<u>92,683</u>		<u>92,683</u>	<u>37,968</u>	<u>54,715</u>

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Support Serv. - Gen. Admin.:					
Salaries	\$ 670,963	\$	\$ 670,963	\$ 660,219	\$ 10,744
Legal Services	225,000	28,355	253,355	231,739	21,616
Audit Fees	107,200	(43,042)	64,158	58,461	5,697
Other Purchased Professional Services	28,000	18,042	46,042	39,466	6,576
Communications / Telephone	154,600		154,600	139,358	15,242
BOE Other Purchased Services	16,000		16,000	15,666	334
General Supplies	6,778		6,778	5,709	1,069
BOE In-house training/ Meeting Supplies	150		150	126	24
BOE Membership Dues and Fees	37,000		37,000	35,577	1,423
BOE Undist. Expend. - Support Serv. - Gen. Admin.	1,245,691	3,355	1,249,046	1,186,321	62,725
Undist. Expend. - Support Serv. - School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,802,942		1,802,942	1,742,730	60,212
Salaries of Other Professional Staff	399,761	480	400,241	400,241	
Salaries of Secretarial and Clerical Assistants	936,549	(480)	936,069	919,880	16,189
Other Purchased Services (400-500 series)	41,000		41,000	9,517	31,483
Supplies and Materials	3,000		3,000	2,218	782
Other Objects	28,500		28,500	27,610	890
Total Undist. Expend. - Support Serv. - School Adm.	3,211,752		3,211,752	3,102,196	109,556
Undist. Expend. - Central Services:					
Salaries	940,254	5,000	945,254	937,704	7,550
Miscellaneous Purchased Services (400-500 series other than 594)	9,500	23,000	32,500	32,275	225
Supplies and Materials	31,460	(5,609)	25,851	22,130	3,721
Interest on Lease Purchase Agreements	50,746	(50,746)			
Other Objects	80,000		80,000	79,679	321
Total Undist. Expend. - Central Services	1,111,960	(28,355)	1,083,605	1,071,788	11,817

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Technology:					
Salaries	\$ 188,798	\$ 413,287	\$ 602,085	\$ 566,708	\$ 35,377
Other Purchased Services (400-500 series)	3,000		3,000	2,220	780
Total Undist. Expend. - Admin. Info. Technology	191,798	413,287	605,085	568,928	36,157
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	962,221	(413,287)	548,934	516,674	32,260
Cleaning, Repair, and Maintenance Services	318,020	155,420	473,440	359,619	113,821
General Supplies	272,160		272,160	263,445	8,715
Other Objects	3,600		3,600	2,250	1,350
Total Undist. Expend. - Required Maint. for School Facilities	1,556,001	(257,867)	1,298,134	1,141,988	156,146
Undist. Expend. - Custodial Services:					
Salaries	2,482,719	243,000	2,725,719	2,719,636	6,083
Purchased Professional and Technical Services	61,723	(14,000)	47,723	47,562	161
Cleaning, Repair, and Maintenance Services	56,000	(24,000)	32,000	23,301	8,699
Other Purchased Property Services	69,360	20,000	89,360	80,907	8,453
Insurance	672,372		672,372	672,197	175
General Supplies	209,000	(28,200)	180,800	175,535	5,265
Energy (Natural Gas)	265,000	28,200	293,200	293,147	53
Energy (Electricity)	546,720	75,000	621,720	613,158	8,562
Other Objects	35,000		35,000	35,000	
Total Undist. Expend. - Custodial Services	4,397,894	300,000	4,697,894	4,660,443	37,451
Undist. Expend. - Care and Upkeep of Grounds:					
Cleaning, Repair, and Maintenance Services	35,768		35,768	13,624	22,144
General Supplies	39,188		39,188	38,731	457
Total Undist. Expend. - Care And Upkeep Of Grounds	74,956		74,956	52,355	22,601
Undist. Expend. - Security:					
Salaries	193,803		193,803	174,718	19,085
Other Objects	15,000		15,000	7,285	7,715
Total Undist. Expend. - Security	208,803		208,803	182,003	26,800

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Total Undist. Expend. - Oper. And Maint. Of Plant Serv.	\$ 6,237,654	\$ 42,133	\$ 6,279,787	\$ 6,036,789	\$ 242,998
Undist. Expend. - Student Transportation Serv.:					
Sal. for Pupil Trans. (Bet. Home and Sch) - Spl. Ed.	63,508		63,508	39,349	24,159
Cleaning, Repair, and Maint. Services	6,545		6,545	1,754	4,791
Contract. Serv.(Oth. than Bet. Home & Sch.) - Vend.	265,740	40,000	305,740	299,271	6,469
Contract. Serv.(Spl. Ed. Students)-Vendors	9,833		9,833	9,760	73
Contract. Serv.(Reg. Students)-ESCs & CTAS	67,143	(20,000)	47,143	20,684	26,459
Contract. Serv.(Spl. Ed. Students) - ESCs & CTAS	995,024	(20,000)	975,024	967,950	7,074
Misc. Purchased Serv. - Transportation	275		275		275
General Supplies	16,115		16,115	14,314	1,801
Total Undist. Expend. - Student Trans. Serv.	1,424,183		1,424,183	1,353,082	71,101
UNALLOCATED BENEFITS					
Group Insurance	227,429		227,429	141,961	85,468
Social Security Contributions	1,255,174		1,255,174	1,073,027	182,147
Other Retirement Contributions - PERS	1,544,513		1,544,513	1,526,613	17,900
Other Retirement Contributions - Regular	35,000		35,000	32,737	2,263
Workers Compensation	377,701		377,701	344,800	32,901
Health Benefits	10,539,929		10,539,929	10,058,515	481,414
Tuition Reimbursement	110,000		110,000	60,921	49,079
Other Employee Benefits	254,000		254,000	223,378	30,622
TOTAL UNALLOCATED BENEFITS	14,343,746		14,343,746	13,461,952	881,794
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				3,329,124	(3,329,124)
TPAF Pension Contributions (Non-Budgeted)				12,499,423	(12,499,423)
TPAF Non-Contributory Insurance (Non-Budgeted)				173,415	(173,415)
TPAF Long-Term Disability Insurance (Non-Budgeted)				5,423	(5,423)
Reimbursed TPAF Social Security Contributions				2,660,326	(2,660,326)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				18,667,711	(18,667,711)

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 14,343,746		\$ 14,343,746	\$ 32,129,663	\$ (17,785,917)
TOTAL UNDISTRIBUTED EXPENDITURES	37,375,433	\$ 430,420	37,805,853	54,243,967	(16,438,114)
TOTAL GENERAL CURRENT EXPENSE	76,526,019	130,420	76,656,439	91,088,442	(14,432,003)
CAPITAL OUTLAY					
Equipment					
Grades 1-5	281,308		281,308	275,874	5,434
Grades 6-8	56,738		56,738	55,063	1,675
Grades 9-12	209,015		209,015	208,337	678
Undistributed:					
Undistributed Expenditures - Instruction	73,475		73,475	37,154	36,321
Undist. Expend. - Required Maint for School Fac.	3,945		3,945	3,945	
Total Equipment	624,481		624,481	580,373	44,108
Facilities Acquisition and Construction Serv.:					
Other Purchased Prof. and Tech. Services	190,500	25,000	215,500	165,013	50,487
Construction Services	1,739,911	(760,470)	979,441	42,896	936,545
Lease Purchase Agreements - Principal	247,422		247,422	245,222	2,200
Assessment for Debt Service on SDA Funding	35,021		35,021	35,021	
Total Facilities Acquisition and Const. Serv.	2,212,854	(735,470)	1,477,384	488,152	989,232
TOTAL CAPITAL OUTLAY	2,837,335	(735,470)	2,101,865	1,068,525	1,033,340
Transfer of Funds to Charter Schools	39,793		39,793		39,793
TOTAL EXPENDITURES	79,403,147	(605,050)	78,798,097	92,156,967	(13,358,870)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(4,537,712)	605,050	(3,932,662)	2,341,625	6,274,287

SUMMIT PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Capital Reserve - Transfer to Capital Projects Fund		\$ (605,050)	\$ (605,050)	\$ (605,050)	
Total Other Financing Sources/(Uses)		(605,050)	(605,050)	(605,050)	
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (4,537,712)		(4,537,712)	1,736,575	\$ 6,274,287
Fund Balance, July 1 (Restated)	13,213,990		13,213,990	13,213,990	
Fund Balance, June 30	\$ 8,676,278	\$ -0-	\$ 8,676,278	\$ 14,950,565	\$ 6,274,287
<u>Recapitulation:</u>					
Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025				\$ 2,522,479	
Excess Surplus - Restricted For 2023-2024				524,742	
Capital Reserve				5,785,204	
Maintenance Reserve				1,459,271	
Emergency Reserve				151	
Unemployment Compensation				701,720	
Assigned Fund Balance:					
Year End Encumbrances				158,909	
Designated for Subsequent Year's Expenditures				1,975,258	
Unassigned Fund Balance				1,822,831	
				14,950,565	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(394,353)	
Fund Balance per Governmental Funds (GAAP)				\$ 14,556,212	

SUMMIT PUBLIC SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 140,935	\$ 2,956,514	\$ 2,956,514	\$ 1,984,165	\$ (972,349)
State Sources		745,050	885,985	618,103	(267,882)
Federal Sources	636,838	2,409,085	3,045,923	2,264,564	(781,359)
Total Revenues	777,773	6,110,649	6,888,422	4,866,832	(2,021,590)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	181,627	1,143,242	1,324,869	820,503	504,366
Purchased Professional and Technical Services	54,156	480,797	534,953	415,580	119,373
Other Purchased Services		33,710	33,710	26,600	7,110
Tuition	394,701	383,886	778,587	718,807	59,780
General Supplies	28,226	1,019,651	1,047,877	699,730	348,147
Textbooks		70,752	70,752	27,040	43,712
Other Objects	565	13,274	13,839	3,567	10,272
Total Instruction	659,275	3,145,312	3,804,587	2,711,827	1,092,760
Support Services:					
Salaries of Supervisors of Instruction		155,215	155,215	81,804	73,411
Personal Services - Employee Benefits		149,955	149,955	114,179	35,776
Purchased Professional and Technical Services	118,498	1,115,337	1,233,835	721,188	512,647
Other Purchased Services		125,050	125,050	114,212	10,838
Supplies and Materials		29,412	29,412	29,338	74
Other Objects		840	840	840	
Student Activities		863,624	863,624	863,624	
Scholarships Awarded		64,757	64,757	64,757	
Total Support Services	118,498	2,504,190	2,622,688	1,989,942	632,746
Facilities Acquisition and Construction Services:					
Instructional Equipment		308,904	308,904	68,968	239,936
Non-Instructional Equipment		102,309	102,309	46,161	56,148
Total Facilities Acquisition and Construction Services		411,213	411,213	115,129	296,084
Total Expenditures	\$ 777,773	\$ 6,060,715	\$ 6,838,488	\$ 4,816,898	\$ 2,021,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -0-	\$ 49,934	\$ 49,934	\$ 49,934	\$ -0-

SUMMIT PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 94,498,592	\$ 4,866,832
Difference - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	326,365	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(394,353)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 94,430,604	\$ 6,144,276
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 92,156,967	\$ 4,816,898
Differences - Budgetary to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(8,998)
Cancellation of Prior Year Encumbrances		(270)
Prior Year Encumbrances		1,286,712
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 92,156,967	\$ 6,094,342

SUMMIT PUBLIC SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Annual appropriated budgets are prepared in the spring of each year for the General and Special Revenue Funds. The budget for the fiscal year ended June 30, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of revenue from the City bond ordinances. Ordinance revenue is recognized in full in the year the ordinances are authorized on the budgetary basis; but, are not recognized on the GAAP basis until funds are expended and submitted for reimbursement from the City.

The Capital Projects Fund budgetary revenue also differs from GAAP revenue due to a difference in the recognition of NJ Clean Energy program grants. Grants are recognized in full in the year the grants are awarded on the budgetary basis; but are not recognized on the GAAP basis until certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	I.D.E.A. Elementary and Secondary Education Act					
	Basic	Preschool	Title IA	Title IIA	Title III	Title IV
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 1,046,732	\$ 40,461	\$ 309,002	\$ 69,942	\$ 63,501	\$ 22,369
Total Revenues	<u>1,046,732</u>	<u>40,461</u>	<u>309,002</u>	<u>69,942</u>	<u>63,501</u>	<u>22,369</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers			247,170	24,420	18,114	
Purchased Professional and Technical Services						
Other Purchased Services			6,013			
Tuition	469,112					
General Supplies	27,957		3,094		28,453	14,724
Textbooks						
Other Objects	228				3,339	
Total Instruction	<u>497,297</u>		<u>256,277</u>	<u>24,420</u>	<u>49,906</u>	<u>14,724</u>
Support Services:						
Salaries of Supervisors of Instruction	8,627					
Personal Services - Employee Benefits	660		52,725	12,832	1,386	
Purchased Professional and Technical Services	428,851	40,461		32,690	7,644	7,645
Other Purchased Services	109,647				4,565	
Supplies and Materials	810					
Other Objects	840					
Student Activities						
Scholarships Awarded						
Total Support Services	<u>549,435</u>	<u>40,461</u>	<u>52,725</u>	<u>45,522</u>	<u>13,595</u>	<u>7,645</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$ 1,046,732</u>	<u>\$ 40,461</u>	<u>\$ 309,002</u>	<u>\$ 69,942</u>	<u>\$ 63,501</u>	<u>\$ 22,369</u>

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	CRRSA		ARP			
	Learning Acceleration	Mental Health	ESSER III	Learning Acceleration	Beyond School Day	Mental Health
REVENUES:						
Local Sources						
State Sources						
Federal Sources	\$ 1,673	\$ 38,026	\$ 283,694	\$ 85,260	\$ 9,209	\$ 45,000
Total Revenues	<u>1,673</u>	<u>38,026</u>	<u>283,694</u>	<u>85,260</u>	<u>9,209</u>	<u>45,000</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers			154,296		8,555	
Purchased Professional and Technical Services						
Other Purchased Services						
Tuition						
General Supplies	1,673		30,552			
Textbooks						
Other Objects						
Total Instruction	<u>1,673</u>		<u>184,848</u>		<u>8,555</u>	
Support Services:						
Salaries of Supervisors of Instruction			37,305	4,872		31,000
Personal Services - Employee Benefits			31,549	373	654	14,000
Purchased Professional and Technical Services		9,498	29,992	80,015		
Other Purchased Services						
Supplies and Materials		28,528				
Other Objects						
Student Activities						
Scholarships Awarded						
Total Support Services		<u>38,026</u>	<u>98,846</u>	<u>85,260</u>	<u>654</u>	<u>45,000</u>
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	<u>\$ 1,673</u>	<u>\$ 38,026</u>	<u>\$ 283,694</u>	<u>\$ 85,260</u>	<u>\$ 9,209</u>	<u>\$ 45,000</u>

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonpublic					
	ACSERS	School Climate Change	Nursing	Textbooks	Technology Initiative	Security Aid
REVENUES:						
Local Sources						
State Sources						
Federal Sources						
Total Revenues	\$ 249,695	\$ 6,660	\$ 101,252	\$ 27,040	\$ 57,577	\$ 298,363
	<u>249,695</u>	<u>6,660</u>	<u>101,252</u>	<u>27,040</u>	<u>57,577</u>	<u>298,363</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services			101,252			298,363
Other Purchased Services						
Tuition	249,695				57,577	
General Supplies		6,660		27,040		
Textbooks						
Other Objects						
Total Instruction	<u>249,695</u>	<u>6,660</u>	<u>101,252</u>	<u>27,040</u>	<u>57,577</u>	<u>298,363</u>
Support Services:						
Salaries of Supervisors of Instruction						
Personal Services - Employee Benefits						
Purchased Professional and Technical Services						
Other Purchased Services						
Supplies and Materials						
Other Objects						
Student Activities						
Scholarships Awarded						
Total Support Services						
Facilities Acquisition and Construction Services:						
Instructional Equipment						
Non-Instructional Equipment						
Total Facilities Acquisition and Construction Services						
Total Expenditures	\$ 249,695	\$ 6,660	\$ 101,252	\$ 27,040	\$ 57,577	\$ 298,363

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Nonpublic Handicapped Services		Nonpublic Auxiliary Services		
	Supplementary Instruction	Examination and Classification	Corrective Speech	Compensatory Education	Home Instruction
REVENUES:					
Local Sources					
State Sources	\$ 8,921	\$ 47,229	\$ 15,717	\$ 3,854	\$ 5,329
Federal Sources					
Total Revenues	8,921	47,229	15,717	3,854	5,329
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Other Purchased Services					
Tuition					
General Supplies					
Textbooks					
Other Objects					
Total Instruction					
Support Services:					
Salaries of Supervisors of Instruction					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services	8,921	47,229	15,717	3,854	5,329
Other Purchased Services					
Supplies and Materials					
Other Objects					
Student Activities					
Scholarships Awarded					
Total Support Services	8,921	47,229	15,717	3,854	5,329
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Non-Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	\$ 8,921	\$ 47,229	\$ 15,717	\$ 3,854	\$ 5,329

SUMMIT PUBLIC SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SDA Emergent and Capital Needs	Private Donations	Student Activities	Scholarship	Totals
REVENUES:					
Local Sources	\$ 46,161	\$ 1,005,850	\$ 880,500	\$ 97,815	\$ 1,984,165
State Sources					618,103
Federal Sources					2,264,564
Total Revenues	46,161	1,005,850	880,500	97,815	4,866,832
EXPENDITURES:					
Instruction:					
Salaries of Teachers		367,948			820,503
Purchased Professional and Technical Services		15,965			415,580
Other Purchased Services		20,587			26,600
Tuition					718,807
General Supplies		529,040			699,730
Textbooks					27,040
Other Objects					3,567
Total Instruction		933,540			2,711,827
Support Services:					
Salaries of Supervisors of Instruction					81,804
Personal Services - Employee Benefits					114,179
Purchased Professional and Technical Services		3,342			721,188
Other Purchased Services					114,212
Supplies and Materials					29,338
Other Objects					840
Student Activities			863,624		863,624
Scholarships Awarded				64,757	64,757
Total Support Services		3,342	863,624	64,757	1,989,942
Facilities Acquisition and Construction Services:					
Instructional Equipment	46,161	68,968			68,968
Non-Instructional Equipment	46,161	68,968			46,161
Total Facilities Acquisition and Construction Services	46,161	68,968			115,129
Total Expenditures	\$ 46,161	\$ 1,005,850	\$ 863,624	\$ 64,757	\$ 4,816,898

CAPITAL PROJECTS FUND

SUMMIT PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Federal Sources -	
NJ Clean Energy Program Grant	\$ 1,815,150
City Bond Ordinance Proceeds	37,429,555
Transfer from Capital Reserve	<u>605,050</u>
Total Revenue and Other Financing Sources	<u>39,849,755</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	1,444,029
Construction Services	<u>1,194,820</u>
Total Expenditures and Other Financing Uses	<u>2,638,849</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	37,210,906
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u>\$ 37,210,906</u>
<u>Recapitulation:</u>	
Committed	\$ 36,782,358
Committed - Year End Encumbrances	<u>428,548</u>
Total Fund Balance - Budgetary Basis	<u>\$ 37,210,906</u>
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
City and Grant Receivable not Recognized on the GAAP Basis	<u>\$ (37,651,735)</u>
Fund Balance/(Deficit) per Governmental Funds (GAAP)	<u>\$ (440,829)</u>

SUMMIT PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
VARIOUS SCHOOL IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Due from City of Summit:				
Bond Ordinance Proceeds		\$ 37,429,555	\$ 37,429,555	\$ 37,429,555
Total Revenue and Other Financing Sources		37,429,555	37,429,555	37,429,555
Expenditures:				
Purchased Professional and Technical Services		1,390,442	1,390,442	37,425,705
Construction Services		1,925	1,925	3,850
Total Expenditures		1,392,367	1,392,367	37,429,555
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 36,037,188	\$ 36,037,188	\$ -0-

Additional Project Information:

Project Numbers	5090-0X0-23-X000
Grant Date	N/A
Bond Authorization Date	12/20/22
Bonds Authorized	\$ 37,429,555
Bonds Issued	\$ 22,380,000
Original Authorized Cost	\$ 37,429,555
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 37,429,555</u>

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	4%
Original Target Completion Date	06/30/28
Revised Target Completion Date	N/A

The District is a Type I District and all debt is authorized, issued and paid by the City of Summit.

N/A - Not Available/Applicable

SUMMIT PUBLIC SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HVAC REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Federal Sources -				
NJ Clean Energy Program Grant		\$ 1,815,150	\$ 1,815,150	\$ 1,815,150
Transfer from Capital Reserve		605,050	605,050	605,050
		<u>2,420,200</u>	<u>2,420,200</u>	<u>2,420,200</u>
Total Revenue and Other Financing Sources		<u>2,420,200</u>	<u>2,420,200</u>	<u>2,420,200</u>
Expenditures:				
Purchased Professional and Technical Services		53,587	53,587	75,000
Construction Services		1,192,895	1,192,895	2,345,200
		<u>1,246,482</u>	<u>1,246,482</u>	<u>2,420,200</u>
Total Expenditures		<u>1,246,482</u>	<u>1,246,482</u>	<u>2,420,200</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ -0-	\$ 1,173,718	\$ 1,173,718	\$ -0-

Additional Project Information:

Project Numbers	N/A
Grant Number	SSB-VEEVR-68352
Grant Date	01/26/23
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,420,200
Additional Authorized Cost	-0-
Revised Authorized Cost	<u>\$ 2,420,200</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	52%
Original Target Completion Date	06/30/24
Revised Target Completion Date	N/A

N/A - Not Available/Applicable

PROPRIETARY FUNDS

SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	<u>Food Service</u>	<u>Summer FLASH Program</u>	<u>Totals</u>
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 506,018	\$ 171,118	\$ 677,136
Interfund Receivable	497		497
Intergovernmental Accounts Receivable:			
State	1,012		1,012
Federal	20,137		20,137
Inventories	37,506		37,506
Total Current Assets	<u>565,170</u>	<u>171,118</u>	<u>736,288</u>
Non-Current Assets:			
Capital Assets	857,104		857,104
Less: Accumulated Depreciation	<u>(741,591)</u>		<u>(741,591)</u>
Total Non-Current Assets	<u>115,513</u>		<u>115,513</u>
Total Assets	<u>680,683</u>	<u>171,118</u>	<u>851,801</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	13,607		13,607
Unearned Revenue - Donated Commodities	2,038		2,038
Unearned Revenue - Prepaid Sales	64,062		64,062
Unearned Revenue - Supply Chain Assistance	33,961		33,961
Unearned Revenue - Prepaid Tuition		141,055	141,055
Total Current Liabilities	<u>113,668</u>	<u>141,055</u>	<u>254,723</u>
Total Liabilities	<u>113,668</u>	<u>141,055</u>	<u>254,723</u>
NET POSITION:			
Investment in Capital Assets	115,513		115,513
Unrestricted/(Deficit)	<u>451,502</u>	<u>30,063</u>	<u>481,565</u>
Total Net Position/(Deficit)	<u>\$ 567,015</u>	<u>\$ 30,063</u>	<u>\$ 597,078</u>

SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Food Service	Summer FLASH Program	Totals
Operating Revenue:			
Daily Sales:			
Reimbursable Programs	\$ 783,882		\$ 783,882
Non-Reimbursable Programs	808,176		808,176
Special Events	17,470		17,470
Program Fees		\$ 114,553	114,553
Miscellaneous Revenue	99		99
Total Operating Revenue	<u>1,609,627</u>	<u>114,553</u>	<u>1,724,180</u>
Operating Expenses:			
Cost of Sales:			
Reimbursable Programs	476,930		476,930
Non-Reimbursable Programs	516,675		516,675
Salaries	629,419	94,728	724,147
Employee Benefits	218,282	7,247	225,529
Purchased Professional Technical Services	11,569		11,569
Other Purchased Services	156,104		156,104
Supplies and Materials	135,482	9,868	145,350
Miscellaneous Expenses	8,734		8,734
Depreciation Expense	12,593		12,593
Total Operating Expenses	<u>2,165,788</u>	<u>111,843</u>	<u>2,277,631</u>
Operating Income/(Loss)	<u>(556,161)</u>	<u>2,710</u>	<u>(553,451)</u>
Non-Operating Revenue:			
Interest Income	6,745	9,162	15,907
State Sources:			
State School Lunch Program	22,217		22,217
State School Breakfast Program	354		354
Federal Sources:			
National School Lunch Program	432,507		432,507
School Breakfast Program	20,444		20,444
Supply Chain Assistance	153,137		153,137
Local Food for Schools (LFS) Cooperative Program	497		497
Paycheck Protection Plan Loan Reimbursement from Food Service Management Contractor	87,740		87,740
Food Distribution Program	80,902		80,902
Total Non-Operating Revenue	<u>804,543</u>	<u>9,162</u>	<u>813,705</u>
Change in Net Position	248,382	11,872	260,254
Net Position / (Deficit) - Beginning of Year (Restated)	<u>318,633</u>	<u>18,191</u>	<u>336,824</u>
Net Position / (Deficit) - End of Year	<u>\$ 567,015</u>	<u>\$ 30,063</u>	<u>\$ 597,078</u>

SUMMIT PUBLIC SCHOOLS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Food Service	Summer FLASH Program	Totals
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,607,868	\$ 141,996	\$ 1,749,864
Payments to Food Service Management Company	(2,070,444)		(2,070,444)
Payments to/for Employees		(101,975)	(101,975)
Payments to Suppliers	(56,971)	(9,868)	(66,839)
Net Cash Provided by/(Used for) Operating Activities	<u>(519,547)</u>	<u>30,153</u>	<u>(489,394)</u>
Cash Flows from Financing Activities:			
Interest Income	6,745	9,162	15,907
Net Cash Provided by Financing Activities	<u>6,745</u>	<u>9,162</u>	<u>15,907</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(8,415)		(8,415)
Net Cash (Used for) Capital and Related Financing Activities	<u>(8,415)</u>		<u>(8,415)</u>
Cash Flows by Noncapital Financing Activities:			
State Sources	22,828		22,828
Federal Sources	768,861		768,861
Net Cash Provided by Noncapital Financing Activities	<u>791,689</u>		<u>791,689</u>
Net Increase in Cash and Cash Equivalents	270,472	39,315	309,787
Cash and Cash Equivalents, July 1	235,546	131,803	367,349
Cash and Cash Equivalents, June 30	<u>\$ 506,018</u>	<u>\$ 171,118</u>	<u>\$ 677,136</u>
Adjustment to Reconcile Operating Income/(Loss)			
Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ (556,161)	\$ 2,710	\$ (553,451)
Adjustment to Reconcile Operating Income/(Loss) to Net			
Cash Provided by/(Used for) Operating Activities:			
Depreciation	12,593		12,593
Food Distribution Program	80,902		80,902
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable	6,665		6,665
(Decrease) in Accounts Payable	(40,332)		(40,332)
Increase in Unearned Revenue - Donated Commodities	233		233
Increase/(Decrease) in Unearned Revenue - Prepaid Sales/Fees	(8,424)	27,443	19,019
(Increase) in Inventory	(15,023)		(15,023)
Net Cash Provided by/(Used for) Operating Activities	<u>\$ (519,547)</u>	<u>\$ 30,153</u>	<u>\$ (489,394)</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$81,135 and utilized U.S.D.A. Commodities valued at \$80,902.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

SUMMIT PUBLIC SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
Technology Equipment	3.450%	\$ 810,000	\$ 502,382	\$ 161,814	\$ 340,568
			<u>\$ 502,382</u>	<u>\$ 161,814</u>	<u>\$ 340,568</u>

SUMMIT PUBLIC SCHOOL DISTRICT
LONG-TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER LEASES

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2022</u>	<u>Matured</u>	<u>Balance June 30, 2023</u>
FY2021 Copiers	3.10%	\$ 659,093	\$ 212,607	\$ 212,607	
FY2023 Technology Equipment	3.10%	173,156	173,156	26,800	\$ 146,356
FY2023 Copiers	3.10%	445,828	432,011	55,973	376,038
FY2023 Copiers	3.10%	396,149	<u>383,843</u>	<u>49,707</u>	<u>334,136</u>
			<u>\$ 1,201,617</u>	<u>\$ 345,087</u>	<u>\$ 856,530</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District’s annual comprehensive 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 District’s overall financial health.

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

SUMMIT PUBLIC SCHOOLS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	(Restated) 2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$63,466,575	\$76,308,217	\$79,075,844	\$77,587,661	\$77,215,235	\$77,075,628	\$76,267,397	\$76,877,092	\$36,072,509	\$ 37,253,355
Restricted	4,711,655	2,508,419	3,206,598	3,531,095	3,344,272	1,703,192	4,054,275	5,181,773	9,098,274	11,641,908
Unrestricted/(Deficit)	(15,778,464)	(15,802,765)	(16,927,486)	(19,201,691)	(20,179,376)	(19,137,589)	(18,375,276)	(18,762,548)	(18,334,528)	(17,356,817)
Total Governmental Activities Net Position	\$52,399,766	\$63,013,871	\$65,354,956	\$61,917,065	\$60,380,131	\$59,641,231	\$61,946,396	\$63,296,317	\$26,836,255	\$ 31,538,446
Business-type Activities:										
Investment in Capital Assets	\$ 345,388	\$ 342,331	\$ 431,646	\$ 422,196	\$ 425,106	\$ 420,873	\$ 419,843	\$ 388,942	\$ 119,691	\$ 115,513
Unrestricted	595,915	619,349	538,729	642,158	89,816	180,719	120,563	5,974	217,133	481,565
Total Business-type Activities Net Position	\$ 941,303	\$ 961,680	\$ 970,375	\$ 1,064,354	\$ 514,922	\$ 601,592	\$ 540,406	\$ 394,916	\$ 336,824	\$ 597,078
District-wide:										
Net Investment in Capital Assets	\$63,811,963	\$76,650,548	\$79,507,490	\$78,009,857	\$77,640,341	\$77,496,501	\$76,687,240	\$77,266,034	\$36,192,200	\$ 37,368,868
Restricted	4,711,655	2,508,419	3,206,598	3,531,095	3,344,272	1,703,192	4,054,275	5,181,773	9,098,274	11,641,908
Unrestricted/(Deficit)	(15,182,549)	(15,183,416)	(16,388,757)	(18,559,533)	(20,089,560)	(18,956,870)	(18,254,713)	(18,756,574)	(18,117,395)	(16,875,252)
Total District Net Position	\$53,341,069	\$63,975,551	\$66,325,331	\$62,981,419	\$60,895,053	\$60,242,823	\$62,486,802	\$63,691,233	\$27,173,079	\$ 32,135,524

Source: Summit Public Schools Financial Reports.

SUMMIT PUBLIC SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 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	\$ 43,864,724
Special Education	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	11,982,556
Other Special Education	3,509,697	4,201,638	4,995,496	5,391,094	5,678,770	5,282,063	4,757,671	5,492,430	5,873,233	2,510,996
Other Instruction/School Sponsored										2,030,742
Support Services:										
Tuition										2,528,034
Student & Instruction Related Services	8,324,086	10,458,358	10,848,019	12,631,059	12,682,069	12,100,760	11,695,662	12,195,483	11,119,144	11,926,661
General Administrative Services	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	1,495,823
School Administrative Services	5,282,003	4,991,596	4,767,242	5,752,566	5,810,362	5,139,602	4,702,005	5,273,588	4,816,218	4,600,193
Central Services	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	1,512,022
Administrative Information Technology										567,952
Plant Operations and Maintenance	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	7,162,416
Pupil Transportation	704,629	783,899	887,653	1,052,710	958,686	1,054,288	868,786	798,570	1,098,160	1,445,063
Interest on Long-term Debt	35,021	35,021	35,021	35,021	35,021	48,503	23,089	45,682	39,016	
Total Governmental Activities Expenses	69,606,256	79,902,809	86,236,966	95,716,336	97,049,695	91,321,947	87,972,138	98,103,889	91,345,834	91,627,182
Business-type Activities:										
Food Service	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	2,165,788
Summer Flash Program	243,187	245,984	246,620	242,630	229,284	252,357	253,019	113,851	82,242	111,843
Transfers					605,000					
Total Business-type Activities Expense	2,013,425	1,987,222	2,015,532	2,032,968	2,620,134	2,010,151	1,733,307	1,080,058	1,922,977	2,277,631
Total District-wide Expenses	\$ 71,619,681	\$ 81,890,031	\$ 88,252,498	\$ 97,749,304	\$ 99,669,829	\$ 93,332,098	\$ 89,705,445	\$ 99,183,947	\$ 93,268,811	\$ 93,904,813
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular Instruction	\$ 324,367	\$ 679,483	\$ 1,149,840	\$ 1,129,474	\$ 1,039,603	\$ 921,335	\$ 327,266	\$ 521,053	\$ 479,806	\$ 79,265
Special Education Instruction										502,005
Student and Instruction Related Services										880,500
Operating Grants and Contributions	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	22,742,131
Capital Grants and Contributions	3,020,365	11,519,361	3,476,015	198,818	243,560	243,692	421,815	254,202	2,102,919	37,125
Total Governmental Activities Program Revenues	13,070,305	29,609,678	26,355,432	28,823,278	31,287,741	26,100,270	23,151,221	32,371,134	27,237,329	24,241,026
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 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	\$ 1,609,627
Summer Flash Program	253,252	224,904	222,380	280,340	274,139	260,632	229,596	80,995	83,765	114,553
Operating Grants and Contributions	388,211	370,406	401,461	429,897	408,049	381,724	367,285	824,791	1,540,994	797,798
Total Business-type Activities Program Revenues	2,084,810	2,008,599	2,024,227	2,126,947	2,070,702	2,096,821	1,672,121	934,568	2,100,657	2,521,978
Total District-wide Program Revenues	\$ 15,155,115	\$ 31,618,277	\$ 28,379,659	\$ 30,950,225	\$ 33,358,443	\$ 28,197,091	\$ 24,823,342	\$ 33,305,702	\$ 29,337,986	\$ 26,763,004

SUMMIT PUBLIC SCHOOLS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue:										
Governmental Activities	\$ (56,535,951)	\$ (50,293,131)	\$ (59,881,534)	\$ (66,893,058)	\$ (65,761,954)	\$ (65,221,677)	\$ (64,820,917)	\$ (65,732,755)	\$ (64,108,505)	\$ (67,386,156)
Business-type Activities	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)	177,680	244,347
Total District-wide Net Expense	\$ (56,464,566)	\$ (50,271,754)	\$ (59,872,839)	\$ (66,799,079)	\$ (66,311,386)	\$ (65,135,007)	\$ (64,882,103)	\$ (65,878,245)	\$ (63,930,825)	\$ (67,141,809)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 69,767,778
Unrestricted Grants and Contributions	72,410			82,938	119,435	119,912				391,723
City Improvement Authorization										1,555,845
Investment Earnings										94,210
Miscellaneous Income	358,841	263,151	160,620	405,305	371,703	366,514	471,341	210,035	204,476	278,791
Transfers						605,000				
Donated Capital Assets							21,000			
Loss on Disposal of Assets				(30,319)	(4,860)	(20,400)				
Total Governmental Activities	\$ 59,759,988	\$ 60,781,123	\$ 60,907,236	\$ 62,222,619	\$ 63,455,167	\$ 64,225,020	\$ 66,161,200	\$ 67,082,676	\$ 68,711,230	\$ 72,088,347
Business-type Activities:										
Investment Earnings										15,907
Total Business-type Activities										15,907
Total District-wide General Revenues and Other Changes in Net Position	\$ 59,759,988	\$ 60,781,123	\$ 60,907,236	\$ 62,222,619	\$ 63,455,167	\$ 64,225,020	\$ 66,161,200	\$ 67,082,676	\$ 68,711,230	\$ 72,104,254
Change in Net Position:										
Governmental Activities	\$ 3,224,037	\$ 10,487,992	\$ 1,025,702	\$ (4,670,439)	\$ (2,306,787)	\$ (996,657)	\$ 1,340,283	\$ 1,349,921	\$ 4,602,725	\$ 4,702,191
Business-type Activities	71,385	21,377	8,695	93,979	(549,432)	86,670	(61,186)	(145,490)	177,680	260,254
Total District-wide Change in Net Position	\$ 3,295,422	\$ 10,509,369	\$ 1,034,397	\$ (4,576,460)	\$ (2,856,219)	\$ (909,987)	\$ 1,279,097	\$ 1,204,431	\$ 4,780,405	\$ 4,962,445

Source: Summit Public Schools Financial Reports.

SUMMIT PUBLIC SCHOOLS
FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	(Restated)	
									2022	2023
General Fund:										
Restricted	\$ 3,509,038	\$ 3,931,841	\$ 4,725,254	\$ 5,547,933	\$ 5,112,946	\$ 4,971,414	\$ 7,886,207	\$ 7,375,016	\$ 8,499,867	\$ 10,993,567
Committed							606,676	155,387		
Assigned	795,118	801,906	470,376	190,483	248,496	627,216	953,543	739,571	1,447,801	2,134,167
Unassigned/(Deficit)	958,106	924,198	957,397	944,299	959,194	924,530	869,507	2,338,129	2,939,957	1,428,478
Total General Fund	\$ 5,262,262	\$ 5,657,945	\$ 6,153,027	\$ 6,682,715	\$ 6,320,636	\$ 6,523,160	\$ 10,315,933	\$ 10,608,103	\$ 12,887,625	\$ 14,556,212
All Other Governmental Funds:										
Restricted				\$ 922,190	\$ 818,036	\$ 511,755	\$ 551,098	\$ 598,407	\$ 648,341	
Unreserved, Reported in:										
Capital Projects Fund	\$ 3,252,857	\$ 789,379	\$ 613,660	\$ 613,660						(440,829)
Unassigned/(Deficit)										
Total All Other Governmental Funds/(Deficit)	\$ 3,252,857	\$ 789,379	\$ 613,660	\$ 613,660	\$ 922,190	\$ 818,036	\$ 511,755	\$ 551,098	\$ 598,407	\$ 207,512
Total Governmental Funds	\$ 8,515,119	\$ 6,447,324	\$ 6,766,687	\$ 7,296,375	\$ 7,242,826	\$ 7,341,196	\$ 10,827,688	\$ 11,159,201	\$ 13,486,032	\$ 14,763,724

SUMMIT PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tax Levy	\$ 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	\$ 69,767,778
Tuition Charges	324,367	679,483	1,149,840	1,129,474	1,010,265	921,335	290,943	487,525	454,505	581,270
Interest Earnings										34,415
Miscellaneous	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	2,370,741
State Sources	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	24,232,260
Federal Sources	1,493,814	1,263,254	1,563,994	1,404,319	1,336,458	1,436,062	1,300,696	2,333,456	3,562,661	3,625,541
Total Revenue	73,846,428	83,462,126	78,832,581	77,280,498	79,581,621	82,057,527	83,940,748	88,829,596	97,743,696	100,612,005
Expenditures:										
Instruction:										
Regular Instruction	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	27,838,781
Special Education Instruction	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	7,951,511
Other Special Instruction	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	1,482,330
School-Sponsored/Other Instruction	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	1,616,687
Support Services:										
Tuition										2,528,034
Student & Other Instruction Related Services	8,124,382	9,157,522	9,328,895	9,889,736	10,098,889	10,557,260	10,669,833	10,737,796	11,264,934	8,975,915
General Administrative Services	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	1,186,321
School Administrative Services	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	3,102,196
Central Services	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	1,071,788
Administrative Information Technology										568,928
Plant Operations and Maintenance	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	6,036,789
Student Transportation	701,411	780,334	782,285	980,021	950,688	1,050,493	865,735	792,624	1,097,765	1,353,082
Unallocated Benefits										32,129,663
Capital Outlay	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	5,048,133
Total Expenditures	72,163,481	85,474,223	78,478,197	76,715,789	79,928,240	82,509,951	82,082,582	88,172,381	97,259,786	100,890,158

SUMMIT PUBLIC SCHOOLS
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
UNAUDITED

(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ 1,682,947	\$ (2,012,097)	\$ 354,384	\$ 564,709	\$ (346,619)	\$ (452,424)	\$ 1,858,166	\$ 657,215	\$ 483,910	\$ (278,153)
Other Financing Sources/(Uses):										
Insurance Proceeds						659,093			407,750	
Financed Purchases							810,000		1,015,111	
Lease Purchase Agreement Proceeds										
Cancellation of Prior Year Revenues		(20,677)			(276,609)					
City Improvement Authorization Transfers					605,000					1,555,845
Total Other Financing Sources/(Uses)	-0-	(20,677)	-0-	-0-	328,391	659,093	810,000	-0-	1,422,861	1,555,845
Net Change in Fund Balances	\$ 1,682,947	\$ (2,032,774)	\$ 354,384	\$ 564,709	\$ (18,228)	\$ 206,669	\$ 2,668,166	\$ 657,215	\$ 1,906,771	\$ 1,277,692
Debt Service as a % of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

SUMMIT PUBLIC SCHOOLS
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Rentals	Prior Year		E-Rate Reimbursement	Miscellaneous	Total
				Refunds				
2014	\$ 54,012	\$ 324,367	\$ 7,845	\$ 73,898	\$ 65,759	\$ 61,637	\$ 587,518	
2015	47,059	679,483	34,928		66,134	12,499	840,103	
2016	50,463	1,149,840	8,889	201,669	34,647	109,607	1,555,115	
2017	74,933	1,129,474	10,670	37,159	95,116	154,155	1,501,507	
2018	170,488	1,010,265	29,338	286,441	18,477	167,717	1,682,726	
2019	229,454	921,335		74,422	18,132	144,665	1,388,008	
2020	192,952	290,943	19,865	113,524	14,874	166,449	798,607	
2021	43,233	487,525	29,227	61,431	14,368	95,304	731,088	
2022	40,751	454,505	13,743	86,898	17,511	70,874	684,282	
2023	205,300	581,270		80,994	15,724	70,983	954,271	

Source: Summit Public Schools Financial Reports

SUMMIT PUBLIC SCHOOLS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	\$ 461,496,900	\$ 1.919	\$ 6,918,152,783
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	461,496,900	1.939	6,767,823,074
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	462,217,300	1.970	6,965,068,414
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	462,751,700	2.004	6,967,242,421
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	463,777,900	2.029	7,364,274,475
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	465,701,100	2.179	7,287,394,553
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	465,931,900	2.063	7,368,386,609
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	467,388,000	2.089	7,476,261,532
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	467,045,100	2.115	7,564,952,752
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	473,710,400	2.136	7,722,939,399

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when ordered by the County Board of Taxation.

a - Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b - Tax rates are per \$100 of assessed value.

Source: Union County Abstract of Ratables

SUMMIT PUBLIC SCHOOLS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	Debt Service ^b	Total Direct	Municipality	County	
2013	\$ 1.919		\$ 1.919	\$ 1.041	\$ 1.102	\$ 4.062
2014	1.939		1.939	1.034	1.135	4.108
2015	1.970		1.970	1.048	1.199	4.217
2016	2.004		2.004	1.050	1.247	4.301
2017	2.029		2.029	1.061	1.275	4.365
2018	2.179		2.179	0.921	1.237	4.337
2019	2.063		2.063	1.085	1.217	4.365
2020	2.089		2.089	1.078	1.193	4.360
2021	2.115		2.115	1.051	1.151	4.317
2022	2.136		2.136	1.067	1.080	4.283

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

^b Rates for debt service are based on each year's requirements.

SUMMIT PUBLIC SCHOOLS
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Taxpayer	2022		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Summit West Celgene, LLC	\$ 100,315,600	1	3.10%
Summit East Corporate Property LLC	53,532,100	2	1.65%
RWX 25 Deforest Owner LLC	20,206,500	3	0.62%
Summit Clayton Association & NE Summit Assoc.	12,080,000	4	0.37%
1st Union National Bank	11,387,400	5	0.35%
Atlantic Health System Dunitz	10,509,700	6	0.32%
Constantine CXII LLC Goldberg Realty	8,940,000	7	0.28%
RWX 1 DeForest Owner Group, LLC	8,769,100	8	0.27%
Summit PropCo LLC Sunrise Tax Dept.	8,654,200	9	0.27%
The Maple Group, LLC	8,241,400	10	0.25%
	<u>\$ 242,636,000</u>		<u>7.49%</u>

Taxpayer	2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
The Summit Property Company (Schering-Plough)	\$ 225,888,000	1	7.23%
Celgene Corporation	17,312,800	2	0.55%
Bouras Properties, LLC	11,599,300	3	0.37%
1st Union National Bank	10,387,400	4	0.33%
The Maple Group, LLC	8,241,400	5	0.26%
Canoe Brook County Club	8,040,500	6	0.26%
Bassett Associates	7,521,700	7	0.24%
SHPI/CSL Summit, LLC	7,000,000	8	0.22%
E. Coast Constantine Village	6,800,000	9	0.22%
PSI Summit Hospital Inc	6,500,000	10	0.21%
	<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 ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 60,517,972	\$ 60,517,972	100.00%	\$ -0-
2015	60,674,206	60,674,206	100.00%	-0-
2016	61,764,695	61,764,695	100.00%	-0-
2017	62,968,889	62,968,889	100.00%	-0-
2018	63,153,994	63,153,994	100.00%	-0-
2019	64,005,589	64,005,589	100.00%	-0-
2020	65,668,859	65,668,859	100.00%	-0-
2021	66,872,641	66,872,641	100.00%	-0-
2022	68,506,754	68,506,754	100.00%	-0-
2023	69,797,778	69,797,778	100.00%	-0-

^a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: District financial records, including the Certificate and Report of School Taxes (A4F form).

SUMMIT PUBLIC SCHOOLS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Financed Purchases and Leases	Bond Anticipation Notes (BANs)			
2014				\$ -0-	0.00%	\$ -0-
2015				-0-	0.00%	-0-
2016				-0-	0.00%	-0-
2017				-0-	0.00%	-0-
2018				-0-	0.00%	-0-
2019		\$ 599,297		599,297	0.04%	27
2020		1,285,830		1,285,830	0.08%	59
2021		1,005,810		1,005,810	0.06%	45
2022		1,703,999		1,703,999	0.10%	76
2023		1,197,098		1,197,098	0.07%	54

Note: Details regarding the District's outstanding debt can be found in the notes to the basic financial statements.

^a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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 Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		

NOT APPLICABLE

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

Source: District financial records.

SUMMIT PUBLIC SCHOOLS
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
City of Summit	\$ 65,576,761	100.00%	\$ 65,576,761
Union County General Obligation Debt	535,795,259	3.87%	<u>20,725,515</u>
Subtotal, Overlapping Debt			86,302,276
Summit Public Schools Direct Debt			<u>-0-</u>
Total Direct and Overlapping Debt			<u><u>\$ 86,302,276</u></u>

a - For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by residents and businesses of the City of Summit. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Union County Board of Taxation; debt outstanding data provided by each governmental unit.

SUMMIT PUBLIC SCHOOLS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2023

Year Ended December 31,	Equalized Valuation Basis
2020	\$ 7,473,608,439
2021	7,608,811,801
2022	8,512,942,632
	<u>\$ 23,595,362,872</u>
Average Equalized Valuation of Taxable Property	<u>\$ 7,865,120,957</u>
Debt Limit (4% of Average Equalization Value) ^a	\$ 314,604,838
Net Bonded School Debt	<u>-0-</u>
Legal Debt Margin	<u>\$ 314,604,838</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 273,916,650	\$ 274,328,081	\$ 278,689,697	\$ 286,810,415	\$ 290,114,527
Total Net Debt Applicable to Limit	<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>
Legal Debt Margin	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	17.11%	19.70%	17.66%	16.64%	17.80%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 291,967,722	\$ 293,142,830	\$ 296,399,624	\$ 300,253,544	\$ 314,604,838
Total Net Debt Applicable to Limit	<u>35,571,985</u>	<u>29,506,985</u>	<u>24,170,000</u>	<u>69,017,771</u>	<u>65,576,761</u>
Legal Debt Margin	<u>\$ 256,395,737</u>	<u>\$ 263,635,845</u>	<u>\$ 172,561,919</u>	<u>\$ 231,235,773</u>	<u>\$ 249,028,077</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.18%	10.07%	8.15%	22.99%	20.84%

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

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

SUMMIT PUBLIC SCHOOLS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Union County Per Capital Personal Income ^b	Personal Income ^c	Township Unemployment Rate ^d
2014	21,818	\$ 58,569	\$ 1,277,858,442	4.5%
2015	21,848	60,596	1,323,901,408	3.7%
2016	21,906	61,978	1,357,690,068	3.4%
2017	21,964	64,342	1,413,207,688	3.1%
2018	21,965	67,346	1,479,254,890	2.7%
2019	21,911	68,867	1,508,944,837	2.3%
2020	21,812	72,543	1,582,307,916	6.3%
2021	22,526	77,007	1,734,659,682	4.2%
2022	22,342	77,007 *	1,720,490,394 ***	2.5%
2023	22,342 **	77,007 *	1,720,490,394 ***	N/A

* - Latest Union County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest available population data (2022) and latest available Union County per capita personal income (2021) was used for calculation purposes.

N/A - Information is not available.

Sources:

a - Population information provided by the US Department of Census - Population Division.

b - Per Capita Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

c - Personal Income information provided by the US Department of Commerce - Bureau of Economic Analysis.

d - Unemployment data provided by the NJ Department of Labor and Workforce Development.

SUMMIT PUBLIC SCHOOLS
PRINCIPAL EMPLOYERS - COUNTY OF UNION
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	Employees	Rank	Percentage of Total Employment
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NOT AVAILABLE

Employer	Employees	Rank	Percentage of Total Employment
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NOT AVAILABLE

SUMMIT PUBLIC SCHOOLS
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</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>	<u>2023</u>
Instruction:										
Regular	297.73	298.19	303.94	31.33	298.23	305.00	291.93	291.43	290.00	309.64
Special Education	132.51	135.46	142.67	142.98	145.38	156.00	154.50	159.50	158.50	155.66
Special Education/Other Special Instruction	14.00	18.50	20.50	22.50	22.50	23.20	22.00	22.00	19.50	21.00
Support Services:										
Student & instruction related services	52.17	55.97	58.37	60.37	60.37	63.30	61.97	64.17	60.26	62.05
School administrative services	36.50	31.70	31.70	31.99	31.70	32.00	30.70	30.70	29.00	30.70
General Administrative services	6.00	6.00	6.00	7.00	7.00	7.00	6.00	6.00	6.00	6.00
Central services	11.00	11.00	11.00	10.00	10.00	10.00	11.00	11.00	11.00	10.00
Administrative Information Technology	1.30	1.30	1.30	1.30	1.33	1.33	1.33	1.33	1.33	6.78
Plant Operations and Maintenance	49.83	48.98	51.98	53.48	52.95	53.50	53.45	53.45	53.45	47.26
Pupil Transportation	3.40	3.25	2.75	2.25	1.25	1.25	1.25	1.00	1.00	0.38
Total	604.44	610.35	630.21	363.20	630.71	652.58	634.13	640.58	630.04	649.47

Source: District Personnel Records.

SUMMIT PUBLIC SCHOOLS
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End	June 30, Enrollment ^a	Operating Expenditures ^b	Cost Per Public ^c	Percentage Change	Teaching Staff ^d	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2014	4,103	\$ 67,915,485	\$ 16,553	-0.53%	402	1:11	1:11	1:11	4,118.7	3,935.8	0.94%	95.56%
2015	4,058	70,330,797	17,331	4.70%	416	1:10	1:11	1:10	4,062.1	3,886.6	-1.25%	95.68%
2016	4,112	73,426,421	17,857	3.03%	401	1:11	1:10	1:10	4,116.2	3,934.8	1.24%	95.60%
2017	4,061	75,679,754	18,636	4.36%	391	1:11	1:10	1:11	4,088.6	3,898.1	-0.93%	95.35%
2018	3,953	77,844,962	19,693	5.67%	385	1:10	1:10	1:11	3,965.0	3,761.8	-3.50%	94.88%
2019	3,953	79,588,178	20,134	2.24%	391	1:11	1:10	1:10	3,943.0	3,735.5	-0.70%	94.74%
2020	3,954	79,501,892	20,107	-0.13%	393	1:11	1:11	1:10	3,964.9	3,842.2	2.86%	96.91%
2021	3,883	85,061,612	21,906	8.95%	367	1:11	1:11	1:11	3,911.8	3,641.1	-5.23%	93.08%
2022	3,855	93,385,933	24,225	10.58%	379	1:11	1:11	1:10	3,897.1	3,709.7	1.88%	95.20%
2023	3,912	95,842,025	24,499	1.13%	419	1:10	1:10	1:09	3,935.7	3,722.3	0.34%	94.58%

- a** - Enrollment is obtained from October 15 Enrollment Summary, including students placed out of district.
- b** - Operating expenditures equal total expenditures less capital outlay.
- c** - Cost per pupil is calculated based upon enrollment and operating expenditures as presented and may not be the same as other (State) cost per pupil calculations.
- d** - Teaching staff includes only full-time equivalents of certificated staff.
- e** - Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Source: District records.

SUMMIT PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary Schools:</u>										
Brayton Elementary										
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	375	372	360	361	367	367	323	315	301	304
Franklin Elementary										
Square Feet	48,280	48,280	48,280	48,280	48,280	48,280	48,280	48,280	48,280	48,280
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	382	360	349	365	347	347	340	327	319	327
Jefferson Elementary										
Square Feet	44,890	44,890	44,890	44,890	44,890	44,890	44,890	44,890	44,890	44,890
Capacity (students)	263	263	263	263	263	263	263	263	263	263
Enrollment	226	214	227	237	221	221	214	204	202	215
Jefferson Primary Center										
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	155	144	138	138	108	108	125	140	124	144
Lincoln-Hubbard Elementary										
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	306	302	298	288	311	311	328	326	331	328
Washington Elementary										
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	339	341	349	362	364	364	337	336	320	310
Wilson Primary Center										
Square Feet	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Capacity (students)	175	175	175	175	175	175	175	175	175	175
Enrollment	132	126	163	144	138	138	195	159	166	201

SUMMIT PUBLIC SCHOOLS
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Middle School:</u>										
Lawton C. Johnson Summit Middle School										
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	1,005	982	954	927	922	922	974	941	960	942
<u>High School:</u>										
Summit High School										
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	1,183	1,217	1,274	1,239	1,175	1,175	1,118	1,135	1,132	1,141

Number of Schools at June 30, 2023
Elementary School = 7
Middle School = 1
High School = 1

Source: District records.

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance
 For School Facilities - Account #11-000-261-XXX:

School Facilities*	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Summit High School	\$ 344,929	\$ 354,867	\$ 363,274	\$ 348,455	\$ 427,676	\$ 409,298	\$ 409,721	\$ 448,349	\$ 561,705	\$ 277,929
Lawton C. Johnson Middle School	253,700	254,294	267,386	252,410	309,796	296,483	326,787	309,431	387,664	180,385
Brayton Elementary School	86,972	73,235	92,573	90,594	111,191	106,413	118,904	135,183	169,361	74,666
Franklin Elementary School	78,484	84,431	96,467	97,233	119,339	114,211	124,016	120,263	150,669	87,107
Jefferson Elementary School	107,852	115,456	136,941	90,852	111,507	106,716	87,632	81,335	101,899	114,397
Lincoln-Hubbard Elementary School	114,575	106,813	121,422	125,767	154,360	147,727	117,337	155,259	194,513	96,385
Washington Elementary School	81,940	85,003	102,937	89,925	110,369	105,626	119,664	110,494	138,430	69,482
Jefferson Primary Center				35,403	43,453	41,585	47,611	49,235	61,683	24,135
Wilson Primary Center	38,065	45,851	41,695	53,948	66,213	63,368	64,693	60,871	76,261	24,135
Total School Facilities	<u>1,106,517</u>	<u>1,119,950</u>	<u>1,222,695</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>	<u>948,621</u>
Other Facilities										
Stadium	5,372	5,586	5,809	6,042	6,283	6,535	6,666			
Administration	10,560	10,580	11,518	11,748	11,983	12,223	12,712	84,854	106,308	193,367
Total Other Facilities	<u>15,932</u>	<u>16,166</u>	<u>17,327</u>	<u>17,790</u>	<u>18,266</u>	<u>18,758</u>	<u>19,378</u>	<u>84,854</u>	<u>106,308</u>	<u>193,367</u>
Grand Total	<u>\$ 1,122,449</u>	<u>\$ 1,136,116</u>	<u>\$ 1,240,022</u>	<u>\$ 1,202,377</u>	<u>\$ 1,472,170</u>	<u>\$ 1,410,185</u>	<u>\$ 1,435,743</u>	<u>\$ 1,555,274</u>	<u>\$ 1,948,493</u>	<u>\$ 1,141,988</u>

* - School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

Source: School District's Financial Statements

SUMMIT PUBLIC SCHOOLS
INSURANCE SCHEDULE
JUNE 30, 2023

	<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	
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	100,000,000	5,000
Extra Expense - Actual Loss Sustained: 12 Consecutive Months		
Hazardous Substance Limitation	1,000,000	10,000
Board of Education Liability - Diploma JIF		
Each Claim	5,000,000	
Annual Aggregate	10,000,000	
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/NJUWP of \$30,000,000		
Bonds - Selective Insurance Co.		
Derek J. Jess, Board Secretary/Business Administrator	150,000	
Tammie Baldwin, Treasurer of School Monies	375,000	

Source: District records.

SINGLE AUDIT SECTION

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 Auditors' Report

The Honorable President and Members
of the Board of Education
Summit Public Schools
County of Union, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit Public Schools (the "District"), in the County of Union, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 District'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 the 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 or significant deficiencies may exist that were not identified.

The Honorable President and Members
of the Board of Education
Summit Public Schools
Page 2

Report on Compliance and Other Matters

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

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 District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 4, 2023
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Summit Public Schools
County of Union, 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' (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the 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 New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 District 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 District's compliance with the compliance requirements referred to above.

The Honorable President and Members
of the Board of Education
Summit Public Schools
Page 2

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, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' 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 District's 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 GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's 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 omissions, misrepresentations, 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 District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we:

- exercise professional judgment 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 District's 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 District's 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 Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's 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.

The Honorable President and Members
of the Board of Education
Summit Public Schools
Page 3

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 a 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 the Uniform Guidance or New Jersey’s OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

December 4, 2023
Mount Arlington, New Jersey

Nisivoccia, LLP
NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Assistance Listing Number	Grant or State Project No.	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expensi- tures	Adjust- ments	Balance at June 30, 2023		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Homeland Security:												
Passed-through State Department of Law and Public Safety:												
General Fund:												
Disaster Grants - Public Assistance - FEMA:	97.036	N/A	1/20/20-5/11/23	\$ 16,709			\$ (16,709) *					
COVID-19 Pandemic	97.036	N/A	9/1/21-9/3/21	8,162			(8,162) *					
Hurricane Ida												
Total U.S. Department of Homeland Security / Total Disaster Grants - FEMA												
U.S. Department of Agriculture:												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	81,135			(79,097)				\$ 2,038	
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	111,648			(1,805)					
National School Lunch Program	10.555	N/A	7/1/22-6/30/23	432,507			(432,507)			\$ (19,189)		
National School Lunch Program	10.555	N/A	7/1/21-6/30/22	1,276,052		\$ (55,129)						
COVID-19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	187,098			(153,137)			(948)	33,961	
School Breakfast Program	10.553	N/A	7/1/22-6/30/23	20,444			(20,444)					
School Breakfast Program	10.553	N/A	7/1/21-6/30/22	106,313		(6,080)	6,080			(20,137)	35,999	
Total Child Nutrition Cluster						(61,209)	762,256					
Local Food for Schools (LFS) Cooperative Program	10.185	N/A	7/1/22-6/30/23	497			(497)					
Total U.S. Department of Agriculture												
U.S. Department of Treasury:												
Passed-through State Department of Education:												
Special Revenue Fund:												
COVID-19 -	21.027	SLFREDOEISES	7/1/22-6/30/23	249,695			(249,695)					
Additional or Compensatory Special Education and Related Services (ACSERS)						124,848				(124,847)		
Passed-through State Department of Community Affairs:												
Capital Projects Fund:												
COVID-19 - School and Small Business Ventilation and Energy Efficiency Verification and Repair Program:	21.027	SSB-VEEVR-	1/26/23-1/25/24	1,815,150			(37,125)					
HVAC Replacement		68352								(124,847)		
Total U.S. Department of Treasury												
Total Federal Awards												
					\$ (2,505,226)	\$ 1,805	\$ 4,836,906	\$ (3,083,574)	\$ (10,331)	\$ (796,419)	\$ 35,999	
											\$ -0-	

* - Fully/partially expended in Prior Year
N/A - Not Available/Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Unearned Revenue		Due to Grantor
State Department of Education:												
General Fund State Aid:												
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 3,427,400			\$ 3,091,392	\$ (3,427,400)			\$ (336,008)	\$ 3,427,400	
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	391,879			353,461	(391,879)			(38,418)	391,879	
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	203,264			183,337	(203,264)			(19,927)	203,264	
State Reimbursement for Lead Testing of Drinking Water	23-495-034-5120-104	7/1/22-6/30/23	13,045			13,045	(13,045)				13,045	
Extraordinary Special Education Costs Aid	23-100-034-5120-104	7/1/22-6/30/23	760,992				(760,992)			(760,992)	760,992	
Securing Our Children's Future Bond Act	N/A	N/A	230,899				(230,899)				230,899	
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	2,660,326			2,528,928	(2,660,326)			(131,398)	2,660,326	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	3,329,124			3,329,124	(3,329,124)				3,329,124	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	12,499,423			12,499,423	(12,499,423)				12,499,423	
Extraordinary Special Education Costs Aid	23-495-034-5094-004	7/1/22-6/30/23	173,415			173,415	(173,415)				173,415	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5120-089	7/1/21-6/30/22	5,423			5,423	(5,423)				5,423	
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	2,747,521			2,688,257	(2,747,521)				2,747,521	
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	391,879			38,262	(38,262)				391,879	
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	203,264			19,846	(19,846)				203,264	
Excess Nonpublic Transportation Costs	22-495-034-5120-014	7/1/21-6/30/22	1,000			1,000	(1,000)				1,000	
Extraordinary Special Education Costs Aid	22-100-034-5120-473	7/1/21-6/30/22	716,840			716,840	(716,840)				716,840	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-403	7/1/21-6/30/22	2,561,233			125,409					2,561,233	
Subtotal - General Fund				(1,169,614)		23,578,061	(23,695,190)		(892,390)	(1,286,743)	30,316,927	
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	6,919			6,919	(3,854)			\$ 3,065	3,854	
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	5,106								4,389	
Home Instruction	N/A	7/1/22-6/30/23	5,329				(5,329)			(5,329)	5,329	
Home Instruction	N/A	7/1/21-6/30/22	718			718					718	
Nonpublic Handicapped Services:												
Supplementary Instruction	23-100-034-5120-066	7/1/22-6/30/23	41,300			41,300	(8,921)				8,921	
Supplementary Instruction	22-100-034-5120-066	7/1/21-6/30/22	37,996		909			(909)			37,087	
Corrective Speech	23-100-034-5120-066	7/1/22-6/30/23	24,831			24,831	(15,717)				15,717	
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	26,970		11,067			(11,067)			15,903	
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	75,056		4,172	67,130	(47,229)			19,901	47,229	
N.J. Nonpublic Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	70,752			70,752	(27,040)				70,884	
N.J. Nonpublic Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	62,601		38,059			(38,059)			27,040	
N.J. Nonpublic Nursing Aid	23-100-034-5120-070	7/1/22-6/30/23	177,408			177,408	(101,252)				101,252	
N.J. Nonpublic Nursing Aid	22-100-034-5120-070	7/1/21-6/30/22	115,920		80,398			(80,398)			35,522	
N.J. Nonpublic Technology Initiative	23-100-034-5120-373	7/1/22-6/30/23	66,528			66,528	(57,577)				57,577	
N.J. Nonpublic Technology Initiative	22-100-034-5120-373	7/1/21-6/30/22	43,806		27,328			(27,328)			16,478	
N.J. Nonpublic Security Aid	23-100-034-5120-509	7/1/22-6/30/23	324,720			324,720	(298,363)				298,363	
N.J. Nonpublic Security Aid	22-100-034-5120-509	7/1/21-6/30/22	181,125		37,650			(37,650)			143,475	
School Climate Change Pilot	23-100-034-5063-359	7/1/22-6/30/23	6,660			6,660	(6,660)				6,660	
Subtotal - Special Revenue Fund				(718)	200,300	786,966	(571,942)	(200,300)	(5,329)	219,635	920,940	

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Unearned Revenue	Due to Grantor	Budgetary Receivable
Food Service Fund:												
State School Lunch Program	23-100-000-3350-023	7/1/22-6/30/23	\$ 22,217		\$ 21,222	\$ (22,217)			\$ (995)	\$ (995)	\$ 22,217	
COVID-19 - Seamless Summer Option	22-100-010-3350-023	7/1/21-6/30/22	32,537	(1,269)	1,269						32,537	
State School Breakfast Program	23-100-010-3350-023	7/1/22-6/30/23	354		337	(354)			(17)	(17)	354	
Subtotal - Food Service Fund				(1,269)	22,828	(22,571)			(1,012)	(1,012)	54,754	
Total State Department of Education				(1,171,601)	\$200,300	(24,289,703)		\$ (200,300)	(898,731)	\$219,635	31,292,621	
School Development Authority:												
Special Revenue Fund Aid:												
Emergency & Capital Maintenance Needs	N/A	7/1/22-6/30/23	94,408		94,408	(46,161)				\$ 48,247	46,161	
Total State Awards					\$200,300	\$ (24,335,864)		\$ (200,300)	(898,731)	\$ 48,247	\$ 31,338,782	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22-6/30/23	(3,329,124)			3,329,124						
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22-6/30/23	(12,499,423)			12,499,423						
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22-6/30/23	(173,415)			173,415						
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23	(5,423)			5,423						
Subtotal - On-Behalf TPAF Pension System Contributions						16,007,385						
Total State Awards Subject to Single Audit Major Program Determination						\$ (8,328,479)						

N/A - Not Available/Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SUMMIT PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Summit Public Schools under programs of the federal and state governments for the fiscal year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. This basis of accounting is described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 the modified accrual basis with the exception of the revenue recognition of the last two 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 budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$81,033) of which (\$13,045) represents the State Reimbursement for Lead Testing of Drinking Water grant posted as a refund against current year expenditures for the General Fund and \$1,277,444 (of which \$47,990 relates to local grants) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. The District’s Food Service Management Company was granted forgiveness on their Paycheck Protection Program (PPP Loan). Schools that participated in the USDA’s National School Lunch Program (NSLP) received a credit for Labor Cost for the period of May 16, 2020 through October 30, 2020.

SUMMIT PUBLIC SCHOOLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

Based on USDA guidance, the PPP forgiven funds of \$87,740 were credited to the District and is included as a federal award in the District’s Food Service Fund but are not to be reported on the Schedules of Expenditures of Federal Awards.

Revenue from federal and state awards is reported in the Board’s basic financial statements on the GAAP basis as presented below:

	Federal	State	Total
General Fund	\$ 94,398	\$ 23,614,157	\$ 23,708,555
Special Revenue Fund	3,494,018	618,103	4,112,121
Capital Projects Fund	37,125		37,125
Food Service Fund	775,227	22,571	797,798
Total Awards	\$ 4,400,768	\$ 24,254,831	\$ 28,655,599

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers’ share of social security contributions for TPAF members for the fiscal year ended June 30, 2023. Revenue and expenditures reported under the Food Distribution Program represent the current year value received and the current year distributions respectively.

NOTE 7. NJ CLEAN ENERGY GRANT

The District has been awarded a grant in the amount of \$1,815,150 which is recorded in the Capital Projects Fund from the School and Small Business Ventilation and Energy Efficiency Verification and Repair Program (SSBVEEVR). As of June 30, 2023, \$37,125 of the grant has been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as certain milestones are accomplished and the required documentation is submitted to the grantor for reimbursement. Expenditures reported under the SSB-VEEVR on the Schedule of Expenditures of Federal Awards represent reimbursement requests submitted to the New Jersey Clean Energy Program.

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJ OMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following federal and state awards:

	<u>Assistance Listing/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/22-9/30/23	\$ 1,342,599	\$ 1,046,732
I.D.E.A. Preschool	84.173	7/1/22-9/30/23	40,461	40,461
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22-6/30/23	2,660,326	2,660,326

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for federal and state programs.

SUMMIT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

SUMMIT PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Status of Prior Fiscal Year Findings:

The District had no prior fiscal year audit findings.