

**SOUTH PLAINFIELD BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

South Plainfield, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

South Plainfield Board of Education

South Plainfield, New Jersey

For The Fiscal Year Ended June 30, 2012

Prepared by

Finance Department

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INTRODUCTORY SECTION

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Mrs. Nicole Pormilli
Assistant Superintendent

Dr. Stephen H. Genco
Superintendent of Schools

Mr. James Olobardi
**Business Administrator/
Board Secretary**

November 27, 2012

Honorable President and
Members of the Board of Education
South Plainfield School District
County of Middlesex, New Jersey

Dear Board Members:

The comprehensive annual financial report (CAFR) of the South Plainfield School District (District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District has implemented Statement No. 34 of the Governmental Accounting Standards Board (GASB) entitled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This standard, issued in June 1999, creates a new reporting model of financial information and disclosure, which represents a significant departure from the previously used reporting model. The reader will notice that the two main basic financial statements created by this standard, the Statement of Net Assets and the Statement of Activities, do not contain numerous columns for various funds that have been seen in past governmental financial statements. These two financial statements consolidate much of the detailed information contained in fund based financial statements of the South Plainfield School District.

Also required as part of "Required Supplementary Information" by GASB Statement No. 34 is a "Management's Discussion and Analysis" (MD&A) which allows the District to explain in layman's terms its financial position and results of operations of the past fiscal year.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, Management's Discussion and Analysis (MD&A), supplemental information, the combining of individual schedules as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single

audit in conformity with the provisions of the Single Audit Act, as amended, and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and New Jersey OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A of South Plainfield School District can be found immediately following the report of the independent auditors.

1. Reporting Entity and its Services: South Plainfield School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The South Plainfield Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, limited English-proficient, as well as special education for educationally handicapped youngsters.

The District operated the 2011-2012 fiscal year with an enrollment of 3,629.0 students, which is 2.26% less students than the previous year's enrollment. The following details the changes in the student enrollment of the district over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	3,629.0	<2.26%>
2010-2011	3,713.0	<0.70%>
2009-2010	3,739.0	.91%
2008-2009	3,705.4	<0.43%>
2007-2008	3,721.3	<2.00%>
2006-2007	3,797.2	0.02%
2005-2006	3,791.3	<1.36%>
2004-2005	3,843.5	0.34%
2003-2004	3,830.6	0.78%
2002-2003	3,801.0	1.18%

2. Economic Condition and Outlook: South Plainfield's economy benefits from its location as a convenient commutation point to major employment centers, including New York City. The economy mirrors the national economy that is reportedly ending a recession but has not yet recovered.
3. Internal Accounting Controls: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principals (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that recognizes: (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 recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4. Budgetary Controls: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. 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.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

5. Accounting System and Reports: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The District had implemented GASB No. 34 for the fiscal year ended June 30, 2006 as explained in the Notes to the Basic Financial Statements.
6. Debt Administration: The Board of Education issued bonds to pay for the school district's capital project. The proposal was approved by the voters at the April 17, 2001 school election for a total of \$19,283,380.00. The State's share of the project was \$6,647,000, and the local share of the project was \$12,636,380.00. The project included the building of a new elementary school; expansion of Grant School to include grades 5 and 6; and two (2) contracts for electrical and technology upgrades. On August 14, 2009 the Board of Education sold and issued \$9,765,000 Refunding School Bonds resulting in a savings of \$341,112. As of June 30, 2012, the outstanding principal was \$9,765,000 – bonds.
7. Cash Management: The investment policy of the District is guided in large part by state statute as detailed in the "Notes to Basic Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit its 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.
8. 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.
9. Other Information:

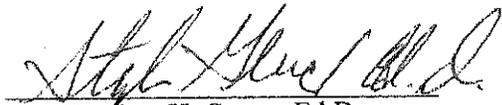
Independent Audit: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth

in state statutes, the audit also was designed to meet the requirements of the Single Audit Act, as amended, and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report of the CAFR is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

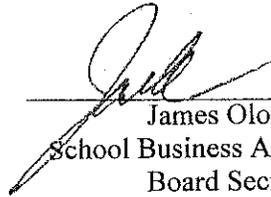
10. Acknowledgments:

We would like to express our appreciation to the members of the South Plainfield School 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 our administrative office staff.

Respectfully submitted,



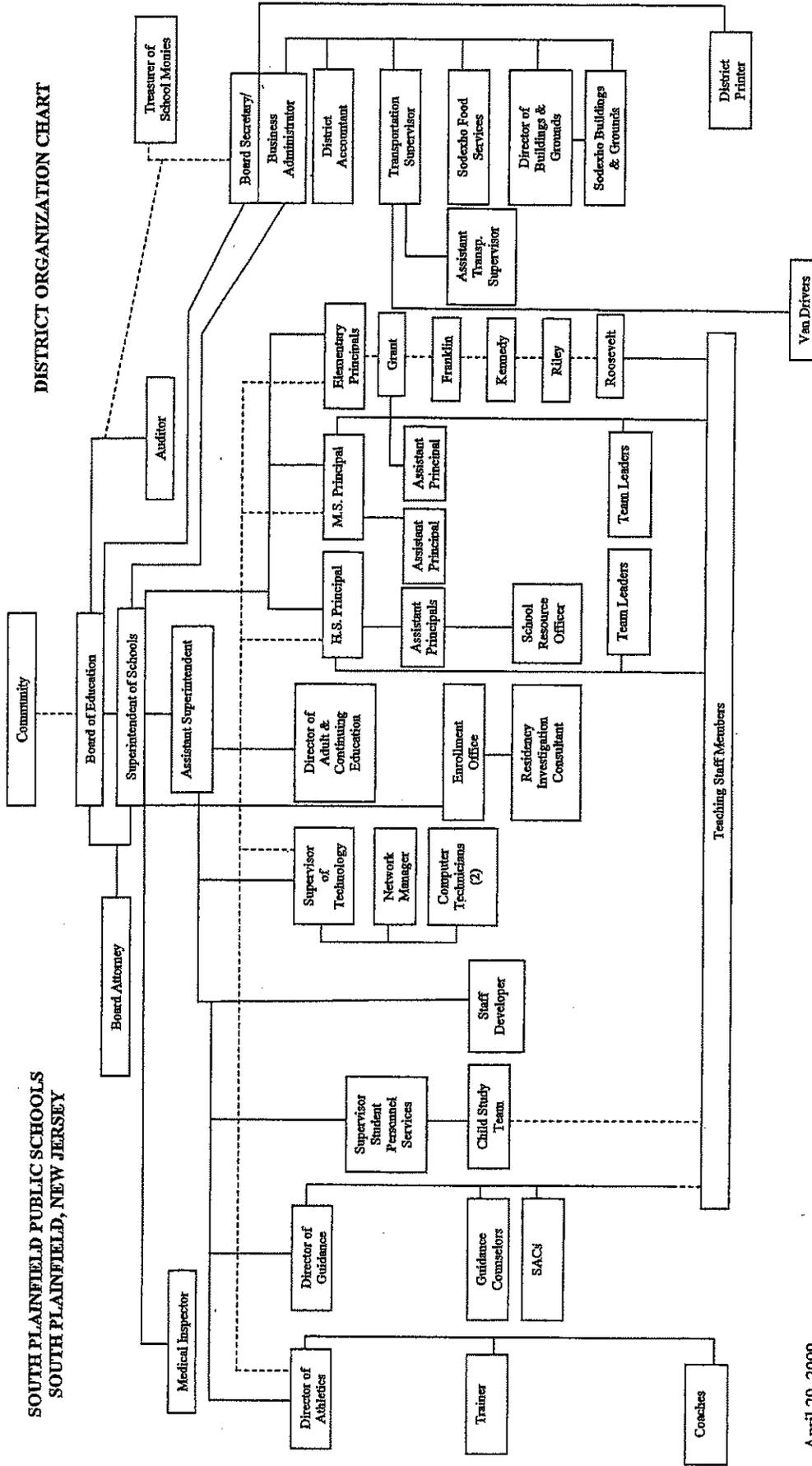
Stephen H. Genco, Ed.D.
Superintendent of Schools



James Olobardi
School Business Administrator/
Board Secretary

**SOUTH PLAINFIELD PUBLIC SCHOOLS
SOUTH PLAINFIELD, NEW JERSEY**

DISTRICT ORGANIZATION CHART



April 29, 2009

**BOROUGH OF SOUTH PLAINFIELD BOARD OF EDUCATION
MIDDLESEX COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS
AT JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. Ernie "Jim" Giannakis, President	Jan. 2013
Mrs. Deborah Boyle, Vice President	Jan. 2014
Mrs. Carol Byrne	Jan. 2013
Mr. John Farinella, Jr.	Jan. 2015
Mr. Christopher Hubner	Jan. 2014
Mrs. Sharon Miller	Jan. 2015
Mr. William Seesselberg	Jan. 2013
Mr. Joseph Sorrentino	Jan. 2014
Mr. Gary Stevenson	Jan. 2015

Other Officials

Dr. Stephen H. Genco, Superintendent of Schools

Dr. Frank A. Cocchiola, Interim Assistant Superintendent

Mr. James Olobardi, Business Administrator/Board Secretary

Mr. Glenn Cullen, Treasurer of School Monies

Marc H. Zitomer, Esq., School Board Attorney
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BOROUGH OF SOUTH PLAINFIELD BOARD OF EDUCATION

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FINANCIAL SECTION

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DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

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ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
South Plainfield Board of Education
South Plainfield, New Jersey

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 South Plainfield Board of Education, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Plainfield Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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 South Plainfield Board of Education as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

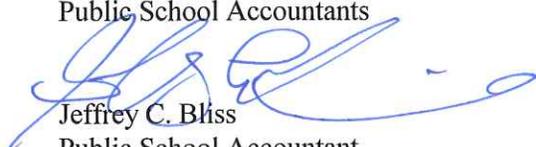
In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2012 on our consideration of the South Plainfield Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Plainfield Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also 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 combining fund financial statements and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lerch, Vinci & Higgins, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH PLAINFIELD BOARD OF EDUCATION

Management Discussion and Analysis Year Ended June 30, 2012

INTRODUCTION

This section of South Plainfield Board of Education's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year that ended on June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the School District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

The discussion and analysis of the School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This annual report consists of a series of financial statements as well as notes to those statements. These statements are organized so that the reader can understand the South Plainfield Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of the South Plainfield Board of Education, the General Fund is by far the most significant fund.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and Statement of Activities help answer this question. These Statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

REPORTING THE SCHOOL DISTRICT AS A WHOLE (Continued)

Statement of Net Assets and the Statement of Activities (Continued)

These two Statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District have improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** – All of the School District's programs and services are reported here, including, but not limited to, Instruction, Support Services, Operation and Maintenance of Plant Facilities, Pupil Transportation and Extracurricular Activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The food services, preschool, latchkey and adult education program operations are reported as business activities.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Detailed information about the School District's major funds is presented and an analysis of the School District's major funds is included in the 2011-2012 Comprehensive Annual Financial Report as presented by the School District. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Fiduciary Funds

The School District is the trustee, or *fiduciary*, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the School District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's budget process. The School District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for the general and special revenue funds as required supplementary information. The required supplementary information can be found following the notes to the basic financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2012 are as follows:

- The assets of the South Plainfield Board of Education exceeded its liabilities at the close of the fiscal year by \$15,594,722 (net assets). The amount available to meet the District's ongoing obligations (unrestricted net assets) was \$3,639,776.
- The School District's total net assets increased \$1,866,404.
- General revenues accounted for \$48,054,314 or 81 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants accounted for \$11,131,268 or 19 percent of total revenues of \$59,185,582.
- The School District had \$55,259,012 in expenses for governmental activities; only \$8,824,680 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$48,054,314 were adequate to provide for these programs.

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

FINANCIAL HIGHLIGHTS (Continued)

- The General Fund had \$53,924,381 in revenues and \$52,202,236 in expenditures. The General Fund's balance increased \$1,722,145 over the previous year to \$5,189,459. Of this amount, \$69,032 is available for spending at the District's discretion (unassigned fund balance).
- The General Fund unassigned budgetary fund balance at the close of the current fiscal year was \$982,112 which represented a decrease of \$45,139 over the previous year.

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

The following provides a summary of the School District's Net Assets as of 2012 and 2011:

Net Assets						
As of June 30, 2012 and 2011						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 7,432,350	\$ 6,023,944	\$ 1,356,288	\$ 1,296,086	\$ 8,788,638	\$ 7,320,030
Capital Assets	18,114,053	18,957,711	219,204	77,411	18,333,257	19,035,122
Total Assets	25,546,403	24,981,655	1,575,492	1,373,497	27,121,895	26,355,152
Long-Term Liabilities	10,685,957	11,355,433			10,685,957	11,355,433
Other Liabilities	738,222	715,258	102,994	147,421	841,216	862,679
Total Liabilities	11,424,179	12,070,691	102,994	147,421	11,527,173	12,218,112
Net Assets:						
Invested in capital assets	8,349,053	8,462,711	219,204	77,411	8,568,257	8,540,122
Restricted	3,386,689	5,156,707			3,386,689	5,156,707
Unrestricted	2,386,482	(708,454)	1,253,294	1,148,665	3,639,776	440,211
Total Net Assets	\$ 14,122,224	\$ 12,910,964	\$ 1,472,498	\$ 1,226,076	\$ 15,594,722	\$ 14,137,040

By far the largest portion of the School District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

THE SCHOOL DISTRICT AS A WHOLE (Continued)

The following shows the changes in Net Assets for fiscal years 2012 and 2011:

Changes in Net Assets

For the Fiscal Years Ended June 30, 2012 and 2011

	Governmental		Business-Type		Total	
	Activities		Activities			
Revenues	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	\$ 262,772	\$ 744,247	\$ 1,800,982	\$ 1,746,870	\$ 2,063,754	\$ 2,491,117
Operating Grants and Contributions	8,503,754	8,369,423	505,606	442,431	9,009,360	8,811,854
Capital Grants and Contributions	58,154	-			58,154	-
General Revenues						
Property Taxes	41,332,297	40,189,888			41,332,297	40,189,888
Federal and State Aid - Unrestricted	6,330,568	4,452,378			6,330,568	4,452,378
Other	391,449	144,434	-	4,614	391,449	149,048
Total Revenues	56,878,994	53,900,370	2,306,588	2,193,915	59,185,582	56,094,285
Expenses						
Instruction						
Regular	24,701,312	24,293,199			24,701,312	24,293,199
Special Education	8,395,082	7,674,924			8,395,082	7,674,924
Other Instruction	1,079,829	1,815,960			1,079,829	1,815,960
School Sponsored Activities and Athletics	1,180,725	-			1,180,725	-
Support Services						
Tuition		1,134,463			-	1,134,463
Student and Instruction Related Services	6,613,391	5,901,185			6,613,391	5,901,185
General Administrative Services	1,238,685	2,414,733			1,238,685	2,414,733
School Administrative Services	3,380,066	3,022,552			3,380,066	3,022,552
Central Services and Info Technology	1,453,217	361,669			1,453,217	361,669
Plant Operations and Maintenance	4,504,179	4,811,259			4,504,179	4,811,259
Pupil Transportation	2,316,150	1,896,037			2,316,150	1,896,037
Special Schools		42,468			-	42,468
Charter Schools		8,044			-	8,044
Interest on Long-Term Debt	396,376	431,235			396,376	431,235
Debt Service Assessment		68,734			-	68,734
Food Services		-	1,302,832	1,209,946	1,302,832	1,209,946
Preschool Program		-	222,473	240,804	222,473	240,804
Latchkey Program		-	341,000	391,479	341,000	391,479
Adult Education Program	-	-	193,861	272,749	193,861	272,749
Total Expenses	55,259,012	53,876,462	2,060,166	2,114,978	57,319,178	55,991,440
Change in Net Assets Before Special Items	1,619,982	23,908	246,422	78,937	1,866,404	102,845
Special Items	-	(124,993)	-	-	-	(124,993)
Increase (Decrease) in Net Assets	1,619,982	(101,085)	246,422	78,937	1,866,404	(22,148)
Net Assets, Beginning of Year	12,910,964	13,012,049	1,226,076	1,147,139	14,137,040	14,159,188
Prior Period Adjustments	(408,722)	-	-	-	(408,722)	-
Net Assets, End of Year	\$ 14,122,224	\$ 12,910,964	\$ 1,472,498	\$ 1,226,076	\$ 15,594,722	\$ 14,137,040

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

Governmental Activities. The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. The District's total revenues for governmental activities were \$56,878,994 and \$53,900,370 for the fiscal years ended June 30, 2012 and 2011. Property taxes of \$41,332,297 and \$53,775,377 made up 73% and 75% of the revenues for governmental activities for the South Plainfield Board of Education for fiscal years ended June 30, 2012 and 2011, respectively. Federal, state and local grants and aid accounted for another \$14,892,476 and \$12,821,801 representing 26% and 24% of total revenues for the fiscal years ended June 30, 2012 and 2011, respectively. In addition, tuition, transportation and other miscellaneous income is earned. Miscellaneous income includes items such as interest, prior year refunds and other miscellaneous revenue items.

The total cost of all governmental activities programs and services were \$55,259,012 and \$53,876,462 for the fiscal years ended June 30, 2012 and 2011, respectively. Instruction comprised \$35,356,948 (64%) and \$33,784,083 (63%) of District expenses for the fiscal years ended June 30, 2012 and 2011, respectively. Support services totaled \$19,505,688 (35%) and \$19,661,144 (36%) of District expense and interest on debt totaled \$396,376 (1%) and \$431,235 (1%) of District expenses for fiscal year ended June 30, 2012 and 2011, respectively.

Total governmental activities revenues exceeded expenses, increasing net assets \$1,619,982 and expenses and special items exceeded revenues, decreasing net assets \$101,085 for the fiscal years ended June 30, 2012 and 2011, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

Total and Net Cost of Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Instruction				
Regular	\$ 24,701,312	\$ 24,293,199	\$ 19,335,592	\$ 21,603,792
Special Education	8,395,082	7,674,924	6,615,272	3,347,992
Other Instruction	1,079,829	1,815,960	628,060	1,695,483
School Sponsored Activities and Athletics	1,180,725	-	1,175,725	-
Support Services				
Tuition		1,134,463		1,134,463
Student and Instruction Related Services	6,613,391	5,901,185	6,033,256	5,430,998
General Administrative Services	1,238,685	2,414,733	1,238,685	2,270,088
School Administrative Services	3,380,066	3,022,552	3,058,389	2,760,360
Central Services and Info. Technology	1,453,217	361,669	1,453,217	361,669
Plant Operations and Maintenance	4,504,179	4,811,259	4,504,179	4,811,259
Pupil Transportation	2,316,150	1,896,037	1,995,581	1,252,709
Special Schools		42,468		17,201
Charter Schools		8,044		8,044
Interest on Long-Term Debt	396,376	431,235	396,376	-
Debt Service Assessment	-	68,734	-	68,734
Total	<u>\$ 55,259,012</u>	<u>\$ 53,876,462</u>	<u>\$ 46,434,332</u>	<u>\$ 44,762,792</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities. Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Student and instruction related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

General administration, school administration, central and other support services include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

Governmental Activities (Continued)

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges on debt of the School District.

Business-Type Activities. Revenues for the District's business-type activities (food service program, preschool program, latchkey program or adult education program) were comprised solely of charges for services and federal and state reimbursements in the food service program.

- Enterprise Fund revenues exceeded expenses by \$246,422 for the current year and by \$78,937 for the previous year.
- Charges for services were \$1,800,982 and \$1,746,871 and represents 78% and 80% of the revenue for the fiscal years ended June 30, 2012 and 2011, respectively. Federal and State reimbursements were \$505,606 and \$442,431 for the fiscal years ended June 30, 2012 and 2011.
- Expenses were \$2,060,166 and \$2,114,978 for the fiscal years ended June 30, 2012 and 2011, respectively. This represents amounts paid for salaries, cost of goods and other related expenses to operate the District's enterprise funds.

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds is included in the June 30, 2012 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects and Debt Service Fund) presented in the fund-based statements had total revenues of \$56,878,894 and \$53,900,371 and expenditures of \$55,100,854 and \$54,917,205 for the fiscal years ended June 30, 2012 and 2011, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the General Fund for the fiscal years ended June 30, 2012 and 2011, and the amount and percentage of change in relation to prior-year revenues.

SOUTH PLAINFIELD BOARD OF EDUCATION

**Management's Discussion and Analysis
Year Ended June 30, 2012**

THE SCHOOL DISTRICT'S FUNDS (Continued)

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources:				
Property Tax Levy	\$ 40,139,182	\$ 39,438,003	\$ 701,179	2%
Tuition and Fees	53,092	535,779	(482,687)	-90%
Transportation Fees	209,680	208,468	1,212	1%
Miscellaneous	391,449	140,648	250,801	178%
State Sources	12,749,877	10,666,617	2,083,260	20%
Federal Sources	<u>381,101</u>	<u>31,978</u>	<u>349,123</u>	1092%
 Total General Fund Revenues	 <u>\$ 53,924,381</u>	 <u>\$ 51,021,493</u>	 <u>\$ 2,902,888</u>	 6%

Overall General Fund revenues increased only 6% from the previous year. The change in Local Sources is attributable to a tax increase of 2% while tuition revenue decreased 90%. State sources increased 20% mainly due to the result of an increase in special education formula aid and on-behalf contributions made by the State for the District's share of teachers' pension contributions. The increase in Federal sources was due to the Education Jobs Program funding in the current year.

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2012 and 2011:

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 33,070,296	\$ 23,114,011	\$ 9,956,285	43%
Support Services	18,894,525	27,832,385	(8,937,860)	-32%
Capital Outlay	<u>237,415</u>	<u>40,216</u>	<u>197,199</u>	490%
 Total Expenditures	 <u>\$ 52,202,236</u>	 <u>\$ 50,986,612</u>	 <u>\$ 1,215,624</u>	 2%

Overall General Fund expenditures increased only 2% from the previous year. Major causes of the increase in the current year were employee benefit costs, energy cost and capital outlay cost increases. These increases were offset by decreases in out-of-district special education tuition costs.

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

THE SCHOOL DISTRICT'S FUNDS (Continued)

For the 2012 school year, General Fund revenues exceeded expenditures by \$1,722,145. Total fund balance increased to \$5,189,459 at June 30, 2012. After deducting fund balances restricted and assigned, the unassigned fund balance decreased from \$348,942 at June 30, 2011 to \$69,032 at June 30, 2012.

GENERAL FUND BUDGETING HIGHLIGHTS

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the budgetary basis and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the 2012 school year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the School Business Administrator, Superintendent and Board of Education. Transfers were necessitated by:

- Staffing changes based on student needs.
- Need for additional instructional supplies and equipment.
- Changes in appropriations to prevent budget overruns.

For the fiscal year ended June 30, 2012, General Fund budgetary revenues exceeded expenditures increasing budgetary fund balance by \$1,802,500 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$45,139 from \$1,027,251 at June 30, 2011 to \$982,112 at June 30, 2012.

CAPITAL ASSETS

At the end of fiscal years 2012 and 2011, the School District had \$18,333,257 and \$19,035,122 invested in land, land improvements, buildings, machinery and equipment, net of accumulated depreciation. Depreciation charges for the fiscal years 2012 and 2011 were \$1,139,227 and \$1,000,816 for governmental activities, respectively, and \$10,828 and \$12,681 for business-type activities, respectively.

Capital Assets at June 30, 2012 and 2011 (Net of Accumulated Depreciation)

	Governmental		Business-Type		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 1,265,266	\$ 1,265,266			\$ 1,265,266	\$ 1,265,266
Construction in Progress		1,273,541			-	1,273,541
Building and Improvements	13,500,127	12,750,058			13,500,127	12,750,058
Land Improvements	1,220,665	1,337,170			1,220,665	1,337,170
Machinery and Equipment	2,127,995	2,331,676	\$ 219,204	\$ 77,411	2,347,199	2,409,087
Total Capital Assets, Net	\$ 18,114,053	\$ 18,957,711	\$ 219,204	\$ 77,411	\$ 18,333,257	\$ 19,035,122

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2012

LONG-TERM LIABILITIES

At June 30, 2012, the School District had \$10,685,957 as outstanding debt consisting of \$920,957 for compensated absences, and \$9,765,000 of serial bonds for school construction projects. The following is a comparison of the June 30, 2012 and 2011 balances:

Outstanding Long-Term Liabilities At June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Bonds Payable	\$ 9,765,000	\$ 10,495,000
Compensated Absences	<u>920,957</u>	<u>860,433</u>
Total	<u>\$ 10,685,957</u>	<u>\$ 11,355,433</u>

FOR THE FUTURE

While many factors influence the School District's future, the availability of funding for special education needs, changes in student population and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the School District's administration during the process of developing the fiscal year 2012-2013 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2012-2013. Budgeted expenditures in the General Fund increased approximately 5.9 percent to \$52,668,913 for fiscal year 2012-2013.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have questions on this report or need additional financial information, please contact the School Business Administrator/Board Secretary at South Plainfield Board of Education, 125 Jackson Avenue, South Plainfield, New Jersey 07080.

DISTRICT-WIDE FINANCIAL STATEMENTS

**SOUTH PLAINFIELD BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,774,127	\$ 1,077,523	\$ 5,851,650
Receivables, Net	2,742,573	170,141	2,912,714
Internal Balances	(84,350)	84,350	-
Inventory		24,274	24,274
Capital Assets, Not Being Depreciated	1,265,266		1,265,266
Capital Assets, Being Depreciated, Net	<u>16,848,787</u>	<u>219,204</u>	<u>17,067,991</u>
Total Assets	<u>25,546,403</u>	<u>1,575,492</u>	<u>27,121,895</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	461,983	99,106	561,089
Payable to Other Governments	22,588		22,588
Unearned Revenue	72,712	3,888	76,600
Accrued Interest Payable	180,939		180,939
Noncurrent Liabilities			
Due within one year	725,000		725,000
Due beyond one year	<u>9,960,957</u>	<u>-</u>	<u>9,960,957</u>
Total Liabilities	<u>11,424,179</u>	<u>102,994</u>	<u>11,527,173</u>
NET ASSETS			
Invested in Capital Assets	8,349,053	219,204	8,568,257
Restricted for:			
Capital Projects	2,937,208		2,937,208
Plant Maintenance	449,481		449,481
Unrestricted	<u>2,386,482</u>	<u>1,253,294</u>	<u>3,639,776</u>
Total Net Assets	<u>\$ 14,122,224</u>	<u>\$ 1,472,498</u>	<u>\$ 15,594,722</u>

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 24,701,312	\$ 53,092	\$ 5,262,633	\$ 49,995	\$ (19,335,592)	\$	\$ (19,335,592)
Special Education	8,395,082		1,771,651	8,159	(6,615,272)		(6,615,272)
Other Instruction	1,079,829		451,769		(628,060)		(628,060)
School Sponsored Activities and Athletics	1,180,725		5,000		(1,175,725)		(1,175,725)
Support Services:							
Student & Instruction Related Services	6,613,391		580,135		(6,033,256)		(6,033,256)
General Administrative Services	1,238,685				(1,238,685)		(1,238,685)
School Administrative Services	3,380,066		321,677		(3,058,389)		(3,058,389)
Central Services and Info Technology	1,453,217				(1,453,217)		(1,453,217)
Plant Operations and Maintenance	4,504,179	209,680	110,889		(4,504,179)		(4,504,179)
Pupil Transportation	2,316,150				(1,995,581)		(1,995,581)
Interest on Debt	396,376				(396,376)		(396,376)
Total Governmental Activities	55,259,012	262,772	8,503,754	58,154	(46,434,332)	-	(46,434,332)
Business-Type Activities:							
Food Service	1,302,832	764,153	505,606			\$ (33,073)	(33,073)
Preschool Program	222,473	356,161				133,688	133,688
Latchkey Program	341,000	454,134				113,134	113,134
Adult Education Program	193,861	226,534				32,673	32,673
Total Business-Type Activities	2,060,166	1,800,982	505,606	-	-	246,422	246,422
Total Primary Government	\$ 57,319,178	\$ 2,063,754	\$ 9,009,360	\$ 58,154	(46,434,332)	246,422	(46,187,910)

**SOUTH PLAINFIELD BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes	\$ 40,139,182	\$	40,139,182
Property Taxes, levied for debt service purposes	1,193,115		1,193,115
State Aid - Unrestricted	6,330,568		6,330,568
Miscellaneous Income	391,449	-	391,449
	48,054,314	-	48,054,314
Change in Net Assets	1,619,982	\$ 246,422	1,866,404
Net Assets, Beginning of Year	12,910,964	1,226,076	14,137,040
Prior Period Adjustment	(408,722)	-	(408,722)
Net Assets, End of Year	\$ 14,122,224	\$ 1,472,498	\$ 15,594,722

FUND FINANCIAL STATEMENTS

**SOUTH PLAINFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,688,579		\$ 1,085,548		\$ 4,774,127
Receivables From Other Governments	1,458,912	\$ 317,720	600,060		2,376,692
Due from Other Funds	537,948	-	-	-	537,948
	<u>5,685,439</u>	<u>317,720</u>	<u>1,685,608</u>	<u>-</u>	<u>7,688,767</u>
Total Assets	<u>\$ 5,685,439</u>	<u>\$ 317,720</u>	<u>\$ 1,685,608</u>	<u>\$ -</u>	<u>\$ 7,688,767</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 411,630	\$ 50,353			\$ 461,983
Due to Other Funds	84,350	172,067			256,417
Payable to State Government		22,588			22,588
Deferred Revenue	-	72,712	-	-	72,712
	<u>495,980</u>	<u>317,720</u>	<u>-</u>	<u>-</u>	<u>813,700</u>
Total Liabilities	<u>495,980</u>	<u>317,720</u>	<u>-</u>	<u>-</u>	<u>813,700</u>
Fund Balances:					
Restricted					
Capital Reserve	1,251,600				1,251,600
Maintenance Reserve	449,481				449,481
Emergency Reserve	196,533				196,533
Reserved Excess Surplus	775,393				775,393
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	1,343,402				1,343,402
Capital Projects			\$ 1,685,608		1,685,608
Assigned					
Year End Encumbrances	776,018				776,018
Designated for Subsequent Year's Expenditures	328,000				328,000
Unassigned	69,032	-	-	-	69,032
	<u>5,189,459</u>	<u>-</u>	<u>1,685,608</u>	<u>-</u>	<u>6,875,067</u>
Total Fund Balances	<u>5,189,459</u>	<u>-</u>	<u>1,685,608</u>	<u>-</u>	<u>6,875,067</u>
Total Liabilities and Fund Balances	<u>\$ 5,685,439</u>	<u>\$ 317,720</u>	<u>\$ 1,685,608</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$42,783,480 and the accumulated depreciation is \$24,669,427.

18,114,053

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:

(180,939)

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

Serial Bonds Payable \$ 9,765,000
Compensated Absences 920,957

(10,685,957)

Net assets of governmental activities

\$ 14,122,224

**SOUTH PLAINFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Property Tax Levy	\$ 40,139,182			\$ 1,193,115	\$ 41,332,297
Tuition	53,092				53,092
Transportation Fees	209,680				209,680
Miscellaneous	391,449	\$ 70,940	-	-	462,389
Total - Local Sources	40,793,403	70,940	-	1,193,115	42,057,458
State Sources	12,749,877	223,421			12,973,298
Federal Sources	381,101	1,467,137	-	-	1,848,238
Total Revenues	53,924,381	1,761,498	-	1,193,115	56,878,994
EXPENDITURES					
Current					
Instruction					
Regular	24,133,966	159,131			24,293,097
Special Education	7,041,370	969,240			8,010,610
Other Instruction	722,249	356,562			1,078,811
School Sponsored Activities and Athletics	1,172,711				1,172,711
Support Services					
Student & Instruction Related Services	6,206,965	213,131			6,420,096
General Administrative Services	1,225,955				1,225,955
School Administrative Services	3,375,506				3,375,506
Central Services	1,451,515				1,451,515
Plant Operations and Maintenance	4,495,180				4,495,180
Pupil Transportation	2,139,404				2,139,404
Debt Service					
Principal				730,000	730,000
Interest				412,400	412,400
Capital Outlay	237,415	58,154	-	-	295,569
Total Expenditures	52,202,236	1,756,218	-	1,142,400	55,100,854
Net Change in Fund Balances	1,722,145	5,280	-	50,715	1,778,140
Fund Balance, Beginning of Year	3,876,036	(5,280)	\$ 1,685,608	(50,715)	5,505,649
Prior Period Adjustments	(408,722)	-	-	-	(408,722)
Fund Balance, End of Year	\$ 5,189,459	\$ -	\$ 1,685,608	\$ -	\$ 6,875,067

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total net change in fund balances - governmental funds (Exhibit B-2)		\$ 1,778,140
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays 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 exceeded capital outlays in the period.</p>		
Capital outlays	\$ 295,569	
Depreciation expense	<u>(1,139,227)</u>	(843,658)
<p>Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Serial Bonds		730,000
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an reduction to the reconciliation.</p>		
		16,024
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).</p>		
Increase in Compensated Absences		<u>(60,524)</u>
Change in net assets of governmental activities (Exhibit A-2)		<u><u>\$ 1,619,982</u></u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Preschool Program	Latchkey Program	Adult Education Program	
ASSETS					
Cash and Cash Equivalents (Overdraft)	\$ (96,459)	\$ 305,775	\$ 552,091	\$ 316,116	\$ 1,077,523
Intergovernmental Receivable					
State	3,677				3,677
Federal	106,037				106,037
Accounts Receivable	49,669	750	10,008		60,427
Due from Other Funds	84,350				84,350
Inventories	24,274	-	-	-	24,274
Total Current Assets	<u>171,548</u>	<u>306,525</u>	<u>562,099</u>	<u>316,116</u>	<u>1,356,288</u>
Capital Assets					
Equipment	377,880	57,421	95,200		530,501
Accumulated Depreciation	(311,297)	-	-	-	(311,297)
Total Capital Assets, Net	<u>66,583</u>	<u>57,421</u>	<u>95,200</u>	<u>-</u>	<u>219,204</u>
Total Assets	<u>\$ 238,131</u>	<u>\$ 363,946</u>	<u>\$ 657,299</u>	<u>\$ 316,116</u>	<u>\$ 1,575,492</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 99,066		\$ 40		\$ 99,106
Due to Other Funds					-
Unearned Revenue	3,888	-	-	-	3,888
Total Current Liabilities	<u>102,954</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>102,994</u>
NET ASSETS					
Invested in Capital Assets	66,583	\$ 57,421	95,200		219,204
Unrestricted	68,594	306,525	562,059	\$ 316,116	1,253,294
Total Net Assets	<u>\$ 135,177</u>	<u>\$ 363,946</u>	<u>\$ 657,259</u>	<u>\$ 316,116</u>	<u>\$ 1,472,498</u>

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
 PROPRIETARY FUND
 COMBINING STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities Enterprise Funds				<u>Total</u>
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Latchkey Program</u>	<u>Adult Education Program</u>	
OPERATING REVENUES					
Local Sources					
Daily Sales-Reimbursable Programs					
School Lunch Program	\$ 455,171				\$ 455,171
School Breakfast Program	26,511				26,511
Daily Sales Non-Reimbursable Programs	282,471				282,471
Program Fees	-	\$ 356,161	\$ 454,134	\$ 226,534	1,036,829
Total Operating Revenues	<u>764,153</u>	<u>356,161</u>	<u>454,134</u>	<u>226,534</u>	<u>1,800,982</u>
OPERATING EXPENSES					
Salaries and Benefits	571,223	210,115	307,328	10,199	1,098,865
Cost of Sales	505,464				505,464
Supplies and Materials	77,824	3,212	3,659	754	85,449
Management and Administration Fees	64,106				64,106
Other Purchased Services	73,387	7,534	27,513	171,682	280,116
Miscellaneous Expense	10,828	1,612	2,500	11,226	15,338
Depreciation	10,828	-	-	-	10,828
Total Operating Expenses	<u>1,302,832</u>	<u>222,473</u>	<u>341,000</u>	<u>193,861</u>	<u>2,060,166</u>
Operating Income (Loss)	<u>(538,679)</u>	<u>133,688</u>	<u>113,134</u>	<u>32,673</u>	<u>(259,184)</u>
Nonoperating Revenues					
State Sources					
State School Lunch Program	14,501				14,501
Federal Sources					
School Breakfast Program	39,741				39,741
National School Lunch Program	451,364	-	-	-	451,364
Total Nonoperating Revenues	<u>505,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>505,606</u>
Changes in Net Assets	(33,073)	133,688	113,134	32,673	246,422
Total Net Assets, Beginning of Year	<u>168,250</u>	<u>230,258</u>	<u>544,125</u>	<u>283,443</u>	<u>1,226,076</u>
Total Net Assets, End of Year	<u>\$ 135,177</u>	<u>\$ 363,946</u>	<u>\$ 657,259</u>	<u>\$ 316,116</u>	<u>\$ 1,472,498</u>

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Business-Type Activities				Total
	Enterprise Funds				
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Latchkey Program</u>	<u>Adult Education Program</u>	
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 764,153	\$ 314,536	\$ 438,626	\$ 226,444	\$ 1,743,759
Cash Payments for Employees					
Salaries & Benefits	(571,223)	(210,115)	(307,328)	(10,199)	(1,098,865)
Cash Payments to Suppliers for Goods and Services	(674,357)	(12,358)	(33,672)	(183,662)	(904,049)
Net Cash Provided by (Used for) Operating Activities	(481,427)	92,063	97,626	32,583	(259,155)
Cash Flows from Noncapital Financing Activities					
Cash Received from State and Federal Subsidy Reimbursements	343,658	-	-	-	343,658
Net Cash Provided by Noncapital Financing Activities	343,658	-	-	-	343,658
Cash Flows from Capital Financing Activities					
Acquisition of Capital Assets	-	(57,421)	(95,200)	-	(152,621)
Net Cash Used for Capital Financing Activities	-	(57,421)	(95,200)	-	(152,621)
Net Increase (Decrease) in Cash and Cash Equivalents	(137,769)	34,642	2,426	32,583	(68,118)
Cash and Cash Equivalents, Beginning of Year	41,310	271,133	549,665	283,533	1,145,641
Cash and Cash Equivalents (Overdraft), End of Year	<u>\$ (96,459)</u>	<u>\$ 305,775</u>	<u>\$ 552,091</u>	<u>\$ 316,116</u>	<u>\$ 1,077,523</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ (538,679)	\$ 133,688	\$ 113,134	\$ 32,673	\$ (259,184)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Depreciation	10,828				10,828
Non-Cash Federal Assistance-Food Distribution Program	80,873				80,873
Change in Assets and Liabilities					
(Increase)/Decrease in Accounts Receivable	(33,559)	(750)	(10,008)		(44,317)
Increase/(Decrease) in Accounts Payable	(1,849)				(1,849)
(Increase)/Decrease in Inventory	(2,929)				(2,929)
Increase/(Decrease) in Unearned Revenue	3,888	(40,875)	(5,500)	(90)	(42,577)
Total Adjustments	57,252	(41,625)	(15,508)	(90)	29
Net Cash Provided by/(Used For) Operating Activities	<u>\$ (481,427)</u>	<u>\$ 92,063</u>	<u>\$ 97,626</u>	<u>\$ 32,583</u>	<u>\$ (259,155)</u>
Non-Cash Investing, Capital and Financing Activities: Value Received - Food Distribution Program	\$ 80,429				\$ 80,429

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2012**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 416,803	\$ 882,747
Due from Other Funds	116,593	-
	\$ 533,396	\$ 882,747
Total Assets	\$ 533,396	\$ 882,747
LIABILITIES		
Due to Student Groups		120,323
Intergovernmental Accounts Payable	19,029	
Payroll Deductions and Withholdings		278,634
Accrued Salaries and Wages		1,316
Due to Other Funds	-	482,474
	19,029	\$ 882,747
Total Liabilities	19,029	\$ 882,747
NET ASSETS		
Held in Trust for Unemployment Claims	\$ 514,367	

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

		Unemployment Compensation <u>Trust Fund</u>
ADDITIONS		
Contributions		
District	\$	594,666
Employee		<u>65,302</u>
Total Contributions		<u>659,968</u>
Investment Earnings		<u>275</u>
Total Additions		<u>660,243</u>
DEDUCTIONS		
Unemployment Claims		<u>313,988</u>
Total Deductions		<u>313,988</u>
Change in Net Assets		346,255
Net Assets, Beginning of year		<u>168,112</u>
Net Assets, End of Year	\$	<u>514,367</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the South Plainfield Board of Education this includes general operations, food service, preschool, latchkey and adult education and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds.

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. The District considers all of its governmental and enterprise funds to be major funds.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, tuition, transportation fees, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *preschool program fund* accounts for the activities of the District's preschool program, which provides preschool aged children ("Future Stars Children") living within the District instructional programs during the ten month regular school year.

The *latchkey program fund* accounts for the activities of the District's latchkey program, which provides before and after school child care for students within the District.

The *adult education fund* accounts for the activities of the District's adult education program, which offers adult continuing education and recreational programs through the year.

Additionally, the government reports the following fund type:

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, investment earnings and miscellaneous revenues.

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

2. Receivables and Payables

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

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. *Receivables and Payables* (Continued)

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

Tuition Expenditures - Tuition charges for the fiscal years 2010-2011 and 2011-2012 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

4. *Capital Assets*

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. *Capital Assets (Continued)*

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

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-20
Buildings and Improvements	20-50
Machinery and Equipment	5-10

5. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

6. *Long-term obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

7. *Fund Equity*

With the implementation of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during fiscal year 2011, fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. Fund Equity (Continued)

Restricted Fund Balance (Continued)

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

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that is required to be appropriated in the 2013/2014 original budget certified for taxes.

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that was appropriated in the 2012/2013 original budget certified for taxes.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2012/2013 District budget certified for taxes.

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

8. Reclassifications

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2011/2012. During 2011/2012 the Board increased the original budget by \$910,265. The increase was funded by additional Federal aid, grant awards and the reappropriation of prior year general fund encumbrances.

On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 18, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law.

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

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Current Expenditures:			
Pupil Transportation Services			
Salaries for Pupil Transportation (Between Home and School) – Regular	\$474,257	\$516,256	(\$41,999)
Salaries for Pupil Transportation (Between Home and School) – Special	314,022	353,415	(39,393)
Capital Outlay			
Facilities Acquisition and Construction Services			
Other Objects	-0-	39,972	(39,972)

The above variances were offset with other available resources.

C. Capital Reserve

A capital reserve account was established by the District on June 18, 2008. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2012 is as follows:

Balance, July 1, 2011	\$ 551,600
Increased by:	
Deposits Approved by Board Resolution	<u>700,000</u>
Balance, June 30, 2012	<u>\$ 1,251,600</u>

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$2,118,795. Of this amount, \$1,343,402 was designated and appropriated in the 2012/2013 original budget certified for taxes and the remaining amount of \$775,393 will be appropriated in the 2013/2014 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2012, the book value of the Board's deposits was \$7,151,200 and bank balances of the Board's cash and deposits amounted to \$8,555,273. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Balance</u>
Insured	<u>\$ 8,555,273</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Deposits

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2012 none of the Board’s bank balances were exposed to custodial credit risk:

Investments

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

As of June 30, 2012, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

B. Receivables

Receivables as of June 30, 2012 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Preschool Program</u>	<u>Latchkey Program</u>	<u>Total</u>
Receivables:							
Intergovernmental:							
Local	\$ 1,000,010						\$ 1,000,010
State	116,928	\$ 1,829	\$ 600,060	\$ 3,677			722,494
Federal	341,974	315,891		106,037			763,902
Accounts	-	-	-	49,669	\$ 750	\$ 10,008	60,427
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	1,458,912	317,720	600,060	159,383	750	10,008	2,546,833
Less: Allowance for Uncollectibles	-	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 1,458,912</u>	<u>\$ 317,720</u>	<u>\$ 600,060</u>	<u>\$ 159,383</u>	<u>\$ 750</u>	<u>\$ 10,008</u>	<u>\$ 2,546,833</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables (Continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Unearned

Special Revenue Fund		
Unencumbered Grant Draw Downs	\$	68,717
Grant Draw Downs Reserved for Encumbrances		<u>3,995</u>
	\$	<u>72,712</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance,</u> <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2012</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,265,266			\$ 1,265,266
Construction in Progress	<u>1,273,541</u>	-	\$ (1,273,541)	-
Total Capital Assets, Not Being Depreciated	<u>2,538,807</u>	-	<u>(1,273,541)</u>	<u>1,265,266</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	31,730,068	\$ 1,425,663		33,155,731
Land Improvements	2,861,340			2,861,340
Machinery and Equipment	<u>5,357,696</u>	<u>143,447</u>	-	<u>5,501,143</u>
Total Capital Assets Being Depreciated	<u>39,949,104</u>	<u>1,569,110</u>	-	<u>41,518,214</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(18,980,010)	(675,594)		(19,655,604)
Land Improvements	(1,524,170)	(116,505)		(1,640,675)
Machinery and Equipment	<u>(3,026,020)</u>	<u>(347,128)</u>	-	<u>(3,373,148)</u>
Total Accumulated Depreciation	<u>(23,530,200)</u>	<u>(1,139,227)</u>	-	<u>(24,669,427)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,418,904</u>	<u>429,883</u>	-	<u>16,848,787</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,957,711</u>	<u>\$ 429,883</u>	<u>\$ (1,273,541)</u>	<u>\$ 18,114,053</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	<u>Balance, July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2012</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 377,880	\$ 152,621	-	\$ 530,501
Total Capital Assets Being Depreciated	<u>377,880</u>	<u>152,621</u>	<u>-</u>	<u>530,501</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(300,469)	(10,828)	-	(311,297)
Total Accumulated Depreciation	<u>(300,469)</u>	<u>(10,828)</u>	<u>-</u>	<u>(311,297)</u>
Total Capital Assets, Being Depreciated, Net	<u>77,411</u>	<u>141,793</u>	<u>-</u>	<u>219,204</u>
Business-Type Activities Capital Assets, Net	<u>\$ 77,411</u>	<u>\$ 141,793</u>	<u>\$ -</u>	<u>\$ 219,204</u>

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

Governmental Activities:

Instruction		
Regular		\$ 376,117
Special		376,117
School Sponsored Activities and Athletics		6,640
Total Instruction		<u>758,874</u>
Support Services		
Student and Instruction Related		185,382
General Administration		11,926
Operations and Maintenance of Plant		8,462
Student Transportation		174,583
Total Support Services		<u>380,353</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,139,227</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 10,028</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 172,067
General Fund	Payroll Agency Fund	365,881
Food Service Enterprise Fund	General Fund	84,350
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>116,593</u>
Total		<u>\$ 738,891</u>

The above balances are the result of revenues earned in one fund which are due to another fund and to cover cash balances which were in an overdraft position.

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

E. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2012 were \$4,581. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2013	\$ 11,267
2014	11,267
2015	11,267
2016	11,267
2017	<u>6,686</u>
Total	<u>\$ 51,754</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2012 are comprised of the following issues:

\$9,765,000, 2009 Refunding Bonds, due in annual installments of \$725,000 to \$1,195,000 through July 15, 2021, interest at 2.00% to 5.00% \$9,765,000

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

Governmental Activities:

<u>Year Ended</u> <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 725,000	\$ 387,525	\$ 1,112,525
2014	845,000	371,825	1,216,825
2015	870,000	345,975	1,215,975
2016	910,000	308,100	1,218,100
2017	960,000	263,625	1,223,625
2018-2022	<u>5,455,000</u>	<u>671,662</u>	<u>6,126,662</u>
	<u>\$ 9,765,000</u>	<u>\$ 2,348,712</u>	<u>\$ 12,113,712</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2012 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 161,573,431
Less: Net Debt	<u>9,765,000</u>
Remaining Borrowing Power	<u>\$ 151,808,431</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	Balance, July 1, 2011	Additions	Reductions	Balance, June 30, 2012	Due Within One Year
Governmental activities:					
Serical Bonds Payable	\$ 10,495,000		\$ 730,000	\$ 9,765,000	\$ 725,000
Compensated absences	860,433	\$ 60,524	-	920,957	-
Governmental activity					
Long-term liabilities	<u>\$ 11,355,433</u>	<u>\$ 60,524</u>	<u>\$ 730,000</u>	<u>\$ 10,685,957</u>	<u>\$ 725,000</u>

Also, for the governmental activities, the liabilities for compensated absences, are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring and providing various types of risk coverages to the District.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NJSBAIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	\$ 594,666	\$ 65,302	\$ 313,988	\$ 514,367
2011	172,215	51,291	250,436	168,112
2010	1,096	34,790	70,765	194,414

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2012, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2012, the District has not estimated its arbitrage earnings due to the IRS, if any.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

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

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

Basis of Accounting

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. TPAF and PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 78.5 percent and \$10.7 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.91 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2012, 2011 and 2010 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2012	\$ 507,365	\$ 831,948	None
2011	469,295	77,883	None
2010	343,808	84,904	None

During the previous two fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$831,948 during 2011/2012 for normal cost pension, accrued liability and the NCGI premium. For fiscal years 2010/2011 and 2009/2010, the State contributed \$77,883 and \$84,904, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,845,776 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$21.1 billion for state active and retired members and \$38.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2011, there were 93,323 retirees receiving post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 OTHER INFORMATION (Continued)

Post-Retirement Medical Benefits Contributions (Continued)

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2012, 2011 and 2010 were \$1,672,431, \$1,654,236 and \$1,594,613, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 PRIOR PERIOD ADJUSTMENTS

During the 2011/2012 school year, the District discovered errors with the July 1, 2011 Intergovernmental Receivable amount which was overstated by \$154,416 and the Due to Other Funds amount which was understated by \$254,306 as reported in the General Fund as of June 30, 2011. The net effect of these adjustments was to decrease governmental activities net assets and fund balance of the General Fund by \$408,722. In addition, the budgetary basis fund balance of the General Fund was decreased by \$254,306 as a result of these errors.

BUDGETARY COMPARISON SCHEDULES

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 40,139,182		\$ 40,139,182	\$ 40,139,182	
Tuition				53,092	\$ 53,092
Transportation Fees	140,000		140,000	209,680	69,680
Miscellaneous	250,000	-	250,000	391,449	141,449
Total Local Revenues	<u>40,529,182</u>	<u>-</u>	<u>40,529,182</u>	<u>40,793,403</u>	<u>264,221</u>
State Sources					
Equalization Aid	5,680,515	-	5,680,515	6,240,917	560,402
Special Education Aid	2,086,578	-	2,086,578	2,086,578	-
Extraordinary Aid	478,509	-	478,509	127,512	(350,997)
Non-Public Transportation Aid		-		25,070	25,070
On Behalf TPAF Contributions (Non Budgeted)					
Pension Contribution - NCGI Premium				80,627	80,627
Pension Benefit Contribution				751,321	751,321
Post Retirement Medical Benefit Contribution				1,672,431	1,672,431
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,845,776	1,845,776
Total State Revenues	<u>8,245,602</u>	<u>-</u>	<u>8,245,602</u>	<u>12,830,232</u>	<u>4,584,630</u>
Federal Sources					
Education Jobs Fund	331,586	\$ 10,388	341,974	341,974	-
Medicaid Reimbursement	25,000	-	25,000	39,127	14,127
	<u>356,586</u>	<u>10,388</u>	<u>366,974</u>	<u>381,101</u>	<u>14,127</u>
Total Revenues	<u>49,131,370</u>	<u>10,388</u>	<u>49,141,758</u>	<u>54,004,736</u>	<u>4,862,978</u>
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Preschool	125,240	4,457	129,697	128,667	1,030
Kindergarten	1,013,025	(110,083)	902,942	893,725	9,217
Grades 1-5	6,450,772	(465,493)	5,985,279	5,955,257	30,022
Grades 6-8	3,951,081	5,175	3,956,256	3,939,165	17,091
Grades 9-12	4,902,073	54,505	4,956,578	4,952,050	4,528
Regular Programs - Home Instruction					
Salaries of Teachers	30,000	(11,291)	18,709	13,048	5,661
Purchased Professional/Educational Services		11,291	11,291	10,199	1,092
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	29,111	2,101	31,212	30,621	591
Purchased Professional/Educational Services	2,500	-	2,500	750	1,750
Purchased Technical Services	79,285	-	79,285	79,060	225
Other Purchased Services	85,343	7,422	92,765	83,780	8,985
General Supplies	429,545	3,682	433,227	415,348	17,879
Textbooks	71,967	(3,808)	68,159	65,409	2,750
Other Objects	4,295	1,017	5,312	2,838	2,474
Total Regular Programs	<u>17,174,237</u>	<u>(501,025)</u>	<u>16,673,212</u>	<u>16,569,917</u>	<u>103,295</u>
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	274,569	(41,599)	232,970	231,080	1,890
Other Salaries for Instruction	48,332	27,000	75,332	73,114	2,218
Purchased Professional/Educational Services	2,651	-	2,651	1,754	897
Total Learning / Language Disabilities	<u>325,552</u>	<u>(14,599)</u>	<u>310,953</u>	<u>305,948</u>	<u>5,005</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 322,605	\$ (39,981)	\$ 282,624	\$ 280,814	\$ 1,810
Other Salaries for Instruction	46,433	22,330	68,763	66,310	2,453
General Supplies	5,244	-	5,244	4,831	413
Total Multiple Disabilities	<u>374,282</u>	<u>(17,651)</u>	<u>356,631</u>	<u>351,955</u>	<u>4,676</u>
Resource Room / Resource Center					
Salaries of Teachers	2,725,423	(164,031)	2,561,392	2,546,750	14,642
Other Salaries for Instruction	611,255	(27,522)	583,733	581,203	2,530
General Supplies	12,772	-	12,772	10,951	1,821
Total Resource Room / Resource Center	<u>3,349,450</u>	<u>(191,553)</u>	<u>3,157,897</u>	<u>3,138,904</u>	<u>18,993</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	155,726	1,992	157,718	155,825	1,893
Other Salaries for Instruction	180,692	9,886	190,578	190,477	101
General Supplies	3,494	-	3,494	3,252	242
Total Preschool Disabilities - Full - Time	<u>339,912</u>	<u>11,878</u>	<u>351,790</u>	<u>349,554</u>	<u>2,236</u>
Home Instruction					
Salaries of Teachers	30,000	(7,219)	22,781	12,632	10,149
Purchased Professional/Educational Services	15,000	-	15,000	2,931	12,069
Total Home Instruction	<u>45,000</u>	<u>(7,219)</u>	<u>37,781</u>	<u>15,563</u>	<u>22,218</u>
Total Special Education	<u>4,434,196</u>	<u>(219,144)</u>	<u>4,215,052</u>	<u>4,161,924</u>	<u>53,128</u>
Basic Skills/Remedial					
Salaries of Teachers	319,063	(104,768)	214,295	205,638	8,657
General Supplies	12,000	(7,500)	4,500	-	4,500
Total Basic Skills/Remedial	<u>331,063</u>	<u>(112,268)</u>	<u>218,795</u>	<u>205,638</u>	<u>13,157</u>
Bilingual Education					
Salaries of Teachers	266,896	1,152	268,048	265,121	2,927
Total Bilingual Education	<u>266,896</u>	<u>1,152</u>	<u>268,048</u>	<u>265,121</u>	<u>2,927</u>
School Sponsored Co-Curricular Activities					
Salaries	94,694	27,912	122,606	121,937	669
Supplies and Materials	27,750	5,425	33,175	24,105	9,070
Other Objects	400	-	400	-	400
Total School Sponsored Co-Curricular Activities	<u>122,844</u>	<u>33,337</u>	<u>156,181</u>	<u>146,042</u>	<u>10,139</u>
School Sponsored Athletics - Instruction					
Salaries	616,387	(45,187)	571,200	558,520	12,680
Purchased Services	138,194	326	138,520	106,300	32,220
Supplies and Materials	44,688	8	44,696	43,912	784
Other Objects	30,418	-	30,418	27,572	2,846
Total School Sponsored Athletics - Instruction	<u>829,687</u>	<u>(44,853)</u>	<u>784,834</u>	<u>736,304</u>	<u>48,530</u>
Total - Instruction	<u>23,158,923</u>	<u>(842,801)</u>	<u>22,316,122</u>	<u>22,084,946</u>	<u>231,176</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Special	\$ 139,972	\$ (121,810)	\$ 18,162	\$ 5,608	\$ 12,554
Tuition to County Special Services - School Districts & Regional Day Schools	553,333	(422,275)	131,058	123,680	7,378
Tuition to Private Schools - Disabled Within State	739,761	(22,078)	717,683	715,079	2,604
Tuition - State Facilities	40,000	112,837	152,837	128,415	24,422
Total Undistributed Expenditures - Instruction	1,473,066	(453,326)	1,019,740	972,782	46,958
Attendance and Social Work Services					
Salaries	81,416	5,839	87,255	87,255	-
Total Attendance and Social Work Services	81,416	5,839	87,255	87,255	-
Health Services					
Salaries	656,432	19,745	676,177	676,176	1
Purchased Professional and Technical Services	16,449	(1,325)	15,124	13,520	1,604
Other Purchased Services	1,325	(210)	1,115	590	525
Supplies and Materials	16,765	651	17,416	17,176	240
Other Objects	885	-	885	685	200
Total Health Services	691,856	18,861	710,717	708,147	2,570
Speech, OT, PT and Related Services					
Salaries	449,670	73,891	523,561	516,230	7,331
Purchased Professional-Educational Services	377,451	(73,891)	303,560	268,938	34,622
Supplies and Materials	2,100	-	2,100	2,027	73
Total Speech, OT, PT and Related Services	829,221	-	829,221	787,195	42,026
Other Support Services-Students-Extra Services					
Salaries	107,816	28,356	136,172	126,253	9,919
Purchased Professional-Educational Services	176,000	(83,367)	92,633	65,634	26,999
Supplies and Materials	4,700	-	4,700	270	4,430
Total Other Support Services-Extra	288,516	(55,011)	233,505	192,157	41,348
Guidance					
Salaries of Other Professional Staff	882,914	(41,000)	841,914	841,714	200
Salaries of Secretarial and Clerical Assistants	130,688	1,631	132,319	132,319	-
Purchased Professional and Technical Services	2,100	(2,100)	-	-	-
Other Purchased Services	16,505	861	17,366	13,644	3,722
Supplies and Materials	27,610	-	27,610	20,261	7,349
Other Objects	2,150	988	3,138	3,090	48
Total Guidance	1,061,967	(39,620)	1,022,347	1,011,028	11,319
Child Study Team					
Salaries of Other Professional Staff	694,546	(20,637)	673,909	669,594	4,315
Salaries of Secretarial and Clerical Assistants	126,139	(3,900)	122,239	122,226	13
Other Salaries	120,287	(120,287)	-	-	-
Purchased Professional-Educational Services	4,000	(562)	3,438	300	3,138
Other Purchased Professional/Technical Services	5,000	(2,622)	2,378	1,350	1,028
Miscellaneous Purchased Services (400-500 Series)	9,813	4,408	14,221	14,048	173
Supplies and Materials	10,000	(968)	9,032	9,021	11
Total Child Study Team	969,785	(144,568)	825,217	816,539	8,678

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	\$ 72,800	\$ 48,940	\$ 121,740	\$ 114,155	\$ 7,585
Salaries of Secretarial and Clerical Assistants	31,352	334	31,686	31,685	1
Other Salaries	12,000	30,000	42,000	36,319	5,681
Other Purchased Services	5,411	359	5,770	3,985	1,785
Supplies and Materials	1,670	1	1,671	1,330	341
Other Objects	3,700	(34)	3,666	1,720	1,946
Total Improvement of Instruction Services	126,933	79,600	206,533	189,194	17,339
Educational Media Services/School Library					
Salaries	489,398	(65,015)	424,383	413,335	11,048
Purchased Professional and Technical Services	1,700	-	1,700	834	866
Other Purchased Services	41,586	(366)	41,220	34,392	6,628
Supplies and Materials	34,143	(1,242)	32,901	30,611	2,290
Other Objects	250	-	250	180	70
Total Educational Media Services/School Library	567,077	(66,623)	500,454	479,552	20,902
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	113,816	13,492	127,308	126,408	900
Salaries of Secretarial and Clerical Assistants	15,676	17	15,693	15,693	-
Other Salaries	-	20,000	20,000	10,238	9,762
Purchased Professional-Educational Services	3,550	-	3,550	1,323	2,227
Other Purchased Services	18,250	-	18,250	13,017	5,233
Supplies and Materials	705	-	705	101	604
Other Objects	659	-	659	395	264
Total Instructional Staff Training Services	152,656	33,509	186,165	167,175	18,990
Support Services General Administration					
Salaries	361,127	38,135	399,262	398,427	835
Legal Services	238,620	(33,340)	205,280	168,171	37,109
Audit Fees	37,800	(2,119)	35,681	35,681	-
Architectural/Engineering Services	25,000	(17,673)	7,327	6,388	939
Other Purchased Professional Services	32,481	(21,410)	11,071	4,885	6,186
Purchased Technical Services	8,000	(8,000)	-	-	-
Communications/Telephone	86,038	65,302	151,340	149,259	2,081
BOE Other Purchased Services	18,750	(13,756)	4,994	4,994	-
Miscellaneous Purchased Services	216,952	(7,620)	209,332	209,264	68
General Supplies	10,610	(4,650)	5,960	4,554	1,406
BOE In House Training/Meeting Supplies	1,200	-	1,200	1,200	-
Judgements Against School Districts	-	42,217	42,217	42,217	-
Miscellaneous Expenditures	10,579	(739)	9,840	7,087	2,753
BOE Membership Dues and Fees	25,090	(1,135)	23,955	23,811	144
Total Support Services General Administration	1,072,247	35,212	1,107,459	1,055,938	51,521
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,354,978	423,201	1,778,179	1,704,940	73,239
Salaries of Secretarial and Clerical Assistants	569,985	3,062	573,047	553,725	19,322
Other Purchased Services	41,115	2,846	43,961	35,148	8,813
Supplies and Materials	44,664	305	44,969	40,058	4,911
Other Objects	6,100	(295)	5,805	3,425	2,380
Total Support Services School Administration	2,016,842	429,119	2,445,961	2,337,296	108,665

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Central Services					
Salaries	\$ 552,086	\$ (31,245)	\$ 520,841	\$ 518,931	\$ 1,910
Purchased Professional Services	14,850	18,630	33,480	18,480	15,000
Purchased Technical Services	15,000	(3,200)	11,800	11,710	90
Miscellaneous Purchased Services	103,880	53,398	157,278	151,579	5,699
Supplies and Materials	62,300	(37,192)	25,108	23,029	2,079
Interest on Current Loans	4,720	(2,632)	2,088	2,059	29
Total Central Services	752,836	(2,241)	750,595	725,788	24,807
Admin. Info. Tech					
Salaries	221,842	103,025	324,867	323,920	947
Purchased Technical Services	35,336	-	35,336	34,024	1,312
Miscellaneous Purchased Services	1,506	-	1,506	1,401	105
General Supplies	7,000	-	7,000	6,720	280
Total Admin. Info. Tech	265,684	103,025	368,709	366,065	2,644
Required Maintenance for School Facilities					
Salaries	-	13,640	13,640	13,640	-
Cleaning, Repair & Maintenance Services	380,756	81,376	462,132	408,234	53,898
General Supplies	118,008	(8,645)	109,363	108,317	1,046
Total Required Maintenance for School Facilities	498,764	86,371	585,135	530,191	54,944
Custodial Services					
Salaries	264,288	(11,702)	252,586	252,586	-
Purchased Professional & Technical Services	93,850	(12,024)	81,826	81,826	-
Cleaning, Repair and Maintenance Services	1,620,534	(27,771)	1,592,763	1,578,756	14,007
Other Purchased Property Services	96,500	20,026	116,526	115,476	1,050
Other Purchased Services	-	2,446	2,446	2,446	-
Insurance	123,088	(2,152)	120,936	120,936	-
General Supplies	34,000	(6,717)	27,283	27,283	-
Energy (Natural Gas)	650,000	70,522	720,522	397,848	322,674
Energy (Electricity)	650,000	290,281	940,281	935,736	4,545
Other Objects	14,508	(14,508)	-	-	-
Total Custodial Services	3,546,768	308,401	3,855,169	3,512,893	342,276
Care and Upkeep of Grounds					
Cleaning, Repair & Maintenance Services	284,453	(16,551)	267,902	266,093	1,809
General Supplies	21,000	51,552	72,552	72,399	153
Total Care and Upkeep of Grounds	305,453	35,001	340,454	338,492	1,962
Security					
Salaries	35,129	(35,129)	-	-	-
Total Security	35,129	(35,129)	-	-	-

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 115,604	\$ 22,222	\$ 137,826	\$ 137,424	\$ 402
Salaries for Pupil Transportation (Between Home and School) - Regular	534,271	(60,014)	474,257	516,256	(41,999)
Salaries for Pupil Transportation (Between Home and School) - Special	322,904	(8,882)	314,022	353,415	(39,393)
Salaries for Pupil Transportation (Other Than Between Home & School)	157,000	(83,246)	73,754	64,249	9,505
Cleaning, Repair and Maintenance Services	93,000	27,000	120,000	112,366	7,634
Contracted Services (Other Than Between Home and School) - Vendors	25,000	(10,000)	15,000	(7,000)	22,000
Contracted Services (Special Education Students) - Vendors	12,100	-	12,100	10,000	2,100
Contracted Services (Special Education Students) - Joint Agreements	116,250	(12,000)	104,250	74,512	29,738
Reimbursable Trips		5,000	5,000	(1,733)	6,733
Contracted Services (Spec Ed) - ESC's & CTSA's	160,500	(5,000)	155,500	116,419	39,081
Aid in Lieu Payments - NonPublic Schools	111,384	-	111,384	105,411	5,973
Aid in Lieu Payments - Charter Schools	2,652	-	2,652	884	1,768
Miscellaneous Purchased Services - Transportation	61,783	113	61,896	56,437	5,459
General Supplies	15,000	(6,000)	9,000	6,519	2,481
Transportation Supplies	94,100	40,000	134,100	133,823	277
Other Objects	5,013	-	5,013	3,257	1,756
Total Student Transportation Services	1,826,561	(90,807)	1,735,754	1,682,239	53,515
Unallocated Benefits					
Social Security Contributions	622,400	-	622,400	490,223	132,177
Other Retirement Contributions - PERS	533,788	-	533,788	507,365	26,423
Unemployment Compensation	617,000	(3,304)	613,696	594,666	19,030
Workmen's Compensation	202,475	3,305	205,780	205,780	-
Health Benefits	7,949,157	205,000	8,154,157	7,644,030	510,127
Tuition Reimbursement	10,000	-	10,000	2,421	7,579
Other Employee Benefits	49,850	-	49,850	6,456	43,394
Total Unallocated Benefits	9,984,670	205,001	10,189,671	9,450,941	738,730
On Behalf TPAF Contributions (Non Budgeted)					
Pension Contribution - NCGI Premium		-		80,627	(80,627)
Pension Benefit Contribution				751,321	(751,321)
Post Retirement Medical Benefit Contribution		-		1,672,431	(1,672,431)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,845,776	(1,845,776)
Total On-Behalf Contributions	-	-	-	4,350,155	(4,350,155)
Total Undistributed Expenditures	26,547,447	452,614	27,000,061	29,761,022	(2,760,961)
Total Expenditures - Current Expenditures	49,706,370	(390,187)	49,316,183	51,845,968	(2,529,785)

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment					
Grades 1-5		-			-
Grades 6-8		-			-
Grades 9-12		-			-
Support Services					
Instruction		-			-
General Administration		-			-
School Administration		-			-
Admin. Info. Tech		\$ 312,743	\$ 312,743	-	\$ 312,743
Maintenance		27,000	27,000	\$ 27,000	-
Security		7,500	7,500		7,500
School Buses - Regular		92,800	92,800		92,800
School Buses - Special	-	58,293	58,293	58,293	-
Total Equipment	-	498,336	498,336	85,293	413,043
Facilities Acquisition and Construction Services					
Architectural/Engineer Services		112,150	112,150	112,150	-
Other Purchased Professional/Technical Svcs.		-	-	-	-
Other Objects	-	-	-	39,972	(39,972)
Total Facilities Acquis. and Const. Services	-	112,150	112,150	152,122	(39,972)
Total Capital Outlay	-	610,486	610,486	237,415	373,071
SPECIAL SCHOOLS					
Other Special Schools - Instruction					
Salaries of Teachers	-	23,990	23,990	20,449	3,541
Total Other Special Schools - Instruction	-	23,990	23,990	20,449	3,541
Other Special Schools - Support Services					
Other Salaries	-	24,572	24,572	13,405	11,167
Total Other Special Schools - Support Services	-	24,572	24,572	13,405	11,167
Total Other Special Schools	-	48,562	48,562	33,854	14,708
Total Special Schools	-	48,562	48,562	33,854	14,708
Charter Schools					
Transfer To Charter Schools	\$ 25,000	\$ 117,218	142,218	84,999	57,219
Total Transfer to Charter Schools	25,000	117,218	142,218	84,999	57,219
Total Expenditures	49,731,370	386,079	50,117,449	52,202,236	(2,084,787)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,000)	(375,691)	(975,691)	1,802,500	2,778,191
Fund Balances, Beginning of Year	4,554,345	-	4,554,345	4,554,345	-
Prior Period Adjustment	-	-	-	(254,306)	(254,306)
Fund Balances, End of Year	\$ 3,954,345	\$ (375,691)	\$ 3,578,654	\$ 6,102,539	\$ 2,523,885

SOUTH PLAINFIELD BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Recapitulation					
Restricted					
Capital Reserve				\$ 1,251,600	
Maintenance Reserve				449,481	
Emergency Reserve				196,533	
Reserved Excess Surplus				775,393	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				1,343,402	
Assigned					
Year End Encumbrances Designated for Subsequent Year's Expenditures				776,018	
				328,000	
Unassigned				<u>982,112</u>	
				6,102,539	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(913,080)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 5,189,459</u>	

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
EDUCATION JOBS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Federal Sources					
Education Jobs Fund	\$ 331,586	\$ 10,388	\$ 341,974	\$ 341,974	-
Total Revenues	331,586	10,388	341,974	341,974	-
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	48,131	-	48,131	48,131	-
Grades 1-5	69,790	-	69,790	69,790	-
Grades 6-8	24,315	-	24,315	24,315	-
Grades 9-12	62,059	10,388	72,447	72,447	-
Total Regular Programs	204,295	10,388	214,683	214,683	-
School Sponsored Athletics - Instruction					
Salaries	5,000	-	5,000	5,000	-
Total School Sponsored Athletics - Instruction	5,000	-	5,000	5,000	-
Total - Instruction	209,295	10,388	219,683	219,683	-
Undistributed Expenditures					
CURRENT EXPENDITURES (Continued)					
Speech, OT, PT and Related Services					
Salaries	\$ 36,472	\$ -	\$ 36,472	\$ 36,472	-
Total Speech, OT, PT and Related Services	36,472	-	36,472	36,472	-
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	42,767	-	42,767	42,767	-
Salaries for Pupil Transportation (Between Home and School) - Special	43,052	-	43,052	43,052	-
Total Student Transportation Services	85,819	-	85,819	85,819	-
Total Undistributed Expenditures	122,291	-	122,291	122,291	-
Total Expenditures - Current Expenditures	331,586	10,388	341,974	341,974	-
Total Expenditures	331,586	10,388	341,974	341,974	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**SOUTH PLAINFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 274,800	\$ 75,648	\$ 350,448	\$ 218,680	\$ (131,768)
Federal	1,150,000	391,165	1,541,165	1,387,097	(154,068)
Local Sources					
Miscellaneous	-	57,373	57,373	20,945	(36,428)
Total Revenues	<u>\$ 1,424,800</u>	<u>\$ 524,186</u>	<u>\$ 1,948,986</u>	<u>\$ 1,626,722</u>	<u>\$ (322,264)</u>
EXPENDITURES					
Instruction					
Salaries	\$ 1,184,850	\$ (930,893)	\$ 253,957	\$ 235,831	\$ 18,126
Other Salaries	16,700	(1,485)	15,215	2,500	12,715
Purchased Professional / Technical Services	162,000	84,425	246,425	139,162	107,263
Other Purchased Services	650	917,570	918,220	794,780	123,440
General Supplies	600	183,485	184,085	178,107	5,978
Textbooks	25,000	4,032	29,032	26,739	2,293
Total Instruction	<u>1,389,800</u>	<u>257,134</u>	<u>1,646,934</u>	<u>1,377,119</u>	<u>269,815</u>
Support Services - Instruction					
Salaries		33,392	33,392	28,313	5,079
Purchased Professional / Technical Services	35,000	106,875	141,875	132,453	9,422
Other Purchased Services		18,734	18,734	14,468	4,266
Supplies and Materials	-	35,657	35,657	27,955	7,702
Total Support Services	<u>35,000</u>	<u>194,658</u>	<u>229,658</u>	<u>203,189</u>	<u>26,469</u>
Unallocated Employee Benefits	-	38,255	38,255	38,255	-
Facilities Acquisition and Construction					
Instructional Equipment	-	34,139	34,139	8,159	25,980
Total Facilities Acq. & Construction	<u>-</u>	<u>34,139</u>	<u>34,139</u>	<u>8,159</u>	<u>25,980</u>
Total Expenditures	<u>1,424,800</u>	<u>524,186</u>	<u>1,948,986</u>	<u>1,626,722</u>	<u>322,264</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 54,004,736	\$ 1,626,722
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2011-2012)	(913,080)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2010-2011)	832,725	5,280
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2012		(3,995)
Encumbrances, June 30, 2011	-	133,491
	-----	-----
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 53,924,381</u>	<u>\$ 1,761,498</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 52,202,236	\$ 1,626,722
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances , June 30, 2012		(3,995)
Encumbrances , June 30, 2011	-	133,491
	-----	-----
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 52,202,236</u>	<u>\$ 1,756,218</u>

SCHOOL LEVELS SCHEDULES

GENERAL FUND

NOT APPLICABLE

SPECIAL REVENUE FUND

SOUTH PLAINFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Chapter 192/193 Svcs.													
	Other Local Programs	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Compensatory Education	Nonpublic English as a Second Language	Nonpublic Transporation	Nonpublic Exam & Classification	Nonpublic Corrective Speech	Nonpublic Suppl. Inst.	Nonpublic Home Instruction	Preschool Education Aid	Planning for the Next Pandemic Program	Other (Exhibit E.1b)	Total 2012
REVENUES														
Intergovernmental														
State														
Federal														
Other Sources	\$ 20,945													20,945
Total Revenues	\$ 20,945	\$ 26,739	\$ 35,000	\$ 63,400	\$ 18,275	\$ 7,476	\$ 14,333	\$ 11,928	\$ 9,822	\$ 1,829	\$ 29,878	\$ 48,840	\$ 1,338,257	\$ 1,387,097
EXPENDITURES														
Instruction														
Salaries														
Other Salaries														
Purchased Professional / Technical Services														
Other Purchased Services														
General Supplies														
Textbooks														
Total Instruction	\$ 13,286	\$ 26,739		\$ 63,400	\$ 18,275	\$ 7,476	\$ 14,333	\$ 11,928	\$ 9,822	\$ 1,829	\$ 29,878	\$ 29,362	\$ 1,150,791	\$ 1,377,119
Support Services														
Salaries														
Personal Services Employee-Benefits														
Purchased Professional / Technical Services														
Other Purchased Services														
Supplies and Materials														
Total Support Services														
Facilities Acquisition and Construction														
Instructional Equipment														
Total Facilities Acq. & Construction														
Total Expenditures	\$ 20,945	\$ 26,739	\$ 35,000	\$ 63,400	\$ 18,275	\$ 7,476	\$ 14,333	\$ 11,928	\$ 9,822	\$ 1,829	\$ 29,878	\$ 48,840	\$ 1,338,257	\$ 1,626,722

SOUTH PLAINFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA Basic	IDEA Basic ARRA	NCLB Title I 2011/2012	IDEA Preschool	IDEA Preschool ARRA	NCLB Title IA 2011/2012	NCLB Title IA 2010/2011	Emergency 2011/2012	Title III Emergency 2010/2011	NCLB Title III 2011/2012	NCLB Title III 2010/2011	Total Exhibit E-1b
REVENUES												
Intergovernmental	\$ 766,761	\$ 133,552	\$ 299,778	\$ 9,135	\$ 28,385	\$ 70,248	\$ 2,072	\$ 12,529	\$ 3,168	\$ 7,382	\$ 247	\$ 1,338,257
State	-	-	-	-	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 766,761	\$ 133,552	\$ 299,778	\$ 9,135	\$ 28,385	\$ 70,248	\$ 2,072	\$ 12,529	\$ 3,168	\$ 7,382	\$ 247	\$ 1,338,257
EXPENDITURES												
Instruction												
Salaries	\$ -	\$ 3,188	\$ 155,965	\$ -	\$ 48,131	\$ -	\$ -	\$ -	\$ -	\$ 3,564	\$ -	\$ 210,848
Personal Services/Employee Benefits	-	-	11,950	-	-	-	-	-	-	149	-	12,099
Purchased Professional/Technical Services	744,229	-	14,840	28,385	6,826	1,554	518	210	-	562	-	794,280
Other Purchased Services	-	\$ 81,629	29,980	-	5,665	-	-	-	-	2,170	247	133,564
General Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	744,229	84,817	212,735	28,385	60,622	1,554	518	210	-	5,883	247	1,150,791
Support Services												
Salaries	23,313	-	27,692	-	5,000	9,626	-	-	-	937	-	28,313
Personal Services/Employee Benefits	-	-	59,351	3,255	-	-	-	-	-	-	-	38,255
Purchased Professional/Technical Services	22,532	6,015	-	-	-	-	518	-	-	-	-	91,153
Other Purchased Services	-	11,248	-	-	-	-	-	-	3,168	-	-	1,290
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-	20,296
Total Support Services	22,532	40,576	87,043	9,135	5,000	9,626	518	210	3,168	1,499	-	179,307
Facilities Acq. & Construction												
Instructional Equipment	-	8,159	-	-	-	-	-	-	-	-	-	8,159
Total Facilities Acq. & Construction	-	8,159	-	-	-	-	-	-	-	-	-	8,159
Total Expenditures	\$ 766,761	\$ 133,552	\$ 299,778	\$ 9,135	\$ 28,385	\$ 70,248	\$ 2,072	\$ 12,529	\$ 3,168	\$ 7,382	\$ 247	\$ 1,338,257

**SOUTH PLAINFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 34,850	\$ 24,983	\$ 9,867
Other Salaries for Instruction	15,215	2,500	12,715
Other Purchased Services	650	500	150
General Supplies	<u>2,085</u>	<u>1,895</u>	<u>190</u>
 Total Instruction	 <u>52,800</u>	 <u>29,878</u>	 <u>22,922</u>
 Total Expenditures	 <u>\$ 52,800</u>	 <u>\$ 29,878</u>	 <u>\$ 22,922</u>
 Total Revised 2011-2012 Preschool Education Aid Allocation			 \$ 52,800
Add: Actual Preschool Aid Carryover (June 30, 2011)			-
Add: Budgeted Transfer from the General Fund 2011-2012			<u>-</u>
Total Preschool Education Aid Funds Available for 2011-2012 Budget			52,800
Less: Budgeted Preschool Education Aid			<u>(52,800)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012			-
Add: June 30, 2012 Unexpended Preschool Education Aid			<u>22,922</u>
2011-2012 Carryover - Preschool Education Aid			<u>22,922</u>
 2011-2012 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2012-2013			 <u>\$ -</u>

CAPITAL PROJECTS FUND

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Project Title/Description</u>	<u>Expenditures to Date</u>			<u>Prior Year Order Cancellations</u>	<u>Balance June 30, 2012</u>
	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>		
Kindergarten Bathrooms	\$ 600,000	\$ 379,944			\$ 220,056
Middle School Girls Gym Lockers	92,000	31,598			60,402
High School HVAC	2,450,000	1,466,966		\$ 12,640	995,674
Kennedy School Boiler Replacement	19,000	19,000		16,419	16,419
Roosevelt/Administration Boiler Replacement	36,000	36,000		28,015	28,015
High School Air Handlers	45,000	-			45,000
Various Schools Bathroom Improvements	920,000	653,873			266,127
Franklin School Hot Water Pumps	29,000				29,000
Middle School Fire Alarm Replacement	<u>475,000</u>	<u>450,085</u>	<u>-</u>	<u>-</u>	<u>24,915</u>
	<u>\$ 4,666,000</u>	<u>\$ 3,037,466</u>	<u>\$ -</u>	<u>\$ 57,074</u>	<u>\$ 1,685,608</u>
					Fund Balance - Budgetary Basis \$ 1,685,608
					Deferred Revenue(State Aid) -
					Fund Balance - GAAP Basis <u>\$ 1,685,608</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Revenues and Other Financing Sources

Investment Earnings	-
State Sources - SDA Grant	-
Transfer - Capital Reserve	-
Transfer - Capital Outlay	-
	-
Total Revenues	-

Expenditures and Other Financing Uses

Purchased Professional and Technical Services (Prior Year Orders Cancelled)-Budgetary Basis	\$ (57,074)
Construction Services	-
	-
Total Expenditures and Other Financing Uses	(57,074)

Excess (Deficiency) of Revenues Over (Under) Expenditures	57,074
Fund Balance, July 1, 2011	1,628,534
Fund Balance, June 30, 2012	\$ 1,685,608

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
KINDERGARTEN BATHROOMS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 240,000	-	\$ 240,000	\$ 240,000
Transfer from Capital Reserve	<u>360,000</u>	<u>-</u>	<u>360,000</u>	<u>360,000</u>
 Total Revenues	 <u>600,000</u>	 <u>-</u>	 <u>600,000</u>	 <u>600,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	43,144		43,144	45,000
Construction Services	<u>336,800</u>	<u>-</u>	<u>336,800</u>	<u>555,000</u>
 Total Expenditures	 <u>379,944</u>	 <u>-</u>	 <u>379,944</u>	 <u>600,000</u>
 Excess of Revenues Over Expenditures	 <u>\$ 220,056</u>	 <u>\$ -</u>	 <u>\$ 220,056</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	4910-050-09-3001
Grant Date	5/1/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 600,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 600,000

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL GIRLS GYM LOCKERS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ -		\$ -	\$ -
Transfer from Capital Reserve	92,000	-	92,000	92,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	92,000	-	92,000	92,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-		-	-
Construction Services	31,598	-	31,598	92,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	31,598	-	31,598	92,000
Excess of Revenues Over Expenditures	\$ 60,402	\$ -	\$ 60,402	\$ -

Additional Project Information:

Project Number	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 92,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 92,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL HVAC
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 980,000		\$ 980,000	\$ 980,000
Transfer from Reserve	<u>1,470,000</u>	<u>-</u>	<u>1,470,000</u>	<u>1,470,000</u>
 Total Revenues	 <u>2,450,000</u>	 <u>-</u>	 <u>2,450,000</u>	 <u>2,450,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	72,120	\$ (12,640)	59,480	150,000
Construction Services	<u>1,394,846</u>	<u>-</u>	<u>1,394,846</u>	<u>2,300,000</u>
 Total Expenditures	 <u>1,466,966</u>	 <u>(12,640)</u>	 <u>1,454,326</u>	 <u>2,450,000</u>
 Excess of Revenues Over Expenditures	 <u>\$ 983,034</u>	 <u>\$ 12,640</u>	 <u>\$ 995,674</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	4910-050-09-3002
Grant Date	5/1/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,450,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 2,450,000
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
KENNEDY SCHOOL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	-			
Transfer from Capital Reserve	-			
Transfer from Capital Outlay	\$ 19,000	-	\$ 19,000	\$ 19,000
Total Revenues	<u>19,000</u>	<u>-</u>	<u>19,000</u>	<u>19,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 19,000	\$ (16,419)	2,581	19,000
Construction Services	-	-	-	-
Total Expenditures	<u>19,000</u>	<u>(16,419)</u>	<u>2,581</u>	<u>19,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 16,419</u>	<u>\$ 16,419</u>	<u>\$ -</u>

Additional Project Information:

Project Number	4910-055-09-1004
Grant Date	5/1/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 196,000
Additional Authorized Cost	\$ (177,000)
Revised Authorized Cost	\$ 19,000

Percentage Increase Over Original Authorized Cost	-90.31%
Percentage Completion	13.58%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ROOSEVELT/ADMINISTRATION BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve				
Transfer from Capital Outlay	\$ 36,000	-	\$ 36,000	\$ 36,000
Total Revenues	<u>36,000</u>	<u>-</u>	<u>36,000</u>	<u>36,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	36,000	\$ (28,015)	7,985	36,000
Construction Services	-	-	-	-
Total Expenditures	<u>36,000</u>	<u>(28,015)</u>	<u>7,985</u>	<u>36,000</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 28,015</u>	<u>\$ 28,015</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 323,000
Additional Authorized Cost	\$ (287,000)
Revised Authorized Cost	\$ 36,000

Percentage Increase Over Original Authorized Cost	-88.85%
Percentage Completion	22.18%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL AIR HANDLERS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 27,000	-	\$ 27,000	\$ 27,000
Transfer from Capital Outlay	<u>18,000</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>
 Total Revenues	 <u>45,000</u>	 <u>-</u>	 <u>45,000</u>	 <u>45,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-	-	-	-
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,000</u>
 Total Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>45,000</u>
 Excess of Revenues Over Expenditures	 <u>\$ 45,000</u>	 <u>\$ -</u>	 <u>\$ 45,000</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 45,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 45,000

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS SCHOOLS BATHROOM IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 368,000		\$ 368,000	\$ 368,000
Transfer from Capital Reserve	552,000	-	552,000	552,000
	<u>920,000</u>	<u>-</u>	<u>920,000</u>	<u>920,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	80,873		80,873	90,000
Construction Services	573,000	-	573,000	830,000
	<u>653,873</u>	<u>-</u>	<u>653,873</u>	<u>920,000</u>
Excess of Revenues Over Expenditures	<u>\$ 266,127</u>	<u>\$ -</u>	<u>\$ 266,127</u>	<u>\$ -</u>

Additional Project Information:

Project Number	4910-070-09-1013
	4910-055-09-1014
	4910-058-09-1020
	4910-060-09-1022
Grant Date	7/31/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 920,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 920,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
FRANKLIN SCHOOL HOT WATER PUMPS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 17,400		\$ 17,400	\$ 17,400
Transfer from Capital Outlay	<u>11,600</u>	<u>-</u>	<u>11,600</u>	<u>11,600</u>
 Total Revenues	 <u>29,000</u>	 <u>-</u>	 <u>29,000</u>	 <u>29,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-		-	-
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,000</u>
 Total Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>29,000</u>
 Excess of Revenues Over Expenditures	 <u>\$ 29,000</u>	 <u>\$ -</u>	 <u>\$ 29,000</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 29,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 29,000

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

**SOUTH PLAINFIELD BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE SCHOOL FIRE ALARM REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 190,000		\$ 190,000	\$ 190,000
Transfer from Capital Reserve	<u>285,000</u>	<u>-</u>	<u>285,000</u>	<u>285,000</u>
 Total Revenues	 <u>475,000</u>	 <u>-</u>	 <u>475,000</u>	 <u>475,000</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	63,285	-	63,285	65,000
Construction Services	<u>386,800</u>	<u>-</u>	<u>386,800</u>	<u>410,000</u>
 Total Expenditures	 <u>450,085</u>	 <u>-</u>	 <u>450,085</u>	 <u>475,000</u>
 Excess of Revenues Over Expenditures	 <u>\$ 24,915</u>	 <u>\$ -</u>	 <u>\$ 24,915</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	4910-053-09-2018
Grant Date	7/31/2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 475,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 475,000

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	94.75%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

PROPRIETARY FUNDS

EXHIBIT G-1

**SOUTH PLAINFIELD BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**SOUTH PLAINFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY FUND NET ASSETS
AS OF JUNE 30, 2012**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 120,323	\$ 762,424	\$ 882,747
Total Assets	<u>\$ 120,323</u>	<u>\$ 762,424</u>	<u>\$ 882,747</u>
LIABILITIES			
Due to Student Groups	\$ 120,323		\$ 120,323
Payroll Deductions and Withholdings		\$ 278,634	278,634
Accrued Salaries and Wages		1,316	1,316
Due to Other Funds	<u>-</u>	<u>482,474</u>	<u>482,474</u>
Total Liabilities	<u>\$ 120,323</u>	<u>\$ 762,424</u>	<u>\$ 882,747</u>

SOUTH PLAINFIELD BOARD OF EDUCATION
 FIDUCIARY FUNDS
 NONEXPENDABLE TRUST FUND
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

STUDENT ACTIVITY AGENCY FUND
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance, July 1, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2012</u>
MIDDLE SCHOOL STUDENT COUNCIL	\$ 3,672	\$ 108	\$ 3,780	
MIDDLE SCHOOL STUDENT ACTIVITY	25,629	164,056	160,239	\$ 29,446
GRANT SCHOOL STUDENT COUNCIL	6,320	30,866	31,852	5,334
HIGH SCHOOL STUDENT ACTIVITY	<u>87,451</u>	<u>173,911</u>	<u>175,819</u>	<u>85,543</u>
	<u>\$ 123,072</u>	<u>\$ 368,941</u>	<u>\$ 371,690</u>	<u>\$ 120,323</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
FIDUCIARY FUNDS
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Balance, July 1, 2011	Prior Period Adjustment	Increases	Decreases	Balance, June 30, 2012
ASSETS					
Cash	\$ 154,339	-	\$ 34,272,756	\$ 33,664,671	\$ 762,424
Total Assets	<u>\$ 154,339</u>	<u>\$ -</u>	<u>\$ 34,272,756</u>	<u>\$ 33,664,671</u>	<u>\$ 762,424</u>
LIABILITIES					
Payroll Deductions and Withholdings	\$ 100,822	\$ 254,306	\$ 13,909,900	\$ 13,986,394	\$ 278,634
Accrued Salaries and Wages	2,226		19,677,367	19,678,277	1,316
Due to Other Funds					
General Fund		(254,306)	620,187		365,881
Unemployment Trust Fund	<u>51,291</u>	<u>-</u>	<u>65,302</u>	<u>-</u>	<u>116,593</u>
Total Liabilities	<u>\$ 154,339</u>	<u>\$ -</u>	<u>\$ 34,272,756</u>	<u>\$ 33,664,671</u>	<u>\$ 762,424</u>

LONG-TERM DEBT

SOUTH PLAINFIELD BOARD OF EDUCATION
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2011</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2012</u>
School Improvements	7/15/2001	\$ 12,636,000				\$ 730,000		\$ 730,000	-
Refunding Bonds	7/15/2009	9,765,000	7/15/2012	\$ 725,000	2.00%				
			7/15/2013	845,000	2.00%				
			7/15/2014	870,000	4.00%				
			7/15/2015	910,000	4.50%				
			7/15/2016	960,000	5.00%				
			7/15/2017	995,000	3.00%				
			7/15/2018	1,040,000	4.25%				
			7/15/2019	1,085,000	4.50%				
			7/15/2020	1,140,000	5.00%				
			7/15/2021	1,195,000	5.00%	9,765,000			\$ 9,765,000
						\$ 10,495,000	\$ -	\$ 730,000	\$ 9,765,000
								\$ 730,000	

Paid by Budget Appropriation

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOT APPLICABLE

**SOUTH PLAINFIELD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,193,115	-	\$ 1,193,115	\$ 1,193,115	-
Total Revenues	<u>1,193,115</u>	<u>-</u>	<u>1,193,115</u>	<u>1,193,115</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	690,000		690,000	730,000	\$ (40,000)
Interest	<u>503,115</u>	<u>-</u>	<u>503,115</u>	<u>412,400</u>	<u>90,715</u>
Total Expenditures	<u>1,193,115</u>	<u>-</u>	<u>1,193,115</u>	<u>1,142,400</u>	<u>50,715</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	50,715	(50,715)
Fund Balance, Beginning of Year	<u>\$ (50,715)</u>	<u>-</u>	<u>\$ (50,715)</u>	<u>\$ (50,715)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (50,715)</u>	<u>\$ -</u>	<u>\$ (50,715)</u>	<u>\$ -</u>	<u>\$ (50,715)</u>

STATISTICAL SECTION

This part of the South Plainfield Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

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

SOUTH PLAINFIELD BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 8,989,891	\$ 26,140,591	\$ 21,420,102	\$ 2,760,586	\$ 4,393,358	\$ 4,687,615	\$ 5,943,343	\$ 7,499,986	\$ 8,462,711	\$ 8,349,053
Restricted	4,965,790	1,359,242	260,938		6,950,391	5,917,921	6,950,391	5,861,710	5,156,707	3,386,689
Unrestricted	(261,678)	(1,078,194)	(307,261)	696,887	1,689,210	(195,897)	(825,142)	(349,647)	(708,454)	2,386,482
Total governmental activities net assets	\$ 13,694,003	\$ 26,421,639	\$ 21,373,779	\$ 3,457,473	\$ 6,082,568	\$ 10,409,639	\$ 12,068,592	\$ 13,012,049	\$ 12,910,964	\$ 14,122,224
Business-type activities										
Invested in capital assets, net of related debt	\$ 14,981	\$ 12,838	\$ 10,695	\$ 95,208	\$ 97,677	\$ 90,356	\$ 83,035	\$ 90,092	\$ 77,411	\$ 219,204
Restricted	392,507	80,658	128,217	348,620	430,615	654,732	873,446	1,057,047	1,148,665	1,233,294
Unrestricted	407,488	93,496	138,912	443,828	528,292	745,088	956,481	1,147,139	1,226,076	1,472,458
Total business-type activities net assets	\$ 810,976	\$ 177,092	\$ 277,824	\$ 888,656	\$ 1,056,584	\$ 1,490,176	\$ 1,812,962	\$ 2,194,278	\$ 2,051,152	\$ 2,725,956
District-wide										
Invested in capital assets, net of related debt	\$ 9,004,872	\$ 26,153,429	\$ 21,430,797	\$ 2,855,794	\$ 4,491,035	\$ 4,777,971	\$ 6,026,378	\$ 7,590,078	\$ 8,540,122	\$ 8,568,257
Restricted	4,965,790	1,359,242	260,938		6,950,391	5,917,921	6,950,391	5,861,710	5,156,707	3,386,689
Unrestricted	130,829	(997,536)	(179,044)	1,045,507	2,119,825	458,835	48,304	707,400	440,211	3,639,776
Total district net assets	\$ 14,101,491	\$ 26,515,135	\$ 21,512,691	\$ 3,901,301	\$ 6,610,860	\$ 11,154,727	\$ 13,025,073	\$ 14,159,188	\$ 14,137,040	\$ 15,594,722

SOUTH PLAINFIELD BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2009	2010	2011	2012	
Expenses										
Governmental activities										
Instruction										
Regular	\$ 15,694,152	\$ 17,971,292	\$ 17,323,051	\$ 17,814,248	\$ 24,943,659	\$ 23,899,746	\$ 24,613,371	\$ 24,293,199	\$ 24,701,312	\$ 24,701,312
Special Education	5,013,880	2,493,755	3,475,017	3,996,562	7,128,497	6,090,215	7,502,098	7,674,924	8,355,082	8,355,082
Other Instruction	551,306	758,804	854,849	937,506	1,134,712	1,954,057	1,920,632	1,815,960	1,979,829	1,979,829
School Sponsored Activities and Athletics									1,180,725	1,180,725
Support Services:										
Tuition	1,409,240	1,610,731	1,598,432	1,251,452	1,195,973	1,189,650	1,252,047	1,134,463	1,134,463	1,134,463
Student and Instruction Related Services	4,375,442	4,935,656	4,857,894	4,988,106	7,208,508	6,149,740	6,341,027	5,901,185	6,613,391	6,613,391
School Administrative Services	2,072,594	1,923,376	1,908,954	1,539,825	2,222,792	2,538,731	3,015,615	3,022,552	3,380,066	3,380,066
General Administrative Services	1,891,718	2,350,397	2,267,904	1,880,559	2,155,173	2,088,527	2,143,004	2,414,733	1,238,685	1,238,685
Central Services and Info Tech.					573,256	381,523	361,669	1,453,217	1,453,217	1,453,217
Plant Operations and Maintenance	4,031,378	4,693,654	3,979,153	4,706,569	5,192,664	5,416,830	5,562,928	4,811,259	4,504,179	4,504,179
Pupil Transportation	1,423,905	1,467,387	1,493,821	1,388,192	1,821,280	1,976,627	2,048,352	1,896,037	2,316,150	2,316,150
Special Schools	290,899	348,495	297,597	302,977	527,197	496,766	605,641	42,468	8,044	8,044
Charter Schools	10,378,582	11,436,495	14,138,609	10,902,530	4,478	28,669	32,262	68,734	68,734	68,734
Other Unallocated Expenses	676,142	668,468	679,567	703,000	697,772	603,100	416,205	431,235	431,235	431,235
Debt Service Assessment	46,008,338	50,676,810	52,874,718	50,391,526	52,505,037	52,998,817	55,832,705	53,876,462	55,259,012	55,259,012
Interest on long-term debt										
Total governmental activities expenses	47,395,819	53,019,058	54,650,885	52,031,418	69,772,772	60,310,100	63,270,119	63,876,462	63,876,462	63,876,462
Business-type activities:										
Food service	872,367	985,927	1,030,476	1,035,844	1,121,588	1,140,614	1,163,548	1,209,946	1,302,832	1,302,832
Preschool Program						207,069	219,024	240,804	222,427	222,427
Latchkey Program	519,114	809,485	173,976	114,868	240,540	373,681	333,947	391,479	341,000	341,000
Adult Education Program	1,391,481	546,836	571,715	489,180	571,671	222,133	262,138	272,749	193,861	193,861
Total business-type activities expense	2,782,962	2,342,248	1,776,167	1,639,892	1,933,799	1,947,497	1,986,108	2,114,978	2,060,166	2,060,166
Total district expenses	50,178,781	55,361,306	56,427,052	53,661,316	71,706,571	62,257,597	65,256,227	66,001,440	65,936,628	65,936,628
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 716,779	\$ 817,982	\$ 812,091	\$ 823,703	\$ 804,496	\$ 795,171	\$ 846,811	\$ 770,978	\$ 764,153	\$ 764,153
Transportation					10,052,011	10,759,447	8,354,594	8,369,423	8,505,754	8,505,754
Operating grants and contributions									53,092	53,092
Capital grants and contributions									209,680	209,680
Interest on long-term debt									8,505,754	8,505,754
Unallocated Benefits									58,154	58,154
Total governmental activities program revenues	716,779	817,982	812,091	823,703	10,856,507	11,554,618	8,354,594	8,369,423	8,505,754	8,505,754
Business-type activities:										
Charges for services:										
Food service	603,336	759,370	173,976	148,629	296,227	239,418	304,575	288,641	356,161	356,161
Latchkey Program	249,950	610,496	643,156	654,852	262,396	283,090	271,505	383,424	454,134	454,134
Adult Education Program	1,570,065	2,227,557	1,821,383	1,838,151	2,044,387	2,067,615	2,144,627	2,189,501	2,306,588	2,306,588
Operating grants and contributions									505,606	505,606
Total business-type activities program revenues	2,423,346	3,607,919	3,439,535	3,975,728	4,609,010	4,396,129	5,464,707	5,661,566	6,222,489	6,222,489
Total district program revenues	2,106,567	3,425,964	3,244,182	3,749,426	10,856,507	11,554,618	8,354,594	8,369,423	8,505,754	8,505,754
Net (Expense)/Revenue										
Governmental activities	\$ (43,700,007)	\$ (47,486,073)	\$ (49,531,120)	\$ (46,630,834)	\$ (42,453,026)	\$ (42,239,370)	\$ (47,478,311)	\$ (44,762,792)	\$ (46,434,332)	\$ (46,434,332)
Business-type activities	176,584	(119,691)	45,416	218,259	110,588	120,118	158,519	74,323	246,422	246,422
Total district-wide net expense	(43,523,423)	(47,605,764)	(49,485,704)	(46,412,575)	(42,342,438)	(42,119,252)	(47,319,792)	(44,688,469)	(46,187,910)	(46,187,910)

SOUTH PLAINFIELD BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(Unaudited)
(accrued basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 28,610,587	\$ 30,802,755	\$ 32,421,229	\$ 56,378,618	\$ 58,070,174	\$ 40,097,815	\$ 39,108,513	\$ 39,255,222	\$ 39,438,003	\$ 40,139,182
Property taxes levied for debt services, net	1,431,963	1,037,237	408,175	969,269	917,169	411,654	642,994	603,775	751,885	1,193,115
Unrestricted Aid and contributions	7,043,071	7,881,561	8,240,306	8,022,263	5,429,916	5,603,884	6,205,879	9,538,921	4,452,378	6,330,368
Restricted grants and contributions	1,707,097	1,842,871	1,877,870	1,938,698						
Tuition	98,827	104,579	10,825	16,618		3,984		10,584		
Transportation Fees					415,312	301,285	112,190	120,604		
Investment earnings	502,133	436,182	559,853	370,574	219,429	147,081	113,338	134,801	24,138	391,449
Miscellaneous income							240,959	505,619	120,296	
Transfers	(318,422)	(170,944)	965,000		26,123			(1,753,758)		(124,993)
Special Items	39,075,256	41,934,221	44,483,258	47,697,140	45,078,123	46,565,703	46,423,873	48,471,768	44,661,707	48,054,314
Total governmental activities										
Business-type activities:										
Investment earnings		(270,875)			(26,123)			8,876	4,614	
Special Items								23,263		
Transfers									4,614	
Total business-type activities										
Total district-wide	\$ 39,075,256	\$ 41,663,346	\$ 44,483,258	\$ 47,697,140	\$ 45,052,000	\$ 46,565,703	\$ 46,423,873	\$ 48,453,907	\$ 41,666,321	\$ 48,054,314
Change in Net Assets										
Governmental activities	\$ (4,294,751)	\$ (5,551,852)	\$ (5,047,862)	\$ 1,066,306	\$ 2,625,097	\$ 4,326,333	\$ 1,658,954	\$ 943,457	\$ (101,085)	\$ 1,619,982
Business-type activities	178,384	(390,566)	45,416	218,259	84,465	120,118	211,392	190,658	78,937	246,022
Total district	\$ (4,116,367)	\$ (5,942,418)	\$ (5,002,446)	\$ 1,284,565	\$ 2,709,562	\$ 4,446,451	\$ 1,870,346	\$ 1,134,115	\$ (22,148)	\$ 1,866,004

SOUTH PLAINFIELD BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 2,479,151	\$ 906,195	\$ 111,810	\$ 877,182	\$ 1,785,276	\$ 6,210,036	\$ 7,064,506	\$ 2,590,394		
Unreserved	736,206	684,063	806,864	521,874	597,639	587,805	164,847	748,915		
Restricted									\$ 2,541,016	\$ 4,016,409
Assigned									986,078	1,104,018
Unassigned									348,942	69,032
Total general fund	\$ 3,215,357	\$ 1,590,258	\$ 918,674	\$ 1,399,056	\$ 2,382,915	\$ 6,797,841	\$ 7,229,353	\$ 3,339,309	\$ 3,876,036	\$ 5,189,459
All Other Governmental Funds										
Reserved	\$ 324,873	\$ 49,944		\$ 132,988						
Unreserved	1,821,336	390,599	146,417	(973)	(12,613)	(19,782)	(5,279)	3,308,168	\$ 1,685,608	\$ 1,685,608
Restricted									(55,995)	
Unassigned										
Total all other governmental funds	\$ 2,146,209	\$ 440,543	\$ 146,417	\$ 132,015	\$ (12,613)	\$ (19,782)	\$ (5,279)	\$ 3,308,168	\$ 1,629,613	\$ 1,685,608

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Type Definitions." The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

**SOUTH PLAINFIELD BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

(Unaudited)
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property Tax Levy	\$ 30,042,550	\$ 31,839,972	\$ 32,829,404	\$ 37,347,987	\$ 38,987,343	\$ 41,113,292	\$ 40,318,518	\$ 40,281,202	\$ 40,621,123	\$ 41,332,297
Tuition charges	98,827	104,579	10,825	16,618	5,300	3,984		10,584	535,779	53,092
Transportation Fees							112,190	120,604	208,468	209,680
Interest Earnings						301,285		134,801		
Miscellaneous	502,133	436,182	1,476,435	370,574	524,492	147,081	240,959	505,619	120,295	462,389
State Sources	10,310,066	11,594,545	12,120,626	12,428,235	14,282,271	14,695,722	12,957,956	14,480,558	10,847,991	12,973,298
Federal Sources	1,078,433	1,320,624	1,341,149	1,294,419	1,192,605	1,063,786	1,186,112	2,996,551	1,542,575	1,848,238
Total revenue	42,032,009	45,295,902	47,778,439	51,457,833	54,992,011	57,325,150	54,929,072	58,529,919	53,900,370	56,878,994
Expenditures										
Instruction										
Regular Instruction	15,597,073	17,756,123	17,385,908	17,865,594	24,692,329	16,878,859	17,721,073	18,171,974	17,343,994	24,293,097
Special Education Instruction	2,636,042	2,483,300	2,951,868	3,346,802	7,135,880	4,497,062	4,590,153	5,892,110	5,852,406	8,010,610
Other Instruction	377,838	8,455	523,149	649,760	1,136,298	1,502,790	1,419,635	1,533,100	1,405,314	1,078,811
School Sponsored Activities and Athletics										
Tuition	1,409,240	1,610,731	1,598,431	1,251,452		1,195,973	1,189,630	1,252,047	1,134,464	
Student & Inst. Related Services	4,879,524	5,694,172	5,739,493	5,913,887	7,208,568	4,590,296	4,803,498	4,864,503	4,395,094	6,420,096
School Administrative Services	1,967,862	1,923,377	1,908,934	1,539,825	2,216,477	1,694,404	2,130,476	2,174,202	2,155,640	3,375,506
General Administrative Services	1,871,468	2,350,397	2,267,904	2,252,752	2,147,996	2,059,322	1,656,844	1,710,942	1,853,214	1,225,955
Central Services and Info Tech.							573,236	402,246	366,467	1,451,515
Plant Operations and Maintenance	4,022,230	4,693,654	3,979,153	5,049,308	4,516,340	4,740,506	4,972,103	4,760,982	4,064,956	4,495,180
Pupil Transportation	1,565,321	1,467,387	1,493,821	1,748,498	1,800,677	1,637,749	1,804,484	1,690,550	1,627,767	2,139,404
Employee Benefits	6,143,668	8,076,514	9,432,642	9,976,944		11,823,855	10,266,779	11,397,191	12,201,179	
Charter Schools						4,478	28,669	32,262	8,044	
Special Schools	290,899	348,495	297,507	302,977		388,857	425,925	449,499	30,266	295,569
Capital Outlay	2,916,404	889,087	1,724,036	288,373	630,141	805,420	1,690,526	3,651,217	1,273,541	
Debt Service:										
Principal										
Interest and Other Charges	345,272	403,431	407,768	350,000	2,086,795	495,000	630,000	660,000	690,000	730,000
Debt Service Assessment	980,598	672,027	651,110	637,679	796,401	603,823	580,005	463,691	446,125	412,400
Total expenditures	44,803,439	48,379,150	50,361,724	51,171,851	54,367,902	52,918,394	54,483,056	59,106,516	54,917,205	55,100,854
Excess (Deficiency) of revenues over (under) expenditures	(2,771,430)	(3,083,248)	(2,583,285)	285,982	624,109	4,406,756	446,016	(576,597)	(1,016,835)	1,778,140
Other Financing sources (uses)										
Capital leases (non-budgeted)										
SDA Grant Cancelled		(441,819)			\$ 190,000				(78,400)	
Uncollectible Prior Year State Aid	(246,393)									
Excess Liquidation of Prior Year Accounts Payable	(72,029)	270,875	1,617,575	180,000	159,111	3,603,074		3,603,074	554,761	
Transfers in					(132,988)				(601,354)	
Transfers out		(170,941)	1,617,575	180,000	216,123				(124,993)	
Total other financing sources (uses)	(318,422)	(170,941)	1,617,575	180,000	216,123				(124,993)	
Net change in fund balances	\$ (3,089,852)	\$ (3,254,192)	\$ (965,710)	\$ 465,982	\$ 840,232	\$ 4,406,756	\$ 446,016	\$ (576,597)	\$ (1,141,828)	\$ 1,778,140
Debt service as a percentage of noncapital expenditures	0.82%	0.85%	0.84%	0.69%	3.88%	0.95%	1.19%	1.19%	1.41%	2.08%

* Noncapital expenditures are total expenditures less capital outlay.

**SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Tuition	Interest on Investments	Athletic Receipts	Prior Year Refunds	Rentals	Transportation Fees	Miscellaneous	Total
2003	\$ 98,827	100,332	\$ 20,192	\$	1,200	\$ 22,650	\$ 303,538	\$ 546,739
2004	104,579	98,581	50,603		2,433	60,081	181,780	498,057
2005	10,825	120,570	27,411		12,900	46,000	1,423	219,129
2006	16,618	236,770	26,546		7,070	57,090	18,808	362,902
2007	5,300	415,312	26,546		19,148	57,090	34,243	557,639
2008	3,984	301,285	604		11,940	106,768	27,768	452,349
2009	5,010	113,338		\$ 49,593		112,190	160,487	440,618
2010	10,584	134,801	16,753	92,775		120,604	35,094	410,611
2011	535,779	8,785	20,063	30,497		208,468	65,949	869,541
2012	53,092	10,537	26,236	66,420		209,680	288,256	654,221

**SOUTH PLAINFIELD BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Total Assessed Value										Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
	Vacant Land	Residential	Ofarm	Commercial	Industrial	Apartment	Value			Value				
2003	\$ 21,535,300	\$ 827,717,800	14,500	\$ 166,040,300	\$ 372,235,600	\$ 24,230,900	\$ 1,411,774,400	\$ 4,532,529	\$ 1,416,306,929	\$ 2,330,218,705	\$ 2,190			
2004	21,453,800	830,961,200	83,300	166,498,800	379,166,800	24,230,900	1,422,394,800	3,975,982	1,426,370,782	2,551,190,810	2,270			
2005	23,444,600	849,669,400	82,500	158,534,800	361,450,700	20,400,000	1,413,582,000	3,449,502	1,417,031,502	2,877,923,819	2,490			
2006	19,915,200	852,080,900	82,500	165,082,100	359,648,800	19,000,000	1,415,809,500	2,960,863	1,418,770,363	3,206,134,955	2,730			
2007	18,675,700	861,041,900	82,500	176,902,500	354,383,000	22,000,000	1,433,085,400	2,719,361	1,435,804,761	3,553,294,856	2,790			
2008	23,492,800	867,210,700	82,500	175,644,400	337,224,500	22,000,000	1,425,654,900	2,560,394	1,428,215,294	3,842,735,580	2,850			
2009	18,865,200	874,160,200	82,500	175,920,100	333,379,600	21,875,000	1,425,282,600	2,612,373	1,426,894,973	3,965,338,298	2,824			
2010	16,567,800	877,722,100	82,500	177,034,700	332,261,600	21,875,000	1,425,543,700	2,358,981	1,427,902,681	4,066,052,539	2,798			
2011	16,010,600	881,938,600	82,500	167,989,000	328,349,700	21,875,000	1,416,245,400	2,138,401	1,418,383,801	4,073,891,820	2,889			
2012	N/A	N/A	N/A	N/A	N/A	N/A	1,414,388,850	2,078,015	1,416,666,865	3,960,742,778	N/A			

Source: County Abstract of Rates

* Tax rates are per \$100

N/A

Not Available

SOUTH PLAINFIELD BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)

Calendar Year	Overlapping Rates				Total Direct and Overlapping Tax Rate
	Total Direct School Tax Rate	Local School District	Municipality of South Plainfield	Municipal Public Library	
2003	\$ 2.187	\$ 0.861		\$ 0.642	\$ 3.690
2004	2.271	0.861		0.648	3.780
2005	2.491	0.909		0.650	4.050
2006	2.733	0.903		0.674	4.310
2007	2.790	0.890		0.710	4.390
2008	2.850	1.044		0.774	4.668
2009	2.824	1.374		0.820	5.018
2010	2.798	1.226		0.863	4.887
2011	2.889	1.116	\$ 0.095	0.964	5.064
2012	N/A	N/A	N/A	N/A	N/A

Source: County Abstract of Ratables

N/A - Not Available

**SOUTH PLAINFIELD BOARD OF EDUCATION
PRINCIPAL PROPERTY TAXPAYERS,
LAST YEAR AND NINE YEARS AGO
(Unaudited)**

Taxpayer	2012		2003	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Nakash 200 Helen St., LLC	\$ 16,077,400	0.84%		
EQR - South Plainfield LLP	16,000,000	0.83%	\$ 16,000,000	1.12%
BIT Holdings Fifty Three Inc.	11,052,800	0.58%	16,000,000	1.12%
Office Two Limited c/o NTL RLT Devl.	13,742,700	0.72%	13,528,800	0.95%
The Home Depot	10,500,000	0.55%	11,500,000	0.81%
Jayne Enterprises	10,425,000	0.54%	18,454,800	1.29%
GBR Middlesex LLC	8,750,000	0.46%	10,000,000	0.70%
Plainfield Associates LLC	8,269,000	0.43%	11,144,000	0.78%
Wells Oper. Part. LP (POER & Co.)	7,975,000	0.42%	12,350,000	0.87%
Favorite Realty North, LTD	6,913,000	0.36%		
Harris Realty LLC			11,001,100	0.77%
Bell Atlantic			8,269,361	0.58%
	<u>\$ 109,704,900</u>	<u>5.72%</u>	<u>128,248,061</u>	<u>8.99%</u>

Note:

GASB requires that the principal property taxpayers from last year and nine years ago data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only data from five years ago was available.

Source: Municipal Tax Assessor

**SOUTH PLAINFIELD BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 30,042,550	\$ 30,042,550	100.00%	
2004	31,839,972	31,839,972	100.00%	
2005	32,829,404	32,829,404	100.00%	
2006	37,347,987	37,347,987	100.00%	
2007	28,987,343	28,987,343	100.00%	
2008	39,458,273	39,458,273	100.00%	
2009	39,751,507	39,751,507	100.00%	
2010	39,864,997	39,864,997	100.00%	
2011	40,189,888	39,532,742	98.36%	\$ 657,146
2012	41,332,297	40,332,287	97.58%	1,000,010

**SOUTH PLAINFIELD BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities					Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Total District			
2003	12,636,000	\$ 1,620,000	\$	\$ 14,256,000	22,618	\$ 630	
2004	12,581,000	\$ 1,350,000		13,931,000	22,712	613	
2005	12,531,000	\$ 1,065,000		13,596,000	22,724	598	
2006	12,476,000	770,000		13,246,000	22,472	589	
2007	12,421,000	460,000		12,881,000	22,442	574	
2008	12,386,000			12,386,000	22,516	550	
2009	11,756,000			11,756,000	22,626	520	
2010	11,185,000			11,185,000	23,411	478	
2011	10,495,000			10,495,000	23,513	446	
2012	9,765,000			9,765,000	23,513 Est	415	

(E) - Estimate

Source: District records

**SOUTH PLAINFIELD BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita
	General Obligation Bonds	Deductions			
2003	14,256,000	-	14,256,000	1.01%	\$630
2004	13,931,000	-	13,931,000	0.98%	\$613
2005	13,596,000	-	13,596,000	0.96%	\$598
2006	13,246,000	-	13,246,000	0.93%	\$589
2007	12,881,000	-	12,881,000	0.90%	\$574
2008	12,386,000	-	12,386,000	0.87%	\$550
2009	11,756,000	-	11,756,000	0.82%	\$520
2010	11,185,000	-	11,185,000	0.78%	\$478
2011	10,495,000	-	10,495,000	0.74%	\$446
2012	9,765,000	-	9,765,000	0.69%	\$415

Source: District records

**SOUTH PLAINFIELD BOARD OF EDUCATION
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2012
 (Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
South Plainfield School District (as of June 30, 2012)	\$ 9,765,000
Borough of South Plainfield	<u>15,574,126</u>
	<u>25,339,126</u>
Overlapping Debt Apportioned to the Municipality:	
Middlesex County: (as of December 31, 2011)	
County of Middlesex(A)	<u>25,581,654</u>
	<u>25,581,654</u>
Total Direct and Overlapping Debt	<u>\$ 50,920,780</u>

Source:

(1) Borough's 2011 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2011 equalized value by the total 2011 equalized value for Middlesex County.

SOUTH PLAINFIELD BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2011	\$ 3,930,739,384
2010	4,063,693,558
2009	4,123,574,406
	<u>\$ 12,118,007,348</u>
	\$ 4,039,335,783

Average equalized valuation of taxable property

Debt limit (4 % of average equalization value)	161,573,431
Total Net Debt Applicable to Limit	9,765,000
Legal debt margin	<u>\$ 151,808,431</u>

Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 82,689,738	\$ 91,418,474	\$ 102,767,094	\$ 114,414,996	\$ 127,117,783	\$ 139,885,060	\$ 150,311,972	\$ 161,601,454	\$ 161,601,454	\$ 161,573,431
Total net debt applicable to limit	12,636,000	12,581,000	12,531,000	12,476,000	12,421,000	12,386,000	11,756,000	11,185,000	11,185,000	9,765,000
Legal debt margin	<u>\$ 70,053,738</u>	<u>\$ 78,837,474</u>	<u>\$ 90,236,094</u>	<u>\$ 101,938,996</u>	<u>\$ 114,696,783</u>	<u>\$ 127,499,060</u>	<u>\$ 138,555,972</u>	<u>\$ 150,416,454</u>	<u>\$ 150,416,454</u>	<u>\$ 151,808,431</u>

Total net debt applicable to the limit as a percentage of debt limit	15.28%	13.76%	12.19%	10.90%	9.77%	8.85%	7.82%	6.92%	6.92%	6.04%
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Source: Annual Debt Statements

**SOUTH PLAINFIELD BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2003	22,618	\$ 38,745	4.80%
2004	22,712	39,659	4.00%
2005	22,724	40,826	3.50%
2006	22,472	44,204	3.40%
2007	22,442	46,991	3.00%
2008	22,516	49,464	4.10%
2009	22,626	46,912	6.40%
2010	23,411	48,256	6.40%
2011	23,513	N/A	6.20%
2012	23,513 (E)	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

(E) - Estimate

**SOUTH PLAINFIELD BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)**

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION IS NOT AVAILABLE

SOUTH PLAINFIELD BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction								
Regular	259	251	262	253	255	244	228	235
Special Education	40	44	48	48	49	61	49	84
Other Instruction	9	9	9	10	10	10	12	8
Support Services:								
Student & instruction related services	48	49	45	51	51	49	45	59
General administrative	13	13	13	12	12	7	7	7
School administrative services	13	11	12	9	9	11	12	26
Other Administrative Services	33	30	29	20	20	31	31	
Central services	10	8	9	13	14	14	14	13
Other support services	74	65	58	36	38	79	70	15
Pupil transportation	20	24	25	55	55	36	32	35
Total	<u>519</u>	<u>504</u>	<u>510</u>	<u>507</u>	<u>513</u>	<u>542</u>	<u>500</u>	<u>482</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only eight years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

SOUTH PLAINFIELD BOARD OF EDUCATION
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School					
2003	3,897	\$ 42,995,050	\$ 11,033	4.08%		12.5	10.7	11.4	3,780	3,606	3.04%	95.40%	
2004	3,949	47,490,063	12,026	9.00%	300.5	11.6	9.6	11.5	3,831	3,654	1.35%	95.38%	
2005	3,955	50,306,186	12,720	5.77%	294.3	10.4	8.8	11.3	3,844	3,665	0.34%	95.34%	
2006	3,783	49,895,799	13,189	3.69%	294.2	16.70	14	15	3,791	3,619	-1.38%	95.46%	
2007	3,889	51,807,265	13,321	1.00%	307.0	9.40	14	.12	3,797	3,623	0.16%	95.42%	
2008	3,710	52,395,717	14,123	6.02%	N/A	N/A	N/A	N/A	3,721	3,557	-2.00%	95.59%	
2009	3,708	52,703,108	14,213	0.64%	N/A	N/A	N/A	N/A	3,705	3,536	-0.43%	95.44%	
2010	3,764	54,331,608	14,433	1.56%	N/A	N/A	N/A	N/A	3,739	3,585	0.92%	95.88%	
2011	3,753	52,438,805	13,973	-3.20%	N/A	N/A	N/A	N/A	3,714	3,551	-0.67%	95.61%	
2012	3,641	53,662,885	14,739	5.48%	N/A	N/A	N/A	N/A	3,630	3,490	-2.26%	96.14%	

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>										
<u>Grant Elementary (1961)</u>										
Square Feet	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833	70,833
Capacity (students)	683	683	683	683	683	683	683	683	683	683
Enrollment	629	607	611	591	590	564	564	547	544	
<u>Franklin Heights (1957)</u>										
Square Feet	39,629	39,629	39,629	39,629	39,629	39,629	39,629	39,629	39,629	39,629
Capacity (students)	371	371	371	371	371	371	371	371	371	371
Enrollment	363	358	358	356	360	329	329	317	312	
<u>Kennedy (1959)</u>										
Square Feet	38,946	38,946	38,946	38,946	38,946	38,946	38,946	38,946	38,946	38,946
Capacity (students)	391	391	391	391	391	391	391	391	391	391
Enrollment	304	309	295	275	275	270	270	275	280	
<u>Riley (1966)</u>										
Square Feet	39,404	39,404	39,404	39,404	39,404	39,404	39,404	39,404	39,404	39,404
Capacity (students)	391	391	391	391	391	391	391	391	391	391
Enrollment	348	327	305	323	331	319	319	334	331	
<u>Roosevelt (2003)</u>										
Square Feet	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Capacity (students)	492	492	492	492	492	492	492	492	492	492
Enrollment	375	374	361	358	351	346	346	400	373	
<u>Middle School (1948)</u>										
Square Feet	102,496	102,496	102,496	102,496	102,496	102,496	102,496	102,496	102,496	102,496
Capacity (students)	722	722	722	722	722	722	722	722	722	722
Enrollment	597	607	623	605	613	619	619	586	554	
<u>High School (1974)</u>										
Square Feet	218,270	218,270	218,270	218,270	218,270	218,270	218,270	218,270	218,270	218,270
Capacity (students)	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153	1,153
Enrollment	1,187	1,213	1,182	1,233	1,224	1,217	1,217	1,191	1,178	
<u>Other - Roosevelt Administration Building</u>										
Square Feet	37,455	37,455	37,455	37,455	37,455	37,455	37,455	37,455	37,455	37,455
Number of Schools at June 30, 2012										
Elementary - 5										
Middle School - 1										
Senior High School = 1										
Other - 1										

Source: District Records

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN YEARS
(Unaudited)

School Facilities	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES 11-000-261-XXX										
South Plainfield High School	\$ 142,684	\$ 294,019	\$ 47,681	\$ 209,025	\$ 163,544	\$ 157,703	\$ 438,039	\$ 396,543	\$ 192,987	\$ 189,702
South Plainfield Middle School	57,596	18,684	19,247	84,375	66,016	63,673	176,871	186,191	90,614	89,072
J.F.K. School	20,449	42,138	6,834	29,957	23,439	22,588	62,798	70,708	34,412	33,826
John E. Riley School	21,097	43,472	7,050	30,905	24,180	23,310	64,786	71,595	34,843	34,250
Franklin School	19,962	41,135	6,671	29,244	22,881	22,072	61,303	72,038	35,059	34,462
Grant School	27,801	57,287	9,290	40,727	31,865	30,736	117,989	128,671	62,621	61,555
Roosevelt Administration										
Roosevelt School	21,425	44,150	7,160	31,387	24,558	23,723	66,750	68,048	33,117	32,554
Grand Total	<u>\$ 311,014</u>	<u>\$ 540,885</u>	<u>\$ 103,933</u>	<u>\$ 455,620</u>	<u>\$ 356,483</u>	<u>\$ 343,805</u>	<u>\$ 1,102,691</u>	<u>\$ 1,108,280</u>	<u>\$ 539,372</u>	<u>\$ 530,191</u>

Source: District Records

**SOUTH PLAINFIELD BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2012
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - New Jersey School Boards Association Insurance Group (NJSBAIG)		
Property - Blanket Building & Contents	\$ 123,219,208	\$ 5,000
Environmental Package	1,000,000	10,000
General Liability	16,000,000	
School Leaders Errors and Omissions Liability	6,000,000	5,000
Automobile Liability	16,000,000	
Faithful Performance Crime Coverage	250,000	1,000
Electronic Data Processing Per Occurrence	2,500,000	1,000
Treasurer of School Monies - Surety Bond	350,000	
Business Administrator/Board Secretary - Surety Bond	350,000	

Source: School District's records

SINGLE AUDIT

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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

Honorable President and Members
of the Board of Trustees
South Plainfield Board of Education
South Plainfield, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the South Plainfield Board of Education as of and for the fiscal year ended June 30, 2012, which collectively comprise the South Plainfield Board of Education's basic financial statements and have issued our report thereon dated November 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the South Plainfield Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the South Plainfield Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Plainfield Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Plainfield Board of Education's internal control over financial reporting.

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 South Plainfield Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, and 2012-3 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Plainfield Board of Education'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, and 2012-3.

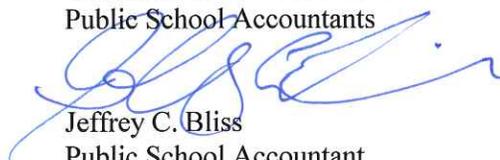
We also noted certain matters that we reported to management of the South Plainfield Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 27, 2012.

South Plainfield Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit South Plainfield Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
 Public School Accountant
 PSA Number CS00932

Fair Lawn, New Jersey
 November 27, 2012

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

Independent Auditor's Report

Honorable President and Members
of the Board of Trustees
South Plainfield Board of Education
South Plainfield, New Jersey

Compliance

We have audited the South Plainfield Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of South Plainfield Board of Education's major federal and state programs for the fiscal year ended June 30, 2012. South Plainfield Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the South Plainfield Board of Education's management. Our responsibility is to express an opinion on South Plainfield Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about South Plainfield Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on South Plainfield Board of Education's compliance with those requirements.

In our opinion, South Plainfield Board of Education 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, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which are described in the accompanying schedule of findings and questioned costs as items 2012-4 and 2012-5.

Internal Control Over Compliance

Management of South Plainfield Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered South Plainfield Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2012-4 and 2012-5. 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.

The Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lerch, Vinci & Higgins, LLP

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


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 27, 2012

SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant or State Project Number	Grant Expend	Award Amount	Accounts Receivable	Balance 7/1/11 Deferred Revenue	(A/R) Carryover Amount	Deferred Rev) Carryover Amount	Cash Received	Budgetary Expenditures	Prior Year PD Cancelled	Adjustment	Repayment of Prior Years' Balance	(Accounts Receivable)	June 30, 2012 Deferred Revenue/	Due to Grantor	Memo GAAP Receivable
U.S. Department of Agriculture Passed-through State Department of Education																	
National School Lunch Program-Non-Cash Assistance	10-555	N/A	7/11-6/30/12	\$ 86,429	\$	\$ 4,332		\$ 86,429	\$ 76,541					\$ (94,699)	\$ 3,888		\$ (94,699)
National School Lunch Program-Non-Cash Assistance	10-555	N/A	7/11-6/30/12	6,802					4,332								
National School Lunch Program-Cash Assistance	10-555	N/A	7/11-6/30/12	376,491				275,792	376,491								
National School Lunch Program-Cash Assistance	10-555	N/A	7/11-6/30/12	338,774	\$ (23,849)			21,849									
School Breakfast Program	10-555	N/A	7/11-6/30/12	35,741				35,403	35,741								
School Breakfast Program	10-555	N/A	7/11-6/30/12	37,644	(3,722)			3,722									
Total U.S. Department of Agriculture					(2,722)	4,332		412,195	491,105					(106,027)	3,888		(106,027)
U.S. Department of Education passed-through State Department of Education																	
General Fund	84-110	N/A	7/11-6/30/12	341,974				39,127	341,974					(341,974)			(341,974)
Special Education Medicaid Initiative (SEMI) Program	93-778	N/A	7/11-6/30/12	39,127				39,127	39,127					(39,127)			(39,127)
Total U.S. Department of Education								78,254	381,101					(381,101)			(381,101)
Special Revenue Fund																	
I.A.S.A. Consolidated Grant/NCLB																	
Title I	84-010A	NCLB219009	9/1/08-8/31/10	237,093	(14,802)			59,836	14,802								
Title I	84-010A	NCLB219009	9/1/08-8/31/10	147,453	(99,306)	654		306,320	28,816								
Title I	84-010A	NCLB219009	9/1/08-8/31/10	278,141	(278,141)	13,037		1,086	(26,811)								
Title I - S/A	84-010A	NCLB219009	9/1/08-8/31/10	311,736				21,593	(21,594)								
Emergency Immigrant	84-162A		9/1/08-8/31/10	20,111	(4,008)			334	(6,666)								
Emergency Immigrant	84-162A		9/1/08-8/31/10	13,563	(2,965)	1,201		334	4,008								
Emergency Immigrant	84-162A		9/1/08-8/31/10	13,534	(8,170)			4,809	51								
Emergency Immigrant	84-162A		9/1/08-8/31/10	13,319	(1,537)			1,537	1,631								
Title IA	84-367A	NCLB219009	9/1/08-8/31/10	86,614	(2,033)			3,272	(2,773)								
Title IA	84-367A	NCLB219009	9/1/08-8/31/10	88,235	(67,777)	10,816		17,231	15,921								
Title IA	84-367A	NCLB219009	9/1/08-8/31/10	88,586	(84,286)	741		5,465	(11,786)								
Title II D	84-318X	NCLB219009	9/1/11-8/31/12	1,500	(1,495)			1,495	577								
Title II D	84-318X	NCLB219009	9/1/08-8/31/10	1,495	(1,495)			918	918								
Title II D	84-318X	NCLB219009	9/1/08-8/31/10	610	(263)			577	(577)								
Title II D	84-318X	NCLB219009	9/1/11-8/31/12	17,618	(16,867)			16,867									
Title III	84-365A	NCLB219009	9/1/11-8/31/12	12,119				2,552	2,552								
Title IV	84-186A	NCLB219009	9/1/08-8/31/10	7,166	(2,231)	55		2,552	2,176								
Planning for the Next Academic Program	93-069	11-105-034-5064-197	4/25/11-7/15/11	50,000				49,950	48,840								
Total U.S. Department of Education					(1,187,448)	153,134		2,090,819	1,379,097		17,425	(24,228)	91	(454,438)	135,672		(153,891)
Total					(1,187,448)	153,134		2,542,311	2,259,303		17,425	(24,228)	91	(902,449)	144,361		(763,902)

Note: Adjustment is the cancellation of grant receivable and/or deferred revenue.

SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Memo Only		
													GAAP Resizable	Cumulative Total Expenditures	
State Department of Education															
General Fund															
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 6,240,917	\$ (678,309)	\$ 5,652,359	\$ 6,240,917			\$ (988,658)				\$	\$ 6,240,917	
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	5,120,112											2,086,578	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	2,086,578		1,889,668	2,086,578			(196,910)					127,512	
Extraordinary Special Education Costs Aid	12-100-034-5120-473	7/1/11-6/30/12	137,512			127,512			(127,512)					-	
Extraordinary Special Education Costs Aid	11-100-034-5120-473	7/1/10-6/30/11	154,416	(154,416)										-	
Non Public Transportation Reimb.	N/A	7/1/11-6/30/12	25,070			25,070			(25,070)					25,070	
Non Public Transportation Reimb.	N/A	7/1/10-6/30/11	25,056	(25,056)										-	
On-Behalf TPAP Pension System-NCGI Prem.	12-495-034-5095-007	7/1/10-6/30/12	80,627		80,627	80,627								80,627	
On-Behalf TPAP Pension Benefit Contributions Nor	12-495-034-5095-006	7/1/10-6/30/12	751,321		751,321	751,321								751,321	
On-Behalf TPAP Post Retirement-Medical	12-495-034-5095-001	7/1/10-6/30/12	1,672,431		1,672,431	1,672,431								1,672,431	
T.P.A.F. - Social Security	12-100-034-5095-002	7/1/11-6/30/12	1,845,776		1,753,918	1,845,776			(91,858)					1,845,776	
T.P.A.F. - Social Security	11-100-034-5095-002	7/1/10-6/30/11	1,916,287	(138,697)	138,697									-	
Total General Fund				(996,478)	12,796,702	12,830,252			(1,050,008)					(116,928)	12,850,232
Special Revenue Fund															
Preschool Education Aid	12-495-034-5120-086	7/1/11-6/30/12	52,800		47,520	29,878				(5,280)	22,922			29,878	
Preschool Education Aid	11-495-034-5120-086	7/1/10-6/30/11	52,800	(5,280)	5,280									-	
Early/Launch Learning Grant	07-495-034-5120-062	7/1/06-6/30/07	38,144	11,056				(11,056)						-	
Teacher Quality Mentoring Program	04-100-034-6095-062	7/1/06-6/30/07	7,243	2,781				(2,781)						-	
New Jersey Nonpublic Aid:															
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	26,200		26,200	26,739		599						26,739	
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	37,423		37,423	35,000						\$ 2,423		35,000	
Auxiliary Services:															
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	97,123	35,167					\$ 35,167					-	
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	77,770		77,770	63,400						14,370		63,400	
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	18,275		18,275	18,275								18,275	
Transportation	12-100-034-5120-067	7/1/11-6/30/12	7,476		7,476	7,476								7,476	
Home Instruction	12-100-034-5120-067	7/1/11-6/30/12	1,829			1,829			(1,829)					1,829	
Handicapped Services:															
Examination and Classification	11-100-034-5120-068	7/1/10-6/30/11	14,333	9,728										-	
Examination and Classification	12-100-034-5120-068	7/1/11-6/30/12	20,128		20,128	14,333						\$ 5,795		14,333	
Corrective Speech	11-100-034-5120-068	7/1/10-6/30/11	14,884	3,715										-	
Corrective Speech	12-100-034-5120-068	7/1/11-6/30/12	11,928		11,928	11,928								11,928	
Supplemental Instruction	11-100-034-5120-068	7/1/10-6/30/11	9,033	5,671										-	
Supplemental Instruction	12-100-034-5120-068	7/1/11-6/30/12	9,822		9,822	9,822								9,822	
Total Special Revenue Fund			\$	62,836	265,822	218,680		(13,298)	\$ 54,779	(7,109)	22,922		(1,829)	218,680	

SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grant/Program Title State Department of Agriculture	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2011	Carryover (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustments	Payment of Prior Years' Business	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Memo Only	
													GAAP Receivable	Cumulative Total Expenditures
Enterprise Fund	12-100-010-3350-023	7/1/11-6/30/12	\$ 14,501	(1,057)	-	\$ 10,824	\$ 14,501	-	-	(6,677)	-	-	\$ (6,677)	\$ 14,501
National School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	18,748	(1,057)	-	1,057	-	-	-	-	-	-	-	-
National School Lunch Program				(1,057)	-	1,057	-	-	-	-	-	-	-	-
Total Enterprise Fund				(1,057)	-	11,891	14,501	-	-	(6,677)	-	-	-	14,501
State of New Jersey Educational Facilities Construction and Financing Schole development Authority	Various	N/A	240,000	(240,000)	-	170,481	-	-	-	(69,519)	-	-	-	240,000
Schole development Authority	Various	N/A	96,316	(96,316)	-	90,233	-	-	-	(6,063)	-	-	-	96,316
Schole development Authority	Various	N/A	980,000	(980,000)	-	581,178	-	-	-	(398,822)	-	-	-	980,000
Schole development Authority	Various	N/A	368,000	(368,000)	-	244,407	-	-	-	(123,593)	-	-	-	368,000
Schole development Authority	Various	N/A	190,000	(190,000)	-	187,937	-	-	-	(2,063)	-	-	-	190,000
Total Capital Projects Fund				(1,874,316)	-	1,274,256	-	-	-	(690,060)	-	-	-	1,874,316
Grand Total				(2,809,025)	-	14,344,671	13,065,413	(13,298)	54,279	(1,640,854)	22,922	22,588	(722,494)	14,937,729
Less On-Behalf TPAF Pension and Annuity Aid	12-495-034-5995-007	7/1/10-6/30/12	80,627	-	-	80,627	80,627	-	-	-	-	-	-	80,627
On-Behalf TPAF Pension - NCGI Prem.	12-495-034-5995-006	7/1/10-6/30/12	751,321	-	-	751,321	751,321	-	-	-	-	-	-	751,321
On-Behalf TPAF Pension Benefit Contributions	12-495-034-5995-001	7/1/10-6/30/12	1,672,431	-	-	1,672,431	1,672,431	-	-	-	-	-	-	1,672,431
On-Behalf TPAF Post Retire. - Medical														
Total for State Financial Assistance Determination				(2,809,025)	-	11,840,292	10,559,034	(13,298)	54,279	(1,640,854)	22,922	22,588	(722,494)	12,433,350

Note: Adjustment is the cancellation of grant receivable and/or deferred revenue.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the South Plainfield Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$80,355 for the general fund and an increase of \$134,776 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 381,101	\$ 12,749,877	\$ 13,130,978
Special Revenue Fund	1,467,137	223,421	1,690,558
Food Service Fund	<u>491,105</u>	<u>14,501</u>	<u>505,606</u>
Total Financial Assistance	<u>\$ 2,339,343</u>	<u>\$ 12,987,799</u>	<u>\$ 15,327,142</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,845,776 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2012. The amount reported as TPAF Pension System Contributions in the amount of \$831,948 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,672,431 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2012.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unqualified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to basic financial statements noted? X yes no

Federal Awards Section

Internal Control over major programs:

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

(2) Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? X yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>School Breakfast Program</u>
<u>84.010A</u>	<u>NCLB - Title I</u>
<u>84.410</u>	<u>Education Jobs Fund</u>
<u>84.027</u>	<u>IDEA - Basic</u>
<u>84.391</u>	<u>ARRA - IDEA - Basic</u>
<u>84.173</u>	<u>IDEA - Preschool</u>
<u>84.392</u>	<u>ARRA - IDEA - Preschool</u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified?

_____ yes X no

(2) Significant deficiencies identified that are not considered to be material weakness(es)?

 X yes _____ none reported

Type of auditor's report issued on compliance for major programs

Unqualified _____

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 04-04?

 X yes _____ no

Identification of major state programs:

GMIS Number(s)	Name of State Program
12-495-034-5120-078	Equalization Aid
12-495-034-5120-089	Special Education Aid
12-100-034-5095-002	Reimbursed TPAF Social Security Contributions

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2012-1

It was noted that the modified budget in the District's financial records was not accurate due to the following:

- Education Jobs Program appropriations in the amount of \$341,974 were posted to the budget system twice. This resulted in two line items being overexpended at June 30, 2012 when corrected.
- Maintenance Reserve withdrawal of \$136,000 approved by Board resolution was never posted to the budget.
- Prior year encumbrances rolled over in the amount of \$6,873 were deemed to be invalid per prior year audit.
- Prior year encumbrances rolled over in the amount of \$57,074 that should have been recorded in the Capital Projects Fund.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual

Condition:

Numerous adjustments were required to adjust mispostings in the modified budget in the General Fund. We noted entries posted twice, an entry not posted and invalid and inappropriate encumbrance rollovers.

Questioned Costs:

None.

Context:

Numerous adjustments were required to adjust mispostings in the modified budget appropriations in the General Fund.

Effect

The modified budget appropriations were not in agreement with subsidiary records and supporting documentation.

Recommendation

It is recommended that the General Fund modified budget appropriations as reported in the District's financial records be reconciled to and in agreement with supporting documentation.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2012-2

Finding – Our audit noted the following:

- There were several amounts encumbered at year end in the amount of \$411,630 that should have been classified as accounts payable.
- There were several amounts encumbered at year end in the amount of \$314,392 that were deemed to be partially or completely invalid.
- There were unrecorded purchase orders at June 30, 2012 in the amount of \$82,199 that should have been set up as reserve for encumbrances and/or accounts payable.

Criteria or specific requirement

State Department of Education's GAAP Technical Systems Manual, Generally Accepted Accounting Principals.

Condition

Reserve for encumbrances and accounts payable balances were not properly stated at June 30, 2012.

Questioned Costs

None.

Context

See Finding 2012-2.

Effect

Reserve for encumbrances and accounts payable balances were not properly stated in the District's financial records.

Recommendation

It is recommended that year end closing procedures be reviewed and enhanced to ensure open purchase orders are properly classified as accounts payable or encumbrances and that they are complete at year end.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2012-3

The current year employee payroll withholdings for employment health benefit contributions and unemployment compensation insurance deductions were not transferred from the Payroll Agency Trust Fund to the General Fund and Unemployment Compensation Trust Fund, respectively, during the year.

Criteria or specific requirement

State Department of Education's GAAP Technical Systems Manual

Condition

Audit adjustments were required to adjust for amounts withheld for employment health benefit contributions and unemployment compensation insurance deductions but not transferred to the appropriate funds during the year.

Questioned Costs

None.

Context

Adjustments were required to adjust mispostings in the modified budget General Fund. \$420,187 of employee withholdings for employee health benefit contributions and \$65,302 for unemployment compensation insurance deductions were not transferred to the respective funds.

Effect

Fund equity in the General Fund and the Unemployment Trust Fund were understated.

Recommendation

It is recommended that all employee payroll deductions for health benefit contributions and unemployment compensation insurance be transferred from the Payroll Agency Trust to the General Fund and Unemployment Compensation Trust Fund, respectively, in a timely manner.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

Finding 2012-4

Our audit of the NCLB Title I program indicated that individuals and their respective salaries charged to Title I are not approved in the minutes. In addition, there does not appear to be time and effort records to support the amount charged.

Federal Program Information

CFDA 84.010A, NCLB – Title I

Criteria or specific requirement

Federal Grant Compliance Supplement

Condition

Individuals and their respective salaries charged to Title I were not approved in the minutes. In addition, payroll certifications and/or semi-annual certifications of employee time and effort were not maintained.

Questioned Costs

None.

Context

Minute approval is required for all individuals and their salaries charged to federal programs. In addition, payroll certifications and/or semi-annual certifications of employee time and effort are required for all salaries charged to the NCLB Title I.

Effect

Unknown.

Recommendation

It is recommended that all individuals and their respective salaries charged to the Title I program be approved in the minutes and that time and effort records be maintained to support the amount charged.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS

Finding 2012-5

Our audit revealed:

- There was an instance of computer supplies being purchased where quotes were not obtained.
- In one instance there was only one quote obtained and another instance where a higher quote was taken for the refinishing of gym floors without explanation.
- Bids were not obtained for garbage dumpsters and removal services that exceeded the bid threshold.
- The minutes awarded a contract for bus repairs in an amount not to exceed \$36,000. The District paid the vendor in excess of \$103,000. In addition, the invoices do not provide sufficient breakdown of the parts/labor costs and the calculation included to identify the markup in parts was not in accordance with the bid award terms.
- There were several contracts awarded for professional development services that exceeded \$17,500 but political contribution disclosure forms were not obtained.

State Program Information

Equalization Aid	12-495-034-5120-078
Special Education Aid	12-495-034-5120-089

Criteria or Specific Requirement

State Grant Compliance Supplements
N.J.S.A. 18:18A-4 Contracts and Agreements Requiring Advertising
N.J.S.A. 52:15C-10

Condition

See Finding 2012-4.

Questioned Cost

Undeterminable.

Context

See Finding 2012-4.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2012-5 (Continued)

Effect

The District is not in compliance with Public School Contracts Law.

Recommendation

It is recommended that internal control procedures be reviewed and enhanced to ensure purchases and contract awards in excess of the bid or quote threshold are made in accordance with the Public School Contracts Law.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action is taken.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

NOT APPLICABLE