

**SOUTH PLAINFIELD BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2013

Prepared by

Finance Department

INTRODUCTORY SECTION

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INTRODUCTORY SECTION

South Plainfield Board of Education

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Mrs. Nicole Pormilli
Assistant Superintendent

Dr. Stephen H. Genco
Superintendent of Schools

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

October 29, 2013

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, 2013 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 Position 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 2012-2013 fiscal year with an enrollment of 3,558.0 students, which is 1.96% 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>
2012-2013	3,558.0	<1.96%>
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%

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, 2013.

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, 2013, the outstanding principal was \$9,040,000 – 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 and 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,



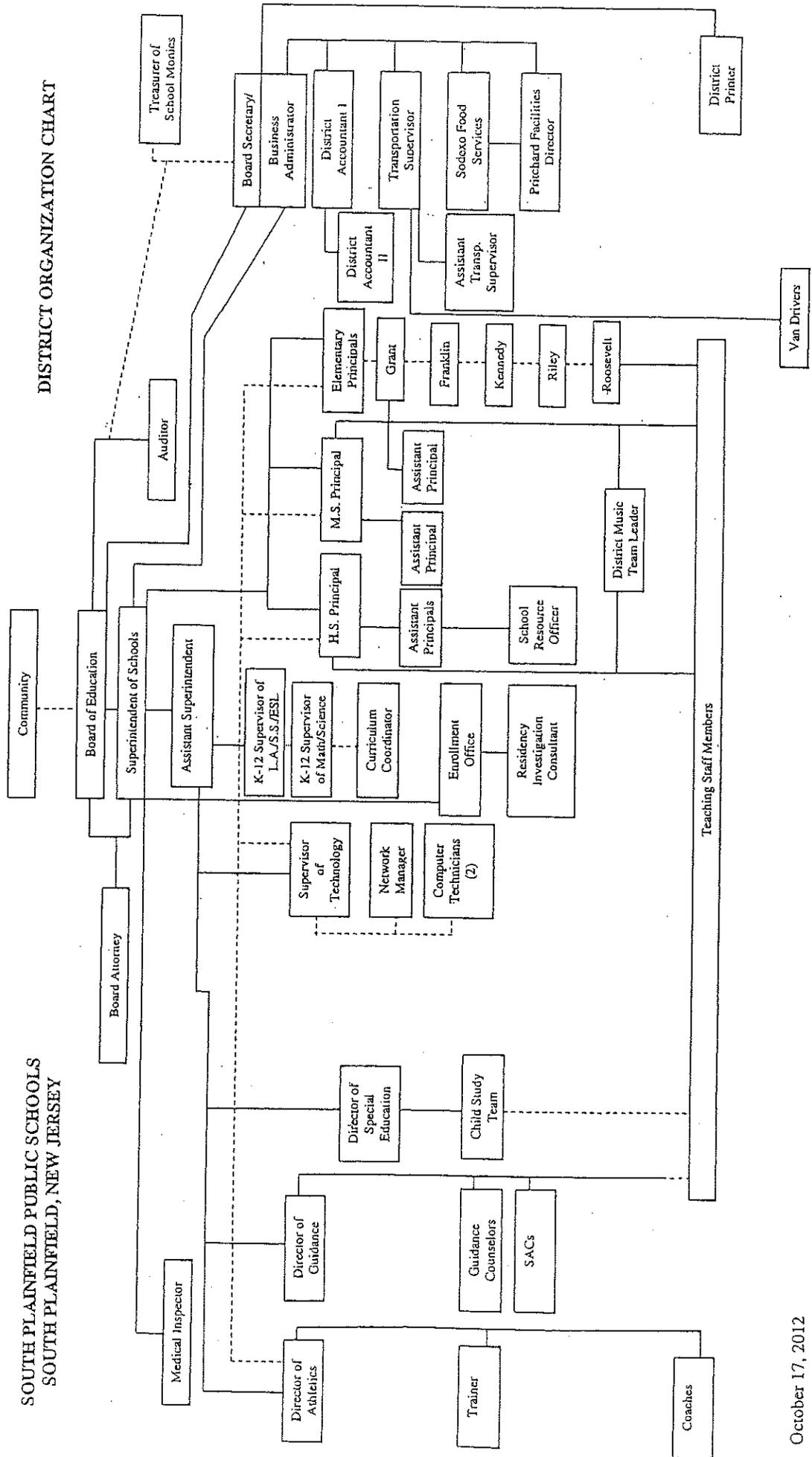
Stephen H. Genco, Ed.D.
Superintendent of Schools



James Olobardi
School Business Administrator/
Board Secretary

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

DISTRICT ORGANIZATION CHART



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

**ROSTER OF OFFICIALS
AT JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Sharon Miller, President	Jan. 2015
Mr. John Farinella, Jr., Vice-President	Jan. 2015
Mrs. Kimberly "Anesh" DeAngelis	Jan. 2016
Mrs. Deborah Boyle	Jan. 2014
Mr. Christopher Hubner	Jan. 2014
Mr. Ernie "Jim" Giannakis	Jan. 2016
Mr. William Seesselberg	Jan. 2016
Mr. Joseph Sorrentino	Jan. 2014
Mr. Gary Stevenson	Jan. 2015

Other Officials

Dr. Stephen H. Genco, Superintendent of Schools

Mrs. Nicole Pormilli, Assistant Superintendent

Mr. James Olobardi, Business Administrator/Board Secretary

Mr. Glenn Cullen, Treasurer of School Monies

Marc H. Zitomer, Esq., School Board Attorney
Schenck, Price, Smith & King, LLP
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BOROUGH OF SOUTH PLAINFIELD BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Lerch, Vinci & Higgins, LLP
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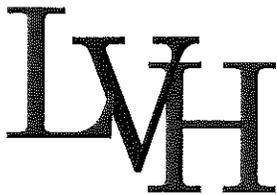
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OFFICIAL DEPOSITORY

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Cherry Hill, New Jersey 08034-5400

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Plainfield Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Other Information

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. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the South Plainfield Board of Education.

The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

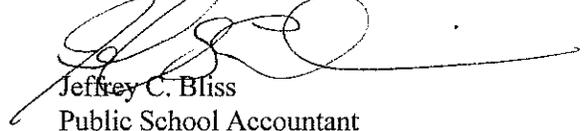
In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2013 on our consideration of the South Plainfield Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the South Plainfield Board of Education's internal control over financial reporting and compliance.

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
October 29, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

SOUTH PLAINFIELD BOARD OF EDUCATION

Management Discussion and Analysis Year Ended June 30, 2013

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, 2013. 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 (2012-2013) and the prior year (2011-2012) 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, 2013. 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 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 Position 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 Position 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 2013?" The Statement of Net Position and Statement of Activities help answer this question. These Statements include all assets, deferred outflows of resources, liabilities and deferred inflow of resources 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, 2013

REPORTING THE SCHOOL DISTRICT AS A WHOLE (Continued)

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

These two Statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial conditions 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 Position 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** – These services are 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 2012-2013 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 resources 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 Position 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, 2013

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 position and a statement of changes in fiduciary net position. 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 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 financial statements can be found following the financial statements.

Other Information

In addition to the 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 financial statements.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2013 are as follows:

- The assets and deferred outflows of the South Plainfield Board of Education exceeded its liabilities and deferred inflows at the close of the fiscal year by \$15,873,410 (net position). The amount available to meet the District's ongoing obligations (unrestricted net position) was \$3,172,400.
- The School District's total net position increased \$1,545,194.
- General revenues accounted for \$50,015,894 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 \$11,832,407 or 19 percent of total revenues of \$61,848,301.
- The School District had \$58,230,456 in expenses for governmental activities; only \$9,716,055 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$50,015,894 were adequate to provide for these programs.

SOUTH PLAINFIELD BOARD OF EDUCATION

**Management's Discussion and Analysis
Year Ended June 30, 2013**

FINANCIAL HIGHLIGHTS (Continued)

- The General Fund had \$57,162,925 in revenues and \$56,923,911 in expenditures. The General Fund's balance increased \$1,324,562 over the previous year to \$6,514,021. Of this amount, only \$52,506 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 \$1,052,128 which represented an increase of \$70,016 over the previous year.

THE SCHOOL DISTRICT AS A WHOLE

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

The following provides a summary of the School District's Net Position as of 2013 and 2012:

**Net Position
As of June 30, 2013 and 2012**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current Assets	\$ 6,883,493	\$ 7,432,350	\$ 1,606,256	\$ 1,356,288	\$ 8,489,749	\$ 8,788,638
Capital Assets	18,086,045	16,862,235	177,265	219,204	18,263,310	17,081,439
Total Assets	<u>24,969,538</u>	<u>24,294,585</u>	<u>1,783,521</u>	<u>1,575,492</u>	<u>26,753,059</u>	<u>25,870,077</u>
Deferred Outflows of Resources	443,673	540,125	-	-	443,673	540,125
Total Assets and Deferred Outflows of Resources	<u>25,413,211</u>	<u>24,834,710</u>	<u>1,783,521</u>	<u>1,575,492</u>	<u>27,196,732</u>	<u>26,410,202</u>
Long-Term Liabilities	10,512,416	11,240,770			10,512,416	11,240,770
Other Liabilities	543,584	738,222	264,081	99,106	807,665	837,328
Total Liabilities	<u>11,056,000</u>	<u>11,978,992</u>	<u>264,081</u>	<u>99,106</u>	<u>11,320,081</u>	<u>12,078,098</u>
Deferred Inflows of Resources	-	-	3,241	3,888	3,241	3,888
Total Liabilities and Deferred Inflows of Resources	<u>11,056,000</u>	<u>11,978,992</u>	<u>267,322</u>	<u>102,994</u>	<u>11,323,322</u>	<u>12,081,986</u>
Net Position						
Net Investment in Capital Assets	9,033,980	7,082,547	177,265	219,204	9,211,245	7,301,751
Restricted	3,489,765	3,386,689			3,489,765	3,386,689
Unrestricted	1,833,466	2,386,482	1,338,934	1,253,294	3,172,400	3,639,776
Total Net Position	<u>\$ 14,357,211</u>	<u>\$ 12,855,718</u>	<u>\$ 1,516,199</u>	<u>\$ 1,472,498</u>	<u>\$ 15,873,410</u>	<u>\$ 14,328,216</u>

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2013

THE SCHOOL DISTRICT AS A WHOLE (Continued)

By far the largest portion of the School District's net position 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 is 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.

The following shows the changes in Net Position for fiscal years 2013 and 2012:

	Governmental		Business-Type		Total	
	Activities		Activities			
Revenues	2013	2012	2013	2012	2013	2012
Program Revenues						
Charges for Services	\$ 202,237	\$ 262,772	\$ 1,624,921	\$ 1,800,982	\$ 1,827,158	\$ 2,063,754
Operating Grants and Contributions	9,491,962	8,503,754	491,431	505,606	9,983,393	9,009,360
Capital Grants and Contributions	21,856	58,154			21,856	58,154
General Revenues						
Property Taxes	42,559,398	41,332,297			42,559,398	41,332,297
Federal and State Aid - Unrestricted	6,616,348	6,330,568			6,616,348	6,330,568
Other	840,148	391,449	-	-	840,148	391,449
Total Revenues	<u>59,731,949</u>	<u>56,878,994</u>	<u>2,116,352</u>	<u>2,306,588</u>	<u>61,848,301</u>	<u>59,185,582</u>
Expenses						
Instruction						
Regular	25,895,594	24,701,312			25,895,594	24,701,312
Special Education	8,361,993	8,395,082			8,361,993	8,395,082
Other Instruction	1,122,688	1,079,829			1,122,688	1,079,829
School Sponsored Activities and Athletics	1,312,462	1,180,725			1,312,462	1,180,725
Support Services						
Student and Instruction Related Services	7,591,031	6,613,391			7,591,031	6,613,391
General Administrative Services	1,906,861	1,238,685			1,906,861	1,238,685
School Administrative Services	2,937,397	3,380,066			2,937,397	3,380,066
Central and Other Support Services	1,570,824	1,453,217			1,570,824	1,453,217
Plant Operations and Maintenance	4,775,302	4,504,179			4,775,302	4,504,179
Pupil Transportation	2,377,641	2,316,150			2,377,641	2,316,150
Interest on Long-Term Debt	378,663	393,844			378,663	393,844
Food Services			1,237,900	1,302,832	1,237,900	1,302,832
Preschool Program			267,259	222,473	267,259	222,473
Latchkey Program			390,769	341,000	390,769	341,000
Adult Education Program	-	-	176,723	193,861	176,723	193,861
Total Expenses	<u>58,230,456</u>	<u>55,256,480</u>	<u>2,072,651</u>	<u>2,060,166</u>	<u>60,303,107</u>	<u>57,316,646</u>
Increase in Net Position	1,501,493	1,622,514	43,701	246,422	1,545,194	1,868,936
Net Position, Beginning of Year	<u>12,855,718</u>	<u>11,233,204</u>	<u>1,472,498</u>	<u>1,226,076</u>	<u>14,328,216</u>	<u>12,459,280</u>
Net Position, End of Year	<u>\$ 14,357,211</u>	<u>\$ 12,855,718</u>	<u>\$ 1,516,199</u>	<u>\$ 1,472,498</u>	<u>\$ 15,873,410</u>	<u>\$ 14,328,216</u>

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2013

Governmental Activities. The District's total revenues for governmental activities were \$59,731,949 and \$56,878,994 for the fiscal years ended June 30, 2013 and 2012. Property taxes of \$42,559,358 and \$41,332,297 made up 71% and 73% of the revenues for governmental activities for the South Plainfield Board of Education for fiscal years ended June 30, 2013 and 2012, respectively. Federal, state and local grants and aid accounted for another \$16,130,166 and \$14,892,476 representing 27% and 26% of total revenues for the fiscal years ended June 30, 2013 and 2012, 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 \$58,230,456 and \$55,256,480 for the fiscal years ended June 30, 2013 and 2012, respectively. Instruction comprised \$36,692,737 (63%) and \$35,356,948 (64%) of District expenses for the fiscal years ended June 30, 2013 and 2012, respectively. Support services totaled \$21,159,056 (36%) and \$19,505,688 (35%) of District expense and interest on debt totaled \$378,663 (1%) and \$393,844 (1%) of District expenses for fiscal year ended June 30, 2013 and 2012, respectively.

Total governmental activities revenues exceeded expenses, increasing net position \$1,501,493 and \$1,622,514 for the fiscal years ended June 30, 2013 and 2012, 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, 2013**

Governmental Activities (Continued)

Total and Net Cost of Governmental Activities

	<u>Total Cost of</u> <u>Services</u>		<u>Net Cost</u> <u>of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction				
Regular	\$ 25,895,594	\$ 24,701,312	\$ 21,968,320	\$ 21,225,260
Special Education	8,361,993	8,395,082	4,377,162	4,725,604
Other Instruction	1,122,688	1,079,829	646,094	628,060
School Sponsored Activities and Athletics	1,312,462	1,180,725	1,312,462	1,175,725
Support Services				
Student and Instruction Related Services	7,591,031	6,613,391	6,980,523	6,033,256
General Administrative Services	1,906,861	1,238,685	1,906,861	1,238,685
School Administrative Services	2,937,397	3,380,066	2,629,755	3,058,389
Central and Other Support Services	1,570,824	1,453,217	1,570,824	1,453,217
Plant Operations and Maintenance	4,775,302	4,504,179	4,690,753	4,504,179
Pupil Transportation	2,377,641	2,316,150	2,052,984	1,995,581
Interest on Long-Term Debt	<u>378,663</u>	<u>393,844</u>	<u>378,663</u>	<u>393,844</u>
Total	<u>\$ 58,230,456</u>	<u>\$ 55,256,480</u>	<u>\$ 48,514,401</u>	<u>\$ 46,431,800</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, 2013

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 \$43,701 for the current year and by \$246,422 for the previous year.
- Charges for services were \$1,624,921 and \$1,800,982 and represents 77% and 78% of the revenue for the fiscal years ended June 30, 2013 and 2012, respectively. Federal and State reimbursements were \$491,431 and \$505,606 for the fiscal years ended June 30, 2013 and 2012.
- Expenses were \$2,072,651 and \$2,060,166 for the fiscal years ended June 30, 2013 and 2012, 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, 2013 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 \$59,731,949 and \$56,878,894 and expenditures of \$60,092,407 and \$55,100,854 for the fiscal years ended June 30, 2013 and 2012, 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, 2013 and 2012, 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, 2013**

THE SCHOOL DISTRICT'S FUNDS (Continued)

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources:				
Property Tax Levy	\$ 41,446,285	\$ 40,139,182	\$ 1,307,103	3%
Transportation Fees	202,237	209,680	(7,443)	-4%
Miscellaneous	840,148	444,541	395,607	89%
State Sources	14,636,882	12,749,877	1,887,005	15%
Federal Sources	<u>37,373</u>	<u>381,101</u>	<u>(343,728)</u>	-90%
Total General Fund Revenues	<u>\$ 57,162,925</u>	<u>\$ 53,924,381</u>	<u>\$ 3,238,544</u>	6%

Overall General Fund revenues increased 6% from the previous year. The change in Local Sources is attributable to a tax increase of 3% to finance the District's operating costs. State sources increased 15% mainly due to the result of an increase in on-behalf contributions made by the State for the District's share of teachers' pension and post retirement medical benefit contributions. The decrease in Federal sources was due to the discontinuation of the Education Jobs Program funding received in the prior year.

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2013 and 2012:

	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 34,404,836	\$ 33,070,296	\$ 1,334,540	4%
Support Services	19,983,318	18,894,525	1,088,793	6%
Capital Outlay	<u>2,535,757</u>	<u>237,415</u>	<u>2,298,342</u>	968%
Total Expenditures	<u>\$ 56,923,911</u>	<u>\$ 52,202,236</u>	<u>\$ 4,721,675</u>	9%

Overall General Fund expenditures increased 9% from the previous year. Major causes of the increase in the current year were contractual salary increases, employee benefit costs, plant maintenance and capital outlay project costs. These increases were offset with decreases in the current year from energy and out of district tuition costs.

SOUTH PLAINFIELD BOARD OF EDUCATION

**Management's Discussion and Analysis
Year Ended June 30, 2013**

THE SCHOOL DISTRICT'S FUNDS (Continued)

For the 2013 school year, General Fund revenues and other financing sources exceeded expenditures by \$1,324,562. Total fund balance increased to \$6,514,021 at June 30, 2013. After deducting fund balances restricted, committed and assigned, the unassigned fund balance decreased from \$69,032 at June 30, 2012 to \$52,506 at June 30, 2013. Consequently restricted fund balances increased \$1,351,439 at June 30, 2013.

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 and encumbrance accounting basis. The most significant budgeted fund is the General Fund.

During the course of the 2013 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, 2013, General Fund budgetary revenues and other financing sources exceeded expenditures increasing budgetary fund balance by \$1,411,104 from the previous year. After deducting fund balances restricted, committed and assigned, the unassigned budgetary fund balance increased \$70,010 from \$982,112 at June 30, 2012 to \$1,052,128 at June 30, 2013.

CAPITAL ASSETS

At the end of fiscal years 2013 and 2012, the School District had \$18,263,310 and \$17,081,439 invested in land, land improvements, buildings, machinery and equipment, net of accumulated depreciation. Depreciation charges for the fiscal years 2013 and 2012 were \$1,333,803 and \$1,139,227 for governmental activities, respectively, and \$41,939 and \$10,828 for business-type activities, respectively.

**Capital Assets at June 30, 2013 and 2012
(Net of Accumulated Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 1,265,266	\$ 1,265,266			\$ 1,265,266	\$ 1,265,266
Land Improvements	1,121,663	1,218,672			1,121,663	1,218,672
Building and Improvements	13,117,912	12,074,464			13,117,912	12,074,464
Machinery and Equipment	<u>2,581,204</u>	<u>2,303,833</u>	\$ 177,265	\$ 219,204	<u>2,758,469</u>	<u>2,523,037</u>
Total Capital Assets, Net	<u>\$ 18,086,045</u>	<u>\$ 16,862,235</u>	<u>\$ 177,265</u>	<u>\$ 219,204</u>	<u>\$ 18,263,310</u>	<u>\$ 17,081,439</u>

SOUTH PLAINFIELD BOARD OF EDUCATION

Management's Discussion and Analysis Year Ended June 30, 2013

LONG-TERM LIABILITIES

At June 30, 2013, the School District had \$10,056,678 as outstanding debt consisting of \$1,016,678 for compensated absences, and \$9,040,000 of serial bonds for school construction projects. The following is a comparison of the June 30, 2013 and 2012 balances:

Outstanding Long-Term Liabilities At June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Bonds Payable	\$ 9,040,000	\$ 9,765,000
Compensated Absences	<u>1,016,678</u>	<u>920,957</u>
Total	<u>\$ 10,056,678</u>	<u>\$ 10,685,957</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 2013-2014 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 2013-2014. Budgeted expenditures in the General Fund increased approximately 3 percent to \$54,322,717 for fiscal year 2013-2014.

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 POSITION
AS OF JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,084,608	\$ 1,421,906	\$ 4,506,514
Receivables, Net	3,798,885	151,676	3,950,561
Internal Balances	-	-	-
Inventory		32,674	32,674
Capital Assets, Not Being Depreciated	1,265,266		1,265,266
Capital Assets, Being Depreciated, Net	<u>16,820,779</u>	<u>177,265</u>	<u>16,998,044</u>
Total Assets	<u>24,969,538</u>	<u>1,783,521</u>	<u>26,753,059</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding of Debt	<u>443,673</u>	-	<u>443,673</u>
Total Deferred Outflows of Resources	<u>443,673</u>	-	<u>443,673</u>
Total Assets and Deferred Outflows of Resources	<u>25,413,211</u>	<u>1,783,521</u>	<u>27,196,732</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	225,273	264,081	489,354
Payable to Other Governments	24,637		24,637
Unearned Revenue	118,974		118,974
Accrued Interest Payable	174,700		174,700
Noncurrent Liabilities			
Due within one year	845,000		845,000
Due beyond one year	<u>9,667,416</u>	-	<u>9,667,416</u>
Total Liabilities	<u>11,056,000</u>	<u>264,081</u>	<u>11,320,081</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>-</u>	<u>3,241</u>	<u>3,241</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>3,241</u>	<u>3,241</u>
Total Liabilities and Deferred Inflows of Resources	<u>11,056,000</u>	<u>267,322</u>	<u>11,323,322</u>
NET POSITION			
Net Investment in Capital Assets	9,033,980	177,265	9,211,245
Restricted for:			
Capital Projects	3,039,696		3,039,696
Plant Maintenance	449,481		449,481
Debt Service	588		588
Unrestricted	<u>1,833,466</u>	<u>1,338,934</u>	<u>3,172,400</u>
Total Net Position	<u>\$ 14,357,211</u>	<u>\$ 1,516,199</u>	<u>\$ 15,873,410</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, 2013**

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	\$ 25,895,594	\$ -	\$ 3,927,274	\$ -	\$ (21,968,320)	\$ -	\$ (21,968,320)
Special Education	8,361,993	-	3,962,975	21,856	(4,377,162)	-	(4,377,162)
Other Instruction	1,122,688	-	476,594	-	(646,094)	-	(646,094)
School Sponsored Activities and Athletics	1,312,462	-	-	-	(1,312,462)	-	(1,312,462)
Support Services:							
Student & Instruction Related Services	7,591,031	-	610,508	-	(6,980,523)	-	(6,980,523)
General Administrative Services	1,906,861	-	-	-	(1,906,861)	-	(1,906,861)
School Administrative Services	2,937,397	-	307,642	-	(2,629,755)	-	(2,629,755)
Central and Other Support Services	1,570,824	-	-	-	(1,570,824)	-	(1,570,824)
Plant Operations and Maintenance	4,775,302	202,237	84,549	-	(4,690,753)	-	(4,690,753)
Pupil Transportation	2,377,641	-	122,420	-	(2,052,984)	-	(2,052,984)
Interest on Debt	378,663	-	-	-	(378,663)	-	(378,663)
Total Governmental Activities	58,230,456	202,237	9,491,962	21,856	(48,514,401)	-	(48,514,401)
Business-Type Activities:							
Food Service	1,237,900	704,980	491,431	-	-	\$ (41,489)	(41,489)
Preschool Program	267,259	274,011	-	-	-	6,752	6,752
Latchkey Program	390,769	421,823	-	-	-	31,054	31,054
Adult Education Program	176,723	224,107	-	-	-	47,384	47,384
Total Business-Type Activities	2,072,651	1,624,921	491,431	-	-	43,701	43,701
Total Primary Government	\$ 60,303,107	\$ 1,827,158	\$ 9,983,393	\$ 21,856	(48,514,401)	43,701	(48,470,700)

SOUTH PLAINFIELD BOARD OF EDUCATION
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Net (Expense) Revenue and Changes in Net Assets		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, levied for general purposes	\$ 41,446,285	\$	41,446,285
Property Taxes, levied for debt service purposes	1,113,113		1,113,113
State Aid - Unrestricted	6,616,348		6,616,348
Miscellaneous Income	840,148	-	840,148
Total General Revenues	<u>50,015,894</u>	<u>-</u>	<u>50,015,894</u>
Change in Net Position	1,501,493	\$ 43,701	1,545,194
Net Position, Beginning of Year (Restated)	<u>12,855,718</u>	<u>1,472,498</u>	<u>14,328,216</u>
Net Position, End of Year	<u>\$ 14,357,211</u>	<u>\$ 1,516,199</u>	<u>\$ 15,873,410</u>

FUND FINANCIAL STATEMENTS

SOUTH PLAINFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013

	<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	\$ 3,063,098	\$ 20,922	-	\$ 588	\$ 3,084,608
Receivables From Other Governments	<u>3,665,169</u>	<u>133,716</u>	<u>-</u>	<u>-</u>	<u>3,798,885</u>
Total Assets	<u>\$ 6,728,267</u>	<u>\$ 154,638</u>	<u>\$ -</u>	<u>\$ 588</u>	<u>\$ 6,883,493</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 214,246	\$ 3,517			\$ 217,763
Payable to State Government		24,637			24,637
Other Liabilities	-	7,510			7,510
Unearned Revenue	<u>-</u>	<u>118,974</u>	<u>-</u>	<u>-</u>	<u>118,974</u>
Total Liabilities	<u>214,246</u>	<u>154,638</u>	<u>-</u>	<u>-</u>	<u>368,884</u>
Fund Balances:					
Restricted					
Capital Reserve	3,039,696				3,039,696
Maintenance Reserve	449,481				449,481
Emergency Reserve	196,533				196,533
Reserved Excess Surplus	906,745				906,745
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	775,393				775,393
Debt Service				\$ 588	588
Committed					
Year End Encumbrances	204,600				204,600
Insurance Proceeds	24,000				24,000
Assigned					
Year End Encumbrances	365,067				365,067
Designated for Subsequent Year's Expenditures	-				
Unassigned	500,000				500,000
	<u>52,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,506</u>
Total Fund Balances	<u>6,514,021</u>	<u>-</u>	<u>-</u>	<u>588</u>	<u>6,514,609</u>
Total Liabilities and Fund Balances	<u>\$ 6,728,267</u>	<u>\$ 154,638</u>	<u>\$ -</u>	<u>\$ 588</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$44,044,312 and the accumulated depreciation is \$25,958,267. 18,086,045

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 443,673

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (174,700)

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, Net	\$ 9,495,738	
Compensated Absences	<u>1,016,678</u>	<u>(10,512,416)</u>

Net position of governmental activities \$ 14,357,211

**SOUTH PLAINFIELD BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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	\$ 41,446,285			\$ 1,113,113	\$ 42,559,398
Transportation Fees	202,237				202,237
Miscellaneous	840,148	\$ 30,010	-	-	870,158
Total - Local Sources	42,488,670	30,010	-	1,113,113	43,631,793
State Sources	14,636,882	215,547			14,852,429
Federal Sources	37,373	1,210,354	-	-	1,247,727
Total Revenues	57,162,925	1,455,911	-	1,113,113	59,731,949
EXPENDITURES					
Current					
Instruction					
Regular	25,280,861	124,151			25,405,012
Special Education	7,056,396	852,303			7,908,699
Other Instruction	765,540	355,551			1,121,091
School Sponsored Activities and Athletics	1,302,039				1,302,039
Support Services					
Student & Instruction Related Services	7,257,727	102,050			7,359,777
General Administrative Services	1,291,734		600,060		1,891,794
School Administrative Services	2,931,523				2,931,523
Central and Other Support Services	1,568,005				1,568,005
Plant Operations and Maintenance	4,764,414				4,764,414
Pupil Transportation	2,169,915				2,169,915
Debt Service					
Principal				725,000	725,000
Interest				387,525	387,525
Capital Outlay	2,535,757	21,856	-	-	2,557,613
Total Expenditures	56,923,911	1,455,911	600,060	1,112,525	60,092,407
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	239,014	-	(600,060)	588	(360,458)
Other Financing Sources (Uses)					
Operating Transfer In	1,085,548				1,085,548
Operating Transfer Out	-	-	(1,085,548)	-	(1,085,548)
Total Other Financing Sources (Uses)	1,085,548	-	(1,085,548)	-	-
Net Change in Fund Balances	1,324,562	-	(1,685,608)	588	(360,458)
Fund Balance, Beginning of Year	5,189,459	-	\$ 1,685,608	-	6,875,067
Fund Balance, End of Year	<u>\$ 6,514,021</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588</u>	<u>\$ 6,514,609</u>

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, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (360,458)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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 capital outlays exceeded depreciation in the period.

Capital Outlays	\$	2,557,613	
Depreciation Expense		<u>(1,333,803)</u>	
			1,223,810

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Serial Bonds			725,000
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Governmental funds report the effect of premiums and other such items related to the refunding bonds when they are issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Amounts on Refunding		(96,452)	
Amortization of Bond Premium		<u>99,075</u>	
			2,623

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 addition to the reconciliation.

Decrease in Accrued Interest			6,239
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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 (+).

Increase in Compensated Absences			<u>(95,721)</u>
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Change in net position of governmental activities (Exhibit A-2)			<u><u>\$ 1,501,493</u></u>
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**SOUTH PLAINFIELD BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2013**

	Business-Type Activities Enterprise Funds				Total
	Food Service	Preschool Program	Latchkey Program	Adult Education Program	
ASSETS					
Cash and Cash Equivalents	\$ 129,083	\$ 323,686	\$ 605,637	\$ 363,500	\$ 1,421,906
Intergovernmental Receivable					
State	2,708				2,708
Federal	85,727				85,727
Accounts Receivable	55,650	1,075	6,516		63,241
Due from Other Funds	-				-
Inventories	32,674	-	-	-	32,674
Total Current Assets	<u>305,842</u>	<u>324,761</u>	<u>612,153</u>	<u>363,500</u>	<u>1,606,256</u>
Capital Assets					
Equipment	377,880	57,421	95,200		530,501
Accumulated Depreciation	<u>(322,712)</u>	<u>(11,484)</u>	<u>(19,040)</u>	-	<u>(353,236)</u>
Total Capital Assets, Net	<u>55,168</u>	<u>45,937</u>	<u>76,160</u>	-	<u>177,265</u>
Total Assets	<u>\$ 361,010</u>	<u>\$ 370,698</u>	<u>\$ 688,313</u>	<u>\$ 363,500</u>	<u>\$ 1,783,521</u>
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 264,081		-		\$ 264,081
Due to Other Funds					-
Unearned Revenue	-	-	-	-	-
Total Current Liabilities	<u>264,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,081</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Commodities Revenue	3,241	-	-	-	3,241
Total Liabilities and Deferred Inflows of Resources	<u>267,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>267,322</u>
NET POSITION					
Net Investment in Capital Assets	55,168	\$ 45,937	\$ 76,160		177,265
Unrestricted	<u>38,520</u>	<u>324,761</u>	<u>612,153</u>	<u>\$ 363,500</u>	<u>1,338,934</u>
Total Net Position	<u>\$ 93,688</u>	<u>\$ 370,698</u>	<u>\$ 688,313</u>	<u>\$ 363,500</u>	<u>\$ 1,516,199</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 POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Funds				Total
	Food Service	Preschool Program	Latchkey Program	Adult Education Program	
OPERATING REVENUES					
Local Sources					
Daily Sales-Reimbursable Programs					
School Lunch Program	\$ 399,056				\$ 399,056
School Breakfast Program	20,189				20,189
Daily Sales Non-Reimbursable Programs	285,735				285,735
Program Fees	-	\$ 274,011	\$ 421,823	\$ 224,107	919,941
Total Operating Revenues	<u>704,980</u>	<u>274,011</u>	<u>421,823</u>	<u>224,107</u>	<u>1,624,921</u>
OPERATING EXPENSES					
Salaries and Benefits	598,163	237,718	330,540	40,500	1,206,921
Cost of Sales	447,040				447,040
Supplies and Materials	74,651	6,594	7,823	1,985	91,053
Management and Administration Fees	61,980				61,980
Other Purchased Services	44,651	11,463	33,366	134,238	223,718
Depreciation	11,415	11,484	19,040	-	41,939
Total Operating Expenses	<u>1,237,900</u>	<u>267,259</u>	<u>390,769</u>	<u>176,723</u>	<u>2,072,651</u>
Operating Income (Loss)	<u>(532,920)</u>	<u>6,752</u>	<u>31,054</u>	<u>47,384</u>	<u>(447,730)</u>
Nonoperating Revenues					
State Sources					
State School Lunch Program	12,950				12,950
Federal Sources					
School Breakfast Program	31,230				31,230
National School Lunch Program	447,251	-	-	-	447,251
Total Nonoperating Revenues	<u>491,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,431</u>
Changes in Net Position	(41,489)	6,752	31,054	47,384	43,701
Total Net Position, Beginning of Year	<u>135,177</u>	<u>363,946</u>	<u>657,259</u>	<u>316,116</u>	<u>1,472,498</u>
Total Net Position, End of Year	<u>\$ 93,688</u>	<u>\$ 370,698</u>	<u>\$ 688,313</u>	<u>\$ 363,500</u>	<u>\$ 1,516,199</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, 2013**

**Business-Type Activities
Enterprise Funds**

	<u>Food Service</u>	<u>Preschool Program</u>	<u>Latchkey Program</u>	<u>Adult Education Program</u>	<u>Total</u>
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 704,980	\$ 273,686	\$ 425,315	\$ 224,107	\$ 1,628,088
Cash Payments for Employees Salaries & Benefits	(598,163)	(237,718)	(330,540)	(40,500)	(1,206,921)
Cash Payments to Suppliers for Goods and Services	(407,896)	(18,057)	(41,229)	(136,223)	(603,405)
Net Cash Provided by (Used for) Operating Activities	(301,079)	17,911	53,546	47,384	(182,238)
Cash Flows from Noncapital Financing Activities					
Cash Received from Other Funds	84,350				84,350
Cash Received from State and Federal Subsidy Reimbursements	442,271	-	-	-	442,271
Net Cash Provided by Noncapital Financing Activities	526,621	-	-	-	526,621
Net Increase in Cash and Cash Equivalents	225,542	17,911	53,546	47,384	344,383
Cash and Cash Equivalents, (Overdraft), Beginning of Year	(96,459)	305,775	552,091	316,116	1,077,523
Cash and Cash Equivalents, End of Year	<u>\$ 129,083</u>	<u>\$ 323,686</u>	<u>\$ 605,637</u>	<u>\$ 363,500</u>	<u>\$ 1,421,906</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	\$ (532,920)	\$ 6,752	\$ 31,054	\$ 47,384	\$ (447,730)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities					
Depreciation	11,415	11,484	19,040		41,939
Non-Cash Federal Assistance-Food Distribution Program	70,439				70,439
Change in Assets and Liabilities					
(Increase)/Decrease in Accounts Receivable	(5,981)	(325)	3,492		(2,814)
Increase/(Decrease) in Accounts Payable	165,015		(40)		164,975
(Increase)/Decrease in Inventory	(8,400)				(8,400)
Increase/(Decrease) in Deferred Commodities Revenue	(647)	-	-	-	(647)
Total Adjustments	231,841	11,159	22,492	-	265,492
Net Cash Provided by/(Used For) Operating Activities	<u>\$ (301,079)</u>	<u>\$ 17,911</u>	<u>\$ 53,546</u>	<u>\$ 47,384</u>	<u>\$ (182,238)</u>
Non-Cash Investing, Capital and Financing Activities:					
Value Received - Food Distribution Program	\$ 69,792				

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

SOUTH PLAINFIELD BOARD OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2013

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 582,161	\$ 386,430
Total Assets	<u>\$ 582,161</u>	<u>\$ 386,430</u>
LIABILITIES		
Due to Student Groups		99,255
Intergovernmental Accounts Payable	5,329	
Payroll Deductions and Withholdings		285,759
Accrued Salaries and Wages	<u>-</u>	<u>1,416</u>
Total Liabilities	<u>5,329</u>	<u>\$ 386,430</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 576,832</u>	

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 POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
District	\$ 61,368
Employee	48,765
	110,133
Total Contributions	110,133
Investment Earnings	-
Total Additions	110,133
DEDUCTIONS	
Unemployment Claims	47,668
Total Deductions	47,668
Change in Net Position	62,465
Net Position, Beginning of Year	514,367
Net Position, End of Year	\$ 576,832

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

NOTES TO THE FINANCIAL STATEMENTS

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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. New Accounting Standards

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

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

SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

The *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.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

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 throughout the year.

Additionally, the government reports the following fund types:

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.

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".

D. Measurement Focus and Basis of Accounting

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

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property taxes, 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.

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.

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.

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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.

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the *deferred charges on refunding of debt* which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. It is the *deferred commodities revenue*, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused 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.

7. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net Position/Fund Balance

District-Wide Statements

In the district-wide statements, there are three classes of net position:

SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

District-Wide Statements (Continued)

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted net position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

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.

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, 2013 audited excess surplus that is required to be appropriated in the 2014/2015 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, 2012 audited excess surplus that was appropriated in the 2013/2014 original budget certified for taxes.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Insurance Proceeds – Represents funds received for damage incurred as a result of Hurricane Sandy whereby replacement items have not yet been purchased as of June 30.

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2013/2014 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.

9. Reclassifications

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund, of the preschool, latchkey and adult education 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.

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.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. 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; therefore voter approval of the annual budget is not required.

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 2012/2013. During 2012/2013 the Board increased the original budget by \$1,820,019. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year authorized and approved additional fund balance appropriations of \$697,452 were made from capital reserve in the general fund.

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.

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 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2013 is as follows:

Balance, July 1, 2012		\$ 1,251,600
Increased by:		
Transferred from Capital Projects Fund	\$ 1,085,548	
Deposits Approved by Board Resolution	<u>1,400,000</u>	
		<u>2,485,548</u>
		3,737,148
Withdrawals		
Approved by Board Resolution		<u>697,452</u>
Balance, June 30, 2013		<u>\$ 3,039,696</u>

D. Transfers to Capital Outlay

During the 2012/2013 school year, the district transferred \$880,984 to the non-equipment capital outlay accounts. The transfers were made from the capital reserve and other available budget line account balances to supplement capital projects approved by the Board in the original budget certified for taxes.

E. 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, 2013 is \$1,682,138. Of this amount, \$775,393 was designated and appropriated in the 2013/2014 original budget certified for taxes and the remaining amount of \$906,745 will be appropriated in the 2014/2015 original budget certified for taxes.

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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 for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$5,475,105 and bank and brokerage firm balances of the Board's deposits amounted to \$7,224,254. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>7,224,254</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 none of the Board's bank balances were exposed to custodial credit risk as follows:

As of June 30, 2013, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2013 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>Food Service</u>	<u>Preschool Program</u>	<u>Latchkey Program</u>	<u>Total</u>
Receivables:						
Intergovernmental:						
Local	\$ 3,546,627	\$ 7,116				\$ 3,553,743
State	117,688	-	\$ 2,708			120,396
Federal	854	126,600	85,727			213,181
Accounts	<u>-</u>	<u>-</u>	<u>55,650</u>	<u>\$ 1,075</u>	<u>\$ 6,516</u>	<u>63,241</u>
Gross Receivables	3,665,169	133,716	144,085	1,075	6,516	3,950,561
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 3,665,169</u>	<u>\$ 133,716</u>	<u>\$ 144,085</u>	<u>\$ 1,075</u>	<u>\$ 6,516</u>	<u>\$ 3,950,561</u>

C. Unearned Revenue

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

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 108,447
Grant Draw Downs Reserved for Encumbrances	<u>10,527</u>
	<u>\$ 118,974</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance, <u>July 1, 2012</u> (As Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2013</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,265,266	-	-	\$ 1,265,266
Total Capital Assets, Not Being Depreciated	<u>1,265,266</u>	<u>-</u>	<u>-</u>	<u>1,265,266</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	31,730,068	\$ 1,775,905		33,505,973
Land Improvements	2,858,387			2,858,387
Machinery and Equipment	5,632,978	781,708	-	6,414,686
Total Capital Assets Being Depreciated	<u>40,221,433</u>	<u>2,557,613</u>	<u>-</u>	<u>42,779,046</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(19,655,604)	(732,457)		(20,388,061)
Land Improvements	(1,639,715)	(97,009)		(1,736,724)
Machinery and Equipment	(3,329,145)	(504,337)	-	(3,833,482)
Total Accumulated Depreciation	<u>(24,624,464)</u>	<u>(1,333,803)</u>	<u>-</u>	<u>(25,958,267)</u>
Total Capital Assets, Being Depreciated, Net	<u>15,596,969</u>	<u>1,223,810</u>	<u>-</u>	<u>16,820,779</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,862,235</u>	<u>\$ 1,223,810</u>	<u>\$ -</u>	<u>\$ 18,086,045</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance,</u> <u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30, 2013</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 530,501	\$ -	-	\$ 530,501
Total Capital Assets Being Depreciated	<u>530,501</u>	<u>-</u>	<u>-</u>	<u>530,501</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(311,297)</u>	<u>(41,939)</u>	-	<u>(353,236)</u>
Total Accumulated Depreciation	<u>(311,297)</u>	<u>(41,939)</u>	<u>-</u>	<u>(353,236)</u>
Total Capital Assets, Being Depreciated, Net	<u>219,204</u>	<u>(41,939)</u>	<u>-</u>	<u>177,265</u>
Business-Type Activities Capital Assets, Net	<u>\$ 219,204</u>	<u>\$ (41,939)</u>	<u>\$ -</u>	<u>\$ 177,265</u>

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

Governmental Activities:

Instruction		
Regular		\$ 440,356
Special		440,356
School Sponsored Activities and Athletics		<u>7,774</u>
Total Instruction		<u>888,486</u>
Support Services		
Student and Instruction Related		217,045
General Administration		13,963
Operations and Maintenance of Plant		9,907
Student Transportation		<u>204,402</u>
Total Support Services		<u>445,317</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 1,333,803</u>
Business-Type Activities:		
Food Service Fund		\$ 11,415
Preschool Fund		11,484
Latchkey Fund		<u>19,040</u>
Food Service Fund		<u>\$ 41,939</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects at June 30, 2013 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
High School Gym Floor Replacement	<u>\$ 204,600</u>

Asset Impairment and Insurance Proceeds

Insurance Proceeds

The District had insurance policies in effect at the time of the hurricane for comprehensive property damage (including flood), casualty, business interruption and other coverages. As of June 30, 2013, the insurers have remitted \$99,384. These funds are recorded as revenue in the General Fund as of June 30, 2013. A portion of these funds have been committed by the District to be used for the replacement of equipment destroyed by the hurricane damage. As of June 30, 2013, \$24,000 of the proceeds are unspent and have been reported as Committed Fund Balance as the District has constrained these funds to be used to replace the items specified in the insurance claim. The District estimates that a significant portion of the hurricane related losses will be covered through grants from the Federal Emergency Management Association (FEMA), potential grants from other Federal and/or State agencies and through additional insurance recoveries.

E. Interfund Receivables, Payables, and Transfers

There were no interfund balances as of June 30, 2013.

Interfund Transfers

	<u>Transfer In:</u>
	General Fund
Transfer Out:	
Capital Projects Fund	<u>\$ 1,085,548</u>

The above transfer is the result of the local share of unspent Capital Project Fund appropriations due back to the General Fund.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2013 were \$11,267. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 11,267
2015	11,267
2016	11,267
2017	<u>6,686</u>
Total	<u>\$ 40,487</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. 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, 2013 are comprised of the following issues:

\$9,765,000, 2009 Refunding Bonds, due in annual installments of \$845,000 to \$1,195,000 through July 15, 2021, interest at 2.00% to 5.00%	<u>\$9,040,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Year Ended June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2014	845,000	372,612	\$ 1,217,612
2015	870,000	346,562	1,216,562
2016	910,000	308,588	1,218,588
2017	960,000	264,238	1,224,238
2018	995,000	225,287	1,220,287
2019-2022	<u>4,460,000</u>	<u>447,406</u>	<u>4,907,406</u>
	<u>\$ 9,040,000</u>	<u>\$ 1,964,693</u>	<u>\$ 11,004,693</u>

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 155,468,274
Less: Net Debt	<u>9,040,000</u>
Remaining Borrowing Power	<u>\$ 146,428,274</u>

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance, July 1, 2011 <u>(As Restated)</u>	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2013	Due Within <u>One Year</u>
Governmental Activities:					
Serial Bonds Payable	\$ 9,765,000		\$ 725,000	\$ 9,040,000	\$ 845,000
Add: Premium	<u>554,813</u>	-	<u>99,075</u>	<u>455,738</u>	-
Total Bonds Payable	10,319,813	-	824,075	9,495,738	-
Compensated Absences	<u>920,957</u>	<u>\$ 95,721</u>	-	<u>1,016,678</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 11,240,770</u>	<u>\$ 95,721</u>	<u>\$ 824,075</u>	<u>\$ 10,512,416</u>	<u>\$ -</u>

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.

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District is a member of the New Jersey School Board Insurance Group (NJSBAIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group 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.

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>
2013	\$ 61,368	\$ 48,765	\$ 47,668	\$ 576,832
2012	594,666	65,302	313,988	514,367
2011	172,215	51,291	250,436	168,112

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.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

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, 2013, 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, 2013, the District has not estimated its arbitrage earnings due to the IRS, if any.

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.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems 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.

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.

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

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS 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) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. 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 takes place in July of each subsequent fiscal year.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Significant Legislation (Continued)

- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 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, 2011 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 (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 percent for TPAF.

**SOUTH PLAINFIELD BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 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, 2013, 2012 and 2011 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:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 497,901	\$ 1,680,144	None
2012	507,365	831,948	None
2011	469,295	77,883	None

The State contributed \$1,680,144 and \$831,948 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$77,883 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,912,047 during the year ended June 30, 2013 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.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

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.

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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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 FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 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, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. 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, 2013, 2012 and 2011 were \$1,899,818, \$1,672,431 and \$1,654,236, 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.

F. Hurricane Sandy

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The District has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the District has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of June 30, 2013. As of June 30, 2013, the District has not received any FEMA reimbursements relating to Hurricane Sandy.

NOTE 5 RESTATEMENT

On July 1, 2012, the South Plainfield Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". In previously issued financial statements the South Plainfield Board of Education did not record the deferred amounts on refunding of debt and the original issue premium on its 2009 Refunding Bonds. In addition an independent appraisal company completed an update to the District's governmental activities capital assets as of June 30, 2012 which resulted in a decrease in the amounts reported in the previously issued financial statements for the fiscal year ended June 30, 2012. The District has determined that the effect of implementing the new accounting changes and recording the amounts related to its 2009 refunding bonds and government activities capital assets as of June 30, 2012 is as follows:

**SOUTH PLAINFIELD BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 RESTATEMENT (Continued)

Statement of Net Position - June 30, 2012

	<u>Governmental Activities</u>		
	<u>As Originally Reported</u>	<u>As Adjusted</u>	<u>Effect of Change</u>
ASSETS			
Capital Assests, Being Depreciated, Net	\$ 16,848,787	15,596,969	\$ (1,251,818)
Total Capital Assets	18,114,053	\$ 16,862,235	(1,251,818)
Total Assets	25,546,403	24,294,585	(1,251,818)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts of Refunding	-	540,125	540,125
Total Deferred Outflows of Resources	-	540,125	540,125
Total Assets and Deferred Outflows of Resources	25,546,403	24,834,710	(711,693)
LIABILITIES			
Noncurrent Liabilities			
Due Beyond One Year	9,960,957	10,515,770	554,813
Total Noncurrent Liabilities	10,685,957	11,240,770	554,813
Total Liabilities	11,424,179	11,978,992	554,813
NET POSITION			
Net Investment in Capital Assets	8,349,053	7,082,547	(1,266,506)
Total Net Position	14,122,224	12,855,718	(1,266,506)

BUDGETARY COMPARISON SCHEDULES

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 41,446,285		\$ 41,446,285	\$ 41,446,285	
Transportation Fees	150,000		150,000	202,237	\$ 52,237
Miscellaneous	150,000	-	150,000	840,148	690,148
Total Local Revenues	41,746,285	-	41,746,285	42,488,670	742,385
State Sources					
Equalization Aid	6,655,445	-	6,655,445	6,655,445	-
Special Education Aid	2,205,235	-	2,205,235	2,205,235	-
Security Aid	93,359	-	93,359	93,359	-
Transportation Aid	109,239	-	109,239	109,239	-
Extraordinary Aid	150,000	-	150,000	144,647	(5,353)
Non-Public Transportation Aid		-		23,490	23,490
On Behalf TPAF Contributions (Non Budgeted)					
Pension Contribution - NCGI Premium				83,980	83,980
Pension Benefit Contribution				1,596,164	1,596,164
Post Retirement Medical Benefit Contribution				1,899,818	1,899,818
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,912,047	1,912,047
Total State Revenues	9,213,278	-	9,213,278	14,723,424	5,510,146
Federal Sources					
Education Jobs Fund	-	\$ 854	854	854	-
Medicaid Reimbursement	37,948	-	37,948	36,519	(1,429)
	37,948	854	38,802	37,373	(1,429)
Total Revenues	50,997,511	854	50,998,365	57,249,467	6,251,102
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Preschool	128,939	-	128,939	128,314	625
Kindergarten	1,026,699	(150,000)	876,699	875,413	1,286
Grades 1-5	5,825,201	202,432	6,027,633	6,001,880	25,753
Grades 6-8	4,094,342	(27,100)	4,067,242	4,047,172	20,070
Grades 9-12	5,325,548	(192,404)	5,133,144	5,020,784	112,360
Regular Programs - Home Instruction					
Salaries of Teachers	30,000	(10,392)	19,608	19,608	-
Purchased Professional/Educational Services		28,742	28,742	27,238	1,504
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	77,328	(52,432)	24,896	23,716	1,180
Purchased Professional/Educational Services	7,125	(2,250)	4,875	750	4,125
Purchased Technical Services	116,521	(15,000)	101,521	98,002	3,519
Other Purchased Services	110,538	6,686	117,224	98,691	18,533
General Supplies	503,171	347,416	850,587	793,747	56,840
Textbooks	13,670	318,640	332,310	118,855	213,455
Other Objects	4,535	-	4,535	3,355	1,180
Total Regular Programs	17,263,617	454,338	17,717,955	17,257,525	460,430
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	241,828	15,741	257,569	255,332	2,237
Other Salaries for Instruction	80,658	(80)	80,578	80,039	539
General Supplies	3,899	224	4,123	4,094	29
Total Learning / Language Disabilities	326,385	15,885	342,270	339,465	2,805

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 311,456	\$ (12,275)	\$ 299,181	\$ 298,178	\$ 1,003
Other Salaries for Instruction	78,872	(674)	78,198	75,186	3,012
General Supplies	6,527	-	6,527	3,559	2,968
Total Multiple Disabilities	<u>396,855</u>	<u>(12,949)</u>	<u>383,906</u>	<u>376,923</u>	<u>6,983</u>
Resource Room / Resource Center					
Salaries of Teachers	2,642,688	(151,223)	2,491,465	2,472,040	19,425
Other Salaries for Instruction	522,035	79,324	601,359	601,300	59
General Supplies	19,688	(300)	19,388	13,538	5,850
Total Resource Room / Resource Center	<u>3,184,411</u>	<u>(72,199)</u>	<u>3,112,212</u>	<u>3,086,878</u>	<u>25,334</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	165,138	(14,481)	150,657	150,381	276
Other Salaries for Instruction	201,234	8,944	210,178	209,978	200
General Supplies	2,858	830	3,688	3,275	413
Total Preschool Disabilities - Full - Time	<u>369,230</u>	<u>(4,707)</u>	<u>364,523</u>	<u>363,634</u>	<u>889</u>
Home Instruction					
Salaries of Teachers	30,000	(13,000)	17,000	9,448	7,552
Purchased Professional/Educational Services	-	26,000	26,000	25,298	702
Total Home Instruction	<u>30,000</u>	<u>13,000</u>	<u>43,000</u>	<u>34,746</u>	<u>8,254</u>
Total Special Education	<u>4,306,881</u>	<u>(60,970)</u>	<u>4,245,911</u>	<u>4,201,646</u>	<u>44,265</u>
Basic Skills/Remedial					
Salaries of Teachers	321,467	(100,000)	221,467	207,266	14,201
Total Basic Skills/Remedial	<u>321,467</u>	<u>(100,000)</u>	<u>221,467</u>	<u>207,266</u>	<u>14,201</u>
Bilingual Education					
Salaries of Teachers	274,628	-	274,628	272,551	2,077
Total Bilingual Education	<u>274,628</u>	<u>-</u>	<u>274,628</u>	<u>272,551</u>	<u>2,077</u>
School Sponsored Co-Curricular Activities					
Salaries	126,049	-	126,049	125,951	98
Supplies and Materials	19,700	6,444	26,144	15,185	10,959
Other Objects	7,195	-	7,195	5,175	2,020
Total School Sponsored Co-Curricular Activities	<u>152,944</u>	<u>6,444</u>	<u>159,388</u>	<u>146,311</u>	<u>13,077</u>
School Sponsored Athletics - Instruction					
Salaries	634,020	-	634,020	623,683	10,337
Purchased Services	140,858	(7,674)	133,184	105,615	27,569
Supplies and Materials	50,714	8,061	58,775	58,641	134
Other Objects	37,862	-	37,862	32,520	5,342
Total School Sponsored Athletics - Instruction	<u>863,454</u>	<u>387</u>	<u>863,841</u>	<u>820,459</u>	<u>43,382</u>
Total - Instruction	<u>23,182,991</u>	<u>300,199</u>	<u>23,483,190</u>	<u>22,905,758</u>	<u>577,432</u>

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Special Tuition to County Special Services - School Districts & Regional Day Schools	\$ 106,763	\$ (10,721)	\$ 96,042	\$ 88,904	\$ 7,138
Tuition to Private Schools - Disabled Within State	423,985	(78,263)	345,722	326,431	19,291
Tuition - State Facilities	468,460	(124,193)	344,267	280,543	63,724
Tuition - Other	40,000	58,255	98,255	95,012	3,243
	-	107,526	107,526	107,526	-
Total Undistributed Expenditures - Instruction	1,039,208	(47,396)	991,812	898,416	93,396
Attendance and Social Work Services					
Salaries	84,352	-	84,352	84,352	-
Total Attendance and Social Work Services	84,352	-	84,352	84,352	-
Health Services					
Salaries	673,458	7,445	680,903	680,903	-
Purchased Professional and Technical Services	11,840	(3,913)	7,927	7,458	469
Other Purchased Services	2,000	115	2,115	1,017	1,098
Supplies and Materials	18,828	(115)	18,713	15,383	3,330
Other Objects	805	-	805	711	94
Total Health Services	706,931	3,532	710,463	705,472	4,991
Speech, OT, PT and Related Services					
Salaries	496,026	18,400	514,426	511,295	3,131
Purchased Professional-Educational Services	386,059	(44,902)	341,157	280,755	60,402
Supplies and Materials	10,478	(2,098)	8,380	8,168	212
Total Speech, OT, PT and Related Services	892,563	(28,600)	863,963	800,218	63,745
Other Support Services-Students-Extra Services					
Salaries	135,287	56,520	191,807	189,464	2,343
Purchased Professional-Educational Services	230,000	(120,250)	109,750	91,275	18,475
Supplies and Materials	4,700	4,043	8,743	8,257	486
Total Other Support Services-Extra	369,987	(59,687)	310,300	288,996	21,304
Guidance					
Salaries of Other Professional Staff	981,965	(901)	981,064	980,309	755
Salaries of Secretarial and Clerical Assistants	134,044	901	134,945	134,944	1
Purchased Professional and Technical Services	2,125	-	2,125	1,732	393
Other Purchased Services	18,413	1,220	19,633	14,813	4,820
Supplies and Materials	24,760	21	24,781	19,552	5,229
Other Objects	2,150	-	2,150	900	1,250
Total Guidance	1,163,457	1,241	1,164,698	1,152,250	12,448
Child Study Team					
Salaries of Other Professional Staff	720,194	(20,776)	699,418	698,789	629
Salaries of Secretarial and Clerical Assistants	129,544	301	129,845	129,844	1
Other Salaries	123,833	14,143	137,976	104,923	33,053
Purchased Professional-Educational Services	27,000	(1,080)	25,920	13,566	12,354
Other Purchased Professional/Technical Services	5,000	-	5,000	3,518	1,482
Other Purchased Services	-	172	172	-	172
Miscellaneous Purchased Services	19,811	-	19,811	17,437	2,374
Supplies and Materials	15,000	(3,210)	11,790	10,107	1,683
Total Child Study Team	1,040,382	(10,450)	1,029,932	978,184	51,748

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	\$ 214,917	\$ 3,842	\$ 218,759	\$ 218,759	\$ -
Salaries of Secretarial and Clerical Assistants	32,613	(312)	32,301	32,301	-
Other Salaries	44,800	9,842	54,642	54,642	-
Other Purchased Services	6,942	2,153	9,095	9,092	3
Supplies and Materials	95,742	(7,528)	88,214	73,992	14,222
Other Objects	5,080	(1,482)	3,598	2,540	1,058
Total Improvement of Instruction Services	400,094	6,515	406,609	391,326	15,283
Educational Media Services/School Library					
Salaries	464,550	3,983	468,533	468,533	-
Purchased Professional and Technical Services	1,028	(10)	1,018	987	31
Other Purchased Services	37,066	575	37,641	36,802	839
Supplies and Materials	38,715	159	38,874	38,803	71
Total Educational Media Services/School Library	541,359	4,707	546,066	545,125	941
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	239,174	15,030	254,204	254,200	4
Salaries of Secretarial and Clerical Assistants	16,307	(306)	16,001	16,001	-
Purchased Professional-Educational Services	9,850	164	10,014	6,103	3,911
Other Purchased Services	21,250	264	21,514	19,730	1,784
Supplies and Materials	2,000	399	2,399	2,039	360
Other Objects	625	-	625	-	625
Total Instructional Staff Training Services	289,206	15,551	304,757	298,073	6,684
Support Services General Administration					
Salaries	365,689	(11,406)	354,283	354,283	-
Legal Services	224,620	(27,900)	196,720	196,720	-
Audit Fees	39,000	12,814	51,814	51,814	-
Architectural/Engineering Services	25,000	50,292	75,292	67,492	7,800
Other Purchased Professional Services	2,481	1,509	3,990	3,990	-
Communications/Telephone	92,038	48,719	140,757	140,757	-
BOE Other Purchased Services	14,700	(8,756)	5,944	5,944	-
Miscellaneous Purchased Services	240,394	(13,675)	226,719	226,705	14
General Supplies	10,610	(5,542)	5,068	4,324	744
BOE In House Training/Meeting Supplies	1,800	-	1,800	1,800	-
Judgements Against School Districts	-	5,771	5,771	5,771	-
Miscellaneous Expenditures	10,579	(5,283)	5,296	5,295	1
BOE Membership Dues and Fees	25,090	(2,269)	22,821	22,821	-
Total Support Services General Administration	1,052,001	44,274	1,096,275	1,087,716	8,559
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,445,789	11,405	1,457,194	1,402,351	54,843
Salaries of Secretarial and Clerical Assistants	583,090	5,000	588,090	582,671	5,419
Other Purchased Services	41,473	945	42,418	38,272	4,146
Supplies and Materials	31,147	3,658	34,805	31,105	3,700
Other Objects	8,517	-	8,517	3,424	5,093
Total Support Services School Administration	2,110,016	21,008	2,131,024	2,057,823	73,201

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Central Services					
Salaries	\$ 567,040	\$ 8,300	\$ 575,340	\$ 575,028	\$ 312
Purchased Professional Services	42,400	(16,580)	25,820	15,100	10,720
Purchased Technical Services	15,500	-	15,500	11,710	3,790
Miscellaneous Purchased Services	87,000	5,548	92,548	80,983	11,565
Supplies and Materials	64,100	(20,462)	43,638	21,697	21,941
Other Objects	4,790	-	4,790	3,461	1,329
Total Central Services	780,830	(23,194)	757,636	707,979	49,657
Admin. Info. Tech					
Salaries	334,405	(4,500)	329,905	329,400	505
Purchased Technical Services	91,662	(23,061)	68,601	64,715	3,886
Other Purchased Services	1,500	-	1,500	1,459	41
General Supplies	7,184	81,685	88,869	88,769	100
Other Objects	68,500	(49,603)	18,897	18,897	-
Total Admin. Info. Tech	503,251	4,521	507,772	503,240	4,532
Required Maintenance for School Facilities					
Salaries	-	18,430	18,430	18,400	30
Cleaning, Repair & Maintenance Services	500,000	363,339	863,339	804,365	58,974
General Supplies	127,500	(25,884)	101,616	101,141	475
Total Required Maintenance for School Facilities	627,500	355,885	983,385	923,906	59,479
Custodial Services					
Salaries	242,296	11,035	253,331	252,610	721
Purchased Professional & Technical Services	90,500	39,550	130,050	100,088	29,962
Cleaning, Repair and Maintenance Services	1,522,500	(88,295)	1,434,205	1,433,941	264
Other Purchased Property Services	108,500	26,944	135,444	134,208	1,236
Insurance	119,593	13,261	132,854	132,854	-
General Supplies	35,500	9,839	45,339	45,338	1
Energy (Natural Gas)	450,000	63,195	513,195	355,047	158,148
Energy (Electricity)	850,000	20,330	870,330	767,163	103,167
Other Objects	14,508	(14,508)	-	-	-
Total Custodial Services	3,433,397	81,351	3,514,748	3,221,249	293,499
Care and Upkeep of Grounds					
Cleaning, Repair & Maintenance Services	453,000	(88,191)	364,809	356,933	7,876
General Supplies	36,500	53,053	89,553	80,771	8,782
Total Care and Upkeep of Grounds	489,500	(35,138)	454,362	437,704	16,658
Security					
Salaries	34,992	10,000	44,992	43,740	1,252
Purchased Professional & Technical Services	-	13,668	13,668	13,400	268
General Supplies	250	-	250	250	-
Total Security	35,242	23,668	58,910	57,390	1,520

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 131,075	\$ 24,000	\$ 155,075	\$ 154,536	\$ 539
Salaries for Pupil Transportation (Between Home and School) - Regular	475,110	5,827	480,937	473,956	6,981
Salaries for Pupil Transportation (Between Home and School) - Special	326,805	34,173	360,978	360,978	-
Salaries for Pupil Transportation (Other Than Between Home & School)	162,701	(85,000)	77,701	77,201	500
Cleaning, Repair and Maintenance Services	106,050	35,511	141,561	138,233	3,328
Contracted Services (Other Than Between Home and School) - Vendors	5,000	-	5,000	-	5,000
Contracted Services (Special Education Students) - Vendors	15,000	(5,000)	10,000	(18,152)	28,152
Contracted Services (Special Education Students) - Joint Agreements	120,000	7,650	127,650	55,682	71,968
Reimbursable Trips		11,180	11,180	11,180	-
Contracted Services (Spec Ed) - ESC's & CTSA's	188,300	(22,100)	166,200	146,738	19,462
Aid in Lieu Payments - NonPublic Schools	114,920	-	114,920	107,494	7,426
Aid in Lieu Payments - Charter Schools	2,652	(761)	1,891	-	1,891
Miscellaneous Purchased Services - Transportation	73,100	11,175	84,275	82,458	1,817
General Supplies	15,000	672	15,672	15,498	174
Transportation Supplies	141,760	(5,001)	136,759	136,402	357
Other Objects	5,500	4,450	9,950	6,922	3,028
Total Student Transportation Services	1,882,973	16,776	1,899,749	1,749,126	150,623
Unallocated Benefits					
Social Security Contributions	644,000	-	644,000	504,813	139,187
Other Retirement Contributions - PERS	543,740	-	543,740	497,901	45,839
Unemployment Compensation	418,500	(286,434)	132,066	61,368	70,698
Workmen's Compensation	194,301	-	194,301	185,431	8,870
Health Benefits	8,612,459	(317,122)	8,295,337	7,683,827	611,510
Tuition Reimbursement	10,000	-	10,000	8,852	1,148
Other Employee Benefits	59,923	(16,790)	43,133	6,528	36,605
Total Unallocated Benefits	10,482,923	(620,346)	9,862,577	8,948,720	913,857
On Behalf TPAF Contributions (Non Budgeted)					
Pension Contribution - NCGI Premium		-		83,980	(83,980)
Pension Benefit Contribution				1,596,164	(1,596,164)
Post Retirement Medical Benefit Contribution		-		1,899,818	(1,899,818)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,912,047	(1,912,047)
Total On-Behalf Contributions	-	-	-	5,492,009	(5,492,009)
Total Undistributed Expenditures	27,925,172	(245,782)	27,679,390	31,329,274	(3,649,884)
Total Expenditures - Current Expenditures	51,108,163	54,417	51,162,580	54,235,032	(3,072,452)

SOUTH PLAINFIELD BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CAPITAL OUTLAY					
Equipment					
Grades 1-5		\$ 6,884	\$ 6,884	\$ 6,843	\$ 41
Grades 6-8		2,349	2,349	2,349	-
Support Services					
Admin. Info. Tech		312,743	312,743	312,743	-
Care and Upkeep of Grounds	\$ 60,000	78	60,078	60,078	-
Security		136,387	136,387	133,043	3,344
School Buses - Regular	105,000	(12,200)	92,800	92,800	-
School Buses - Special	65,000	50,681	115,681	59,011	56,670
Total Equipment	230,000	496,922	726,922	666,867	60,055
Facilities Acquisition and Construction Services					
Architectural/Engineer Services	44,434	23,851	68,285	68,285	-
Other Purchased Professional/Technical Svcs.	12,640	-	12,640	-	12,640
Construction Services	1,143,402	861,831	2,005,233	1,800,605	204,628
Miscellaneous	6,873	(4,698)	2,175	2,175	-
Other Objects	64,257	-	64,257	64,257	-
Total Facilities Acquis. and Const. Services	1,271,606	880,984	2,152,590	1,933,147	219,443
Total Capital Outlay	1,501,606	1,377,906	2,879,512	2,600,014	279,498
SPECIAL SCHOOLS					
Other Special Schools - Instruction					
Salaries of Teachers	-	42,000	42,000	32,400	9,600
Total Other Special Schools - Instruction	-	42,000	42,000	32,400	9,600
Other Special Schools - Support Services					
Other Salaries	-	-	-	-	-
Total Other Special Schools - Support Services	-	-	-	-	-
Total Other Special Schools	-	42,000	42,000	32,400	9,600
Total Special Schools	-	42,000	42,000	32,400	9,600
Charter Schools					
Transfer To Charter Schools	\$ 59,144	-	59,144	56,465	2,679
Total Transfer to Charter Schools	59,144	-	59,144	56,465	2,679
Total Expenditures	52,668,913	1,474,323	54,143,236	56,923,911	(2,780,675)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,671,402)	(1,473,469)	(3,144,871)	325,556	3,470,427
Other Financing Sources (Uses)					
Transfers In -Capital Projects Fund	-	-	-	1,085,548	1,085,548
Net Change in Fund Balances	(1,671,402)	(1,473,469)	(3,144,871)	1,411,104	4,555,975
Fund Balances, Beginning of Year	6,102,539	-	6,102,539	6,102,539	-
Fund Balances, End of Year	\$ 4,431,137	\$ (1,473,469)	\$ 2,957,668	\$ 7,513,643	\$ 4,555,975

SOUTH PLAINFIELD BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Recapitulation					
Restricted					
Capital Reserve				\$ 3,039,696	
Maintenance Reserve				449,481	
Emergency Reserve				196,533	
Reserved Excess Surplus				906,745	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				775,393	
Committed					
Year End Encumbrances				204,600	
Insurance Proceeds				24,000	
Assigned					
Year End Encumbrances				365,067	
Designated for Subsequent Year's Expenditures				500,000	
Unassigned				<u>1,052,128</u>	
				7,513,643	
Reconciliation to Governmental Funds Statements (GAAP)					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(999,622)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 6,514,021</u>	

SOUTH PLAINFIELD BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION JOBS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Federal Sources					
Education Jobs Fund	-	\$ 854	\$ 854	\$ 854	-
Total Revenues	-	854	854	854	-
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers Grades 9-12	-	854	854	854	-
Total Regular Programs	-	854	854	854	-
Total - Instruction	-	854	854	854	-
Total Expenditures - Current Expenditures	-	854	854	854	-
Total Expenditures	-	854	854	854	-
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, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 242,800	\$ 23,390	\$ 266,190	\$ 215,008	\$ (51,182)
Federal	1,256,557	274,546	1,531,103	1,217,425	(313,678)
Local Sources					
Miscellaneous	-	47,760	47,760	30,010	(17,750)
Total Revenues	<u>\$ 1,499,357</u>	<u>\$ 345,696</u>	<u>\$ 1,845,053</u>	<u>\$ 1,462,443</u>	<u>\$ (382,610)</u>
EXPENDITURES					
Instruction					
Salaries	\$ 452,057	\$ (209,629)	\$ 242,428	\$ 198,921	\$ 43,507
Other Salaries	16,700	(1,378)	15,322	457	14,865
Purchased Professional / Technical Services	125,000	52,799	177,799	130,522	47,277
Other Purchased Services	825,000	85,939	910,939	866,145	44,794
General Supplies	600	220,382	220,982	81,062	139,920
Textbooks	30,000	1,282	31,282	31,093	189
Total Instruction	<u>1,449,357</u>	<u>149,395</u>	<u>1,598,752</u>	<u>1,308,200</u>	<u>290,552</u>
Support Services - Instruction					
Salaries of Directors		7,600	7,600	-	7,600
Salaries of Other Professional Staff		2,925	2,925	-	2,925
Purchased Professional / Technical Services	35,000	56,162	91,162	56,511	34,651
Purchased Professional/Educational Services		28,603	28,603	28,603	-
Purchased Property Services		-	-	-	-
Other Purchased Services		23,055	23,055	7,378	15,677
Travel		100	100	-	100
Supplies and Materials	-	27,169	27,169	9,558	17,611
Total Support Services	<u>35,000</u>	<u>145,614</u>	<u>180,614</u>	<u>102,050</u>	<u>78,564</u>
Unallocated Employee Benefits	-	37,707	37,707	30,337	7,370
Facilities Acquisition and Construction					
Facilities Acquisition and Construction Services		2,000	2,000	-	2,000
Instructional Equipment	15,000	10,980	25,980	21,856	4,124
Total Facilities Acq. & Construction	<u>15,000</u>	<u>12,980</u>	<u>27,980</u>	<u>21,856</u>	<u>6,124</u>
Total Expenditures	<u>1,499,357</u>	<u>345,696</u>	<u>1,845,053</u>	<u>1,462,443</u>	<u>382,610</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, 2013**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 57,249,467	\$ 1,462,443
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2012-2013)	(999,622)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2011-2012)	913,080	-
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2013		(10,527)
Encumbrances, June 30, 2012	-	3,995
	-----	-----
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 57,162,925</u>	<u>\$ 1,455,911</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 56,923,911	\$ 1,462,443
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, 2013		(10,527)
Encumbrances , June 30, 2012	-	3,995
	-----	-----
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 56,923,911</u>	<u>\$ 1,455,911</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, 2013

	Chapter 192										Chapter 193		Other (Exhibit E-1b)	Total 2013
	Other Local Programs	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Compensatory Education	Nonpublic English as a Second Language	Nonpublic Transportation	Nonpublic Exam & Classification	Nonpublic Corrective Speech	Nonpublic Summ. Inst.	Preschool Education Aid	Planning for the Nonpublic Technology			
REVENUES														
Intergovernmental														
State														
Federal														
Other Sources	\$ 30,010	-	-	43,476	21,657	7,718	-	-	-	-	-	-	-	-
Total Revenues	\$ 30,010	\$ 31,093	\$ 42,229	\$ 43,476	\$ 21,657	\$ 7,718	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,217,425
														30,010
														\$ 1,217,425
														\$ 1,217,425
														\$ 1,462,443
EXPENDITURES														
Instruction														
Salaries	\$ 332													\$ 198,921
Other Salaries														457
Purchased Professional / Technical Services														130,522
Other Purchased Services														866,145
General Supplies	7,012													81,062
Textbooks	-	\$ 31,093	-	-	-	-	-	-	-	-	-	-	-	31,093
Total Instruction	7,344	31,093	-	43,476	21,657	7,718	-	-	-	-	-	-	-	1,508,200
Support Services														
Personal Services Employee-Benefits														
Purchased Professional / Technical Services			\$ 42,229											30,337
Purchased Professional/Educational Services														56,511
Other Purchased Professional Services														28,603
Purchased Property Services														-
Other Purchased Services														7,378
Supplies and Materials	810													8,748
Total Support Services	810	-	42,229	-	-	-	-	-	-	-	-	-	-	9,558
Facilities Acquisition and Construction														
Instructional Equipment														
Total Facilities Acq. & Construction	21,856	-	-	-	-	-	-	-	-	-	-	-	-	21,856
Total Expenditures	\$ 30,010	\$ 31,093	\$ 42,229	\$ 43,476	\$ 21,657	\$ 7,718	\$ -	\$ 9,374	\$ 9,713	\$ 26,255	\$ 11,389	\$ 1,217,425	\$ 1,462,443	

SOUTH PLAINFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	IDEA - Basic		NCLE Title I		IDEA - Preschool	Race to The Top	NCLE Title IA		Title III Emergency Immigrant		NCLB Title III 2011/2012	NCLB Title III 2012/2013	Total Exhibit E-1b
	2012/2013	2011/2012	2012/2013	2011/2012			2012/2013	2011/2012	2012/2013	2011/2012			
REVENUES													
Intergovernmental													
State													
Federal													
Other Sources													
	\$ 756,885	\$ 110,658	\$ 232,478	\$ 9,013	\$ 24,194	\$ 24,807	\$ 37,504	\$ 9,065	\$ 2,719	\$ 790	\$ 892	\$ 892	\$ 1,217,425
Total Revenues	\$ 756,885	\$ 110,658	\$ 232,478	\$ 9,013	\$ 24,194	\$ 24,807	\$ 37,504	\$ 9,065	\$ 2,719	\$ 790	\$ 892	\$ 892	\$ 1,217,425
EXPENDITURES													
Instruction													
Salaries	\$ 15,091	\$ 161,904					\$ 12,138					\$ 4,400	\$ 178,442
Purchased Professional / Technical Services	726,282	4,536	725	725	24,194		22,379	5,474					15,091
Other Purchased Services	15,208	42,038		5,292			987	3,591		790		2,542	865,645
General Supplies													892
	756,581	82,055	208,478	6,017	24,194		35,504	9,065	2,615	790		6,942	1,133,133
Total Instruction													
Support Services													
Personal Services Employees-Benefits			24,000	2,996			2,000					337	26,337
Purchased Professional / Technical Services													13,226
Other Purchased Services		28,603										1,141	28,603
Supplies and Materials	304								104				7,378
	304	28,603	24,000	2,996			2,000		104			1,478	8,748
Total Support Services													
Facilities Acq. & Construction													
Instructional Equipment													
Total Facilities Acq. & Construction													
Total Expenditures	\$ 756,885	\$ 110,658	\$ 232,478	\$ 9,013	\$ 24,194	\$ 24,807	\$ 37,504	\$ 9,065	\$ 2,719	\$ 790	\$ 892	\$ 892	\$ 1,217,425

SOUTH PLAINFIELD BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES			
Instruction:			
Salaries of Teachers	\$ 20,860	\$ 20,479	\$ 381
Other Salaries for Instruction	14,990	125	14,865
Other Purchased Services	1,000	500	500
General Supplies	<u>1,500</u>	<u>95</u>	<u>1,405</u>
Total Instruction	<u>38,350</u>	<u>21,199</u>	<u>17,151</u>
Support Services:			
Salaries of Directors	7,600	-	7,600
Personal Services - Employee Benefits	4,000	4,000	-
Purchased Professional/Technical Services	2,400	1,056	1,344
Travel	100	-	100
General Supplies	<u>350</u>	<u>-</u>	<u>350</u>
Total Support Services	<u>14,450</u>	<u>5,056</u>	<u>9,394</u>
Total Expenditures	<u>\$ 52,800</u>	<u>\$ 26,255</u>	<u>\$ 26,545</u>
Total Revised 2012-2013 Preschool Education Aid Allocation			\$ 52,800
Add: Actual Preschool Aid Carryover (June 30, 2012)			22,922
Add: Budgeted Transfer from the General Fund 2012-2013			<u>-</u>
Total Preschool Education Aid Funds Available for 2012-2013 Budget			75,722
Less: Budgeted Preschool Education Aid			<u>(52,800)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2013			22,922
Add: June 30, 2013 Unexpended Preschool Education Aid			<u>26,545</u>
2012-2013 Carryover - Preschool Education Aid			<u>49,467</u>
2012-2013 Preschool Education Aid Carryover Budgeted for Preschool Programs in 2013-2014			<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, 2013

<u>Project Title/Description</u>	<u>Expenditures to Date</u>			<u>Current Year Cancellations</u>	<u>Balance June 30, 2013</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	1,454,326		995,674	-
Kennedy School Boiler Replacement	19,000	2,581		16,419	-
Roosevelt/Administration Boiler Replacement	36,000	7,985		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>24,915</u>	<u>-</u>
	<u>\$ 4,666,000</u>	<u>\$ 2,980,392</u>	<u>\$ -</u>	<u>\$ 1,685,608</u>	<u>\$ -</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, 2013**

Revenues and Other Financing Sources

State Sources - SDA Grant

-

Total Revenues

-**Expenditures and Other Financing Uses**

Administration - Bad Debt Expense-Cancelled SDA Grants Recievable

\$ 600,060

Transfer to General Fund

1,085,548

Total Expenditures and Other Financing Uses

1,685,608

Excess (Deficiency) of Revenues Over (Under) Expenditures

(1,685,608)

Fund Balance, July 1, 2012

1,685,608

Fund Balance, June 30, 2013

\$ -

**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, 2013**

	<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	\$ (69,519)	\$ 170,481	\$ 170,481
Transfer from Capital Reserve	<u>360,000</u>	<u>(150,537)</u>	<u>209,463</u>	<u>209,463</u>
 Total Revenues	 <u>600,000</u>	 <u>(220,056)</u>	 <u>379,944</u>	 <u>379,944</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	43,144		43,144	43,144
Construction Services	<u>336,800</u>	<u>-</u>	<u>336,800</u>	<u>336,800</u>
 Total Expenditures	 <u>379,944</u>	 <u>-</u>	 <u>379,944</u>	 <u>379,944</u>
 Excess of Revenues Over Expenditures	 <u>\$ 220,056</u>	 <u>\$ (220,056)</u>	 <u>\$ -</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, 2013**

	<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	\$ (60,402)	\$ 31,598	\$ 31,598
 Total Revenues	<u>92,000</u>	<u>(60,402)</u>	<u>31,598</u>	<u>31,598</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-		-	-
Construction Services	31,598	-	31,598	31,598
 Total Expenditures	<u>31,598</u>	<u>-</u>	<u>31,598</u>	<u>31,598</u>
 Excess of Revenues Over Expenditures	<u>\$ 60,402</u>	<u>\$ (60,402)</u>	<u>\$ -</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	\$ 92,000
Reduced Authorized Cost	\$ (60,402)
Revised Authorized Cost	\$ 31,598

Percentage Decrease Over Original Authorized Cost	(65.65%)
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, 2013**

	<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	\$ (398,821)	\$ 581,179	\$ 581,179
Transfer from Capital Reserve	<u>1,470,000</u>	<u>(596,853)</u>	<u>873,147</u>	<u>873,147</u>
 Total Revenues	 <u>2,450,000</u>	 <u>(995,674)</u>	 <u>1,454,326</u>	 <u>1,454,326</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	59,480	-	59,480	59,480
Construction Services	<u>1,394,846</u>	<u>-</u>	<u>1,394,846</u>	<u>1,394,846</u>
 Total Expenditures	 <u>1,454,326</u>	 <u>-</u>	 <u>1,454,326</u>	 <u>1,454,326</u>
 Excess of Revenues Over Expenditures	 <u>\$ 995,674</u>	 <u>\$ (995,674)</u>	 <u>\$ -</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
Reduced Authorized Cost	\$ (995,674)
Revised Authorized Cost	\$ 1,454,326

Percentage Decrease Over Original Authorized Cost	(40.64%)
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, 2013**

	<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	\$ (16,419)	\$ 2,581	\$ 2,581
Total Revenues	19,000	(16,419)	2,581	2,581
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	2,581	-	2,581	2,581
Construction Services	-	-	-	-
Total Expenditures	2,581	-	2,581	2,581
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 16,419	\$ (16,419)	\$ -	\$ -

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
Reduced Authorized Cost	\$ (177,000)
Revised Authorized Cost	\$ 19,000
Percentage Decrease Over Original Authorized Cost	(90.31%)
Percentage Completion	\$ 1
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, 2013

	<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	\$ (28,015)	\$ 7,985	\$ 7,985
Total Revenues	<u>36,000</u>	<u>(28,015)</u>	<u>7,985</u>	<u>7,985</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	7,985	-	7,985	7,985
Construction Services	-	-	-	-
Total Expenditures	<u>7,985</u>	<u>-</u>	<u>7,985</u>	<u>7,985</u>
Excess of Revenues Over Expenditures	<u>\$ 28,015</u>	<u>\$ (28,015)</u>	<u>\$ -</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
Reduced Authorized Cost	\$ (315,415)
Revised Authorized Cost	\$ 7,585
Percentage Decrease Over Original Authorized Cost	(97.65%)
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
HIGH SCHOOL AIR HANDLERS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<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)	-	-
Transfer from Capital Outlay	<u>18,000</u>	<u>(18,000)</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>45,000</u>	 <u>(45,000)</u>	 <u>-</u>	 <u>-</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-	-	-	-
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Excess of Revenues Over Expenditures	 <u>\$ 45,000</u>	 <u>\$ (45,000)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

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

Percentage Increase Over Original Authorized Cost	(100.00%)
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, 2013

	<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	\$ (123,593)	\$ 244,407	\$ 244,407
Transfer from Capital Reserve	<u>552,000</u>	<u>(142,534)</u>	<u>409,466</u>	<u>409,466</u>
 Total Revenues	 <u>920,000</u>	 <u>(266,127)</u>	 <u>653,873</u>	 <u>653,873</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	80,873		80,873	80,873
Construction Services	<u>573,000</u>	<u>-</u>	<u>573,000</u>	<u>573,000</u>
 Total Expenditures	 <u>653,873</u>	 <u>-</u>	 <u>653,873</u>	 <u>653,873</u>
 Excess of Revenues Over Expenditures	 <u>\$ 266,127</u>	 <u>\$ (266,127)</u>	 <u>\$ -</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
Reduced Authorized Cost	\$ (266,127)
Revised Authorized Cost	\$ 653,873
 Percentage Decrease Over Original Authorized Cost	 (28.93%)
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, 2013**

	<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)	-	-
Transfer from Capital Outlay	<u>11,600</u>	<u>(11,600)</u>	<u>-</u>	<u>-</u>
 Total Revenues	 <u>29,000</u>	 <u>(29,000)</u>	 <u>-</u>	 <u>-</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	-	-	-	-
Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Excess of Revenues Over Expenditures	 <u>\$ 29,000</u>	 <u>\$ (29,000)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 29,000
Additional Authorized Cost	\$ (29,000)
Revised Authorized Cost	\$ -
 Percentage Increase Over Original Authorized Cost	 100.00%
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, 2013**

	<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	\$ (2,063)	\$ 187,937	\$ 187,937
Transfer from Capital Reserve	<u>285,000</u>	<u>(22,852)</u>	<u>262,148</u>	<u>262,148</u>
 Total Revenues	 <u>475,000</u>	 <u>(24,915)</u>	 <u>450,085</u>	 <u>450,085</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	63,285	-	63,285	63,285
Construction Services	<u>386,800</u>	<u>-</u>	<u>386,800</u>	<u>386,800</u>
 Total Expenditures	 <u>450,085</u>	 <u>-</u>	 <u>450,085</u>	 <u>450,085</u>
 Excess of Revenues Over Expenditures	 <u>\$ 24,915</u>	 <u>\$ (24,915)</u>	 <u>\$ -</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
Reduced Authorized Cost	\$ (24,915)
Revised Authorized Cost	\$ 450,085

Percentage Decrease Over Original

Authorized Cost	(5.25)%
Percentage Completion	100.00%
Original Target Completion Date	9/1/10
Revised Target Completion Date	9/1/10

PROPRIETARY FUNDS

**SOUTH PLAINFIELD BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

FIDUCIARY FUNDS
AGENCY FUNDS

SOUTH PLAINFIELD BOARD OF EDUCATION
 AGENCY FUNDS
 COMBINING STATEMENT OF AGENCY FUND NET POSITION
 AS OF JUNE 30, 2013

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 99,255	\$ 287,175	\$ 386,430
Total Assets	<u>\$ 99,255</u>	<u>\$ 287,175</u>	<u>\$ 386,430</u>
LIABILITIES			
Due to Student Groups	\$ 99,255		\$ 99,255
Payroll Deductions and Withholdings		\$ 285,759	285,759
Accrued Salaries and Wages	<u>-</u>	<u>1,416</u>	<u>1,416</u>
Total Liabilities	<u>\$ 99,255</u>	<u>\$ 287,175</u>	<u>\$ 386,430</u>

SOUTH PLAINFIELD BOARD OF EDUCATION
 FIDUCIARY FUNDS
 NONEXPENDABLE TRUST FUND
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY NET POSITION
 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, 2013

	Balance, July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2013</u>
GRANT SCHOOL STUDENT COUNCIL	\$ 5,334	\$ 32,656	\$ 31,942	\$ 6,048
MIDDLE SCHOOL STUDENT ACTIVITY	29,446	155,757	154,897	30,306
HIGH SCHOOL STUDENT ACTIVITY	<u>85,543</u>	<u>134,791</u>	<u>151,385</u>	<u>68,949</u>
	<u>\$ 114,989</u>	<u>\$ 290,548</u>	<u>\$ 306,282</u>	<u>\$ 99,255</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, 2013

	<u>Balance,</u> <u>July 1,</u> <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance,</u> <u>June 30,</u> <u>2013</u>
ASSETS				
Cash	\$ 762,424	\$ 34,500,272	\$ 34,975,521	\$ 287,175
Total Assets	<u>\$ 762,424</u>	<u>\$ 34,500,272</u>	<u>\$ 34,975,521</u>	<u>\$ 287,175</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 278,634	\$ 14,720,198	\$ 14,713,073	\$ 285,759
Accrued Salaries and Wages	1,316	19,780,074	19,779,974	1,416
Due to Other Funds				
General Fund	365,881	-	365,881	-
Unemployment Trust Fund	<u>116,593</u>	<u>-</u>	<u>116,593</u>	<u>-</u>
Total Liabilities	<u>\$ 762,424</u>	<u>\$ 34,500,272</u>	<u>\$ 34,975,521</u>	<u>\$ 287,175</u>

LONG-TERM DEBT

SOUTH PLAINFIELD BOARD OF EDUCATION
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<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, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2013</u>
Refunding Bonds	7/15/2009	\$ 9,765,000	7/15/2013	\$ 845,000	2.00%	\$ 9,765,000	-	\$ 725,000	\$ 9,040,000
			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		\$ 725,000	\$ 9,040,000
						\$ 9,765,000		\$ 725,000	\$ 9,040,000
								\$ 725,000	

Paid by Budget Appropriation

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

**SOUTH PLAINFIELD BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2013**

	<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	\$ 1,113,113	-	\$ 1,113,113	\$ 1,113,113	-
Total Revenues	<u>1,113,113</u>	<u>-</u>	<u>1,113,113</u>	<u>1,113,113</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	690,000	\$ 35,000	725,000	725,000	-
Interest	<u>423,113</u>	<u>(35,000)</u>	<u>388,113</u>	<u>387,525</u>	\$ 588
Total Expenditures	<u>1,113,113</u>	<u>-</u>	<u>1,113,113</u>	<u>1,112,525</u>	<u>588</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	-	-	-	588	(588)
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 588</u>	<u>\$ (588)</u>
<u>Recapitulation of Fund Balance</u>					
Restricted For Debt Services:					
Undesignated				<u>\$ 588</u>	
Total Fund Balances Restricted For Debt Services				<u>\$ 588</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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 26,140,591	\$ 21,420,102	\$ 2,760,586	\$ 4,393,358	\$ 4,687,615	\$ 5,943,343	\$ 7,499,986	\$ 6,784,851	\$ 7,082,547	\$ 9,033,980
Restricted	1,359,242	260,938		5,917,921	5,917,921	6,950,391	5,861,710	5,156,707	3,386,689	3,489,765
Unrestricted	(1,078,194)	(307,261)	696,887	1,689,210	(195,897)	(825,142)	(349,647)	(708,454)	2,386,482	1,833,466
Total governmental activities net position	\$ 26,421,639	\$ 21,373,779	\$ 3,457,473	\$ 6,082,568	\$ 10,409,639	\$ 12,068,592	\$ 13,012,049	\$ 11,233,104	\$ 12,853,718	\$ 14,357,211
Business-type activities										
Invested in capital assets, net of related debt	\$ 12,838	\$ 10,695	\$ 95,208	\$ 97,677	\$ 90,356	\$ 83,035	\$ 90,092	\$ 77,411	\$ 219,204	\$ 177,265
Restricted	80,658	128,217	348,620	430,615	654,732	873,446	1,057,047	1,148,665	1,253,294	1,338,934
Unrestricted	93,496	138,912	443,828	528,292	745,088	956,481	1,147,139	1,226,076	1,472,498	1,516,199
Total business-type activities net position	\$ 187,992	\$ 377,826	\$ 887,656	\$ 1,056,584	\$ 1,490,176	\$ 1,822,962	\$ 2,194,278	\$ 2,051,152	\$ 3,944,996	\$ 3,032,408
District-wide										
Invested in capital assets, net of related debt	\$ 26,153,429	\$ 21,430,797	\$ 2,855,794	\$ 4,491,035	\$ 4,777,971	\$ 6,026,378	\$ 7,590,078	\$ 6,862,262	\$ 7,301,751	\$ 9,211,245
Restricted	1,359,242	260,938		5,917,921	5,917,921	6,950,391	5,861,710	5,156,707	3,386,689	3,489,765
Unrestricted	(997,536)	(179,044)	1,045,507	2,119,825	458,835	48,304	707,400	440,211	3,639,776	3,172,400
Total district net position	\$ 26,515,135	\$ 21,512,691	\$ 3,901,301	\$ 6,610,860	\$ 11,154,727	\$ 13,025,073	\$ 14,159,188	\$ 12,459,180	\$ 14,328,216	\$ 15,873,410

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities" and recording of amounts related to the District's 2009 refunding bonds and governmental activities capital assets.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 17,971,252	\$ 17,323,031	\$ 17,814,248	\$ 24,943,639	\$ 23,899,746	\$ 23,907,312	\$ 24,613,371	\$ 24,293,199	\$ 24,701,312	\$ 25,895,594
Special Education	2,493,755	3,475,017	3,996,562	7,128,497	6,090,215	5,994,400	7,502,098	7,674,924	8,394,082	8,361,993
Other Instruction	758,804	854,849	937,506	1,134,712	1,954,057	1,763,815	1,920,632	1,815,960	1,079,829	1,122,688
School Sponsored Activities and Athletics									1,180,725	1,312,462
Support Services:										
Tuition	1,610,731	1,598,432	1,251,452	1,195,973	1,195,973	1,189,630	1,252,047	1,134,463		
Student and Instruction Related Services	4,953,956	4,857,894	4,968,106	7,208,508	6,195,047	6,149,740	6,341,027	5,901,185	6,613,391	7,391,031
School Administrative Services	1,923,376	1,908,934	1,539,825	2,338,731	2,222,792	2,871,127	2,813,615	3,022,552	3,380,066	1,906,861
General Administrative Services	2,350,397	2,267,904	1,880,559	2,155,173	2,596,816	2,088,527	2,414,733	2,414,733	1,238,685	2,937,397
Control and Support Services	4,693,654	3,979,133	4,706,569	5,192,664	5,416,830	5,700,095	381,523	361,669	1,453,217	1,570,824
Plant Operations and Maintenance	1,467,387	1,493,821	1,388,192	1,821,280	1,976,627	1,943,771	5,562,928	4,811,239	4,504,179	4,775,302
Special Schools	348,495	297,507	302,977	527,197	496,766	496,766	605,641	1,896,037	2,316,150	2,377,641
Charter Schools				4,478		28,669		8,044		
Other Unallocated Expenses	11,436,495	14,138,609	10,902,530				32,262			
Debt Service Assessment				697,772	603,100	567,011	416,205	68,734	293,844	378,662
Interest on long-term debt	668,468	679,567	703,000	52,998,817	52,998,817	53,270,119	53,832,705	428,702	55,256,480	58,230,456
Total governmental activities expenses	\$ 30,976,810	\$ 32,874,718	\$ 30,391,526	\$ 52,305,037	\$ 52,998,817	\$ 53,270,119	\$ 53,832,705	\$ 53,873,930	\$ 55,256,480	\$ 58,230,456
Business-type activities:										
Food service	985,927	1,030,476	1,035,844	1,121,588	1,140,614	1,186,806	1,163,548	1,209,946	1,307,832	1,237,900
Preschool Program	809,485	174,976	114,868	240,540	207,069	203,323	219,024	240,804	222,473	267,239
Lunch Program	546,936	571,715	489,180	571,671	373,947	373,795	343,000	391,479	341,000	390,769
Adult Education Program	2,342,248	1,776,167	1,659,892	1,947,497	222,133	262,128	269,589	272,749	193,861	176,723
Total business-type activities expense	\$ 53,019,058	\$ 54,650,848	\$ 52,091,418	\$ 54,438,836	\$ 54,946,314	\$ 55,296,181	\$ 57,818,813	\$ 55,988,908	\$ 57,316,646	\$ 60,303,107
Total district expenses	\$ 84,000,000	\$ 87,525,566	\$ 82,482,944	\$ 106,743,873	\$ 107,945,131	\$ 108,566,299	\$ 111,651,518	\$ 109,862,838	\$ 112,573,126	\$ 118,533,563
Program Revenues										
Governmental activities:										
Charges for services:										
Tuition	\$ 817,982	\$ 812,091	\$ 823,703	\$ 804,496	\$ 795,171	\$ 846,811	\$ 751,141	\$ 770,978	\$ 764,153	\$ 704,980
Transportation										
Operating grants and contributions	759,370	175,976	148,629	296,227	239,418	263,628	304,575	288,641	350,161	274,011
Capital grants and contributions	521,650	610,496	643,156	634,852	472,314	515,361	594,804	383,424	454,134	421,823
Interest on long-term debt	123,555	225,020	242,663	288,812	262,396	283,090	271,505	262,534	226,534	224,107
Unallocated Benefits	2,222,557	1,821,583	1,858,151	2,044,387	2,067,615	328,564	422,692	442,431	505,606	491,431
Total governmental activities program revenues	\$ 5,413,994	\$ 5,165,181	\$ 5,618,843	\$ 12,096,398	\$ 12,827,062	\$ 10,742,654	\$ 10,499,021	\$ 11,302,971	\$ 11,131,268	\$ 11,832,407
Business-type activities:										
Charges for services:										
Food service										
Preschool Program										
Lunch Program										
Adult Education Program										
Operating grants and contributions										
Total business-type activities program revenues	\$ 817,982	\$ 812,091	\$ 823,703	\$ 804,496	\$ 795,171	\$ 846,811	\$ 751,141	\$ 770,978	\$ 764,153	\$ 704,980
Total district program revenues	\$ 6,231,976	\$ 5,977,272	\$ 6,442,546	\$ 12,900,894	\$ 13,622,233	\$ 11,589,465	\$ 11,250,162	\$ 12,073,949	\$ 11,895,421	\$ 12,537,387
Net (Expense)/Revenue										
Governmental activities	\$ (47,486,073)	\$ (49,531,120)	\$ (46,650,834)	\$ (42,453,026)	\$ (42,239,370)	\$ (44,764,919)	\$ (47,478,311)	\$ (44,760,260)	\$ (46,431,800)	\$ (48,314,401)
Business-type activities	(119,691)	45,416	218,259	110,588	120,118	211,392	158,519	74,323	246,422	43,701
Total district-wide net expense	\$ (47,605,764)	\$ (49,485,704)	\$ (46,432,575)	\$ (42,342,438)	\$ (42,119,252)	\$ (44,553,527)	\$ (47,319,792)	\$ (44,685,937)	\$ (46,185,378)	\$ (48,270,700)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 30,802,735	\$ 32,421,229	\$ 36,378,618	\$ 38,070,174	\$ 40,097,815	\$ 39,108,513	\$ 39,255,222	\$ 39,438,003	\$ 40,139,182	\$ 41,446,285
Property taxes levied for debt service, net	1,037,337	408,175	969,369	917,169	411,654	642,994	609,775	751,885	1,193,115	1,113,113
Unrestricted Aid and contributions	7,884,561	8,240,306	8,023,263	5,423,916	5,603,884	6,205,879	9,538,921	4,452,378	6,330,568	6,616,348
Restricted grants and contributions	1,842,871	1,877,870	1,938,698							
Tuition	104,379	10,825	16,618		3,984		10,584			
Transportation Fees						112,190	120,604			
Investment earnings	436,182	559,853	370,574	415,312	301,285	113,338	134,801	24,138	391,449	840,148
Miscellaneous income				219,429	147,081	240,959	505,619	120,296		
Transfers								(124,993)		
Special Items	(170,944)			26,123			(1,733,758)			
Total governmental activities	\$ 41,934,221	\$ 44,483,258	\$ 47,697,140	\$ 45,078,123	\$ 46,565,703	\$ 46,423,873	\$ 48,421,768	\$ 44,661,707	\$ 48,054,314	\$ 50,015,894
Business-type activities:										
Investment earnings	(270,875)			(26,123)			8,876	4,614		
Special Items							23,263			
Transfers										
Total business-type activities	\$ (270,875)	\$ -	\$ -	\$ (26,123)	\$ -	\$ -	\$ 32,139	\$ 4,614	\$ -	\$ -
Total district-wide	\$ 41,663,346	\$ 44,483,258	\$ 47,697,140	\$ 45,052,000	\$ 46,565,703	\$ 46,423,873	\$ 48,453,907	\$ 44,666,321	\$ 48,054,314	\$ 50,015,894
Change in Net Position										
Governmental activities	\$ (5,551,852)	\$ (5,047,862)	\$ 1,066,306	\$ 2,623,097	\$ 4,326,333	\$ 1,638,954	\$ 943,457	\$ (98,553)	\$ 1,622,514	\$ 1,501,493
Business-type activities	(390,560)	45,416	218,259	84,465	120,118	211,392	180,658	78,937	246,422	43,701
Total district	\$ (5,942,412)	\$ (5,002,446)	\$ 1,284,565	\$ 2,707,562	\$ 4,446,451	\$ 1,850,346	\$ 1,134,115	\$ (19,616)	\$ 1,868,936	\$ 1,545,194

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

(Unaudited)

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 906,195	\$ 111,810	\$ 877,182	\$ 1,785,276	\$ 6,210,036	\$ 7,064,506	\$ 2,590,394	\$ 2,541,016	\$ 4,016,409	\$ 5,367,848
Unreserved	684,063	806,864	521,874	597,639	587,805	164,847	748,915	986,078	1,104,018	228,600
Restricted								348,942	69,032	865,067
Committed										52,506
Assigned										
Unassigned										
Total general fund	\$ 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	\$ 6,514,021
All Other Governmental Funds										
Reserved	\$ 49,944		\$ 132,988							
Unreserved	390,599	146,417	(973)	(12,613)	(19,782)	(5,279)	3,308,168	1,685,608	1,685,608	588
Restricted										
Unassigned								(55,995)		
Total all other governmental funds	\$ 440,543	\$ 146,417	\$ 132,015	\$ (12,613)	\$ (19,782)	\$ (5,279)	\$ 3,308,168	\$ 1,629,613	\$ 1,685,608	\$ 588

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 name 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**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property Tax levy	\$ 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	\$ 42,559,398
Tuition charges	104,579	10,825	16,618	5,300	3,984		10,584	535,779	53,092	-
Transportation Fees							120,604	208,468	209,680	202,237
Interest Earnings					301,285	112,190	134,801	24,139		
Miscellaneous	436,182	1,476,435	370,574	524,492	147,081	240,959	505,619	120,295	462,389	870,158
State Sources	11,594,545	12,120,626	12,428,235	14,282,271	14,695,722	12,957,956	14,480,588	10,847,991	12,973,298	14,852,429
Federal Sources	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	1,247,727
Total revenue	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	59,731,949
Expenditures										
Instruction										
Regular Instruction	17,756,123	17,385,908	17,863,594	24,692,329	16,878,859	17,721,073	18,171,974	17,343,994	24,293,097	25,405,012
Special Education Instruction	2,485,300	2,951,868	3,346,802	7,135,880	4,497,062	4,590,153	5,892,110	5,852,406	8,010,610	7,908,699
Other Instruction	8,455	523,149	649,760	1,136,298	1,502,790	1,419,635	1,533,100	1,405,314	1,078,811	1,121,091
School Sponsored Activities and Athletics										
Support Services:										
Tuition	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	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	7,359,777
School Administrative Services	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	1,891,794
General Administrative Services	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	2,931,523
Central Services and Info Tech.						573,256	402,246	366,467		
Plant Operations and Maintenance	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	1,568,005
Pupil Transportation	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	4,764,414
Employee Benefits	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	348,495	297,507	302,977		388,857	425,925	449,499	30,266		
Capital Outlay	889,087	1,724,036	288,373	630,141	805,420	1,690,526	3,651,217	1,273,541	295,569	2,557,613
Debt Service:										
Principal										
Interest and Other Charges	403,431	407,768	350,000	2,086,795	495,000	630,000	660,000	690,000	730,000	725,000
Debt Service Assessment	672,027	651,110	637,679	796,401	603,823	580,005	463,691	446,125	412,400	387,525
Total expenditures	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	60,092,407
Excess (Deficiency) of revenues over (under) expenditures	(3,083,248)	(2,583,285)	285,982	624,109	4,406,756	446,016	(576,597)	(1,016,835)	1,778,140	(360,458)
Other Financing sources (uses)										
Capital leases (non-budgeted)				\$ 190,000						
SDA Grant Cancelled	(441,819)							(78,400)		
Uncollectible Prior Year State Aid										
Excess Liquidation of Prior Year Accounts Payable	270,875	1,617,575	180,000	159,111	3,603,074	554,761	3,603,074	554,761	1,085,548	1,085,548
Transfers in				(132,988)				(601,354)		
Transfers out				216,123				(124,993)		
Total other financing sources (uses)	(170,944)	1,617,575	180,000	216,123	3,603,074	554,761	3,603,074	554,761	1,085,548	1,085,548
Net change in fund balances	\$ (3,254,192)	\$ (965,710)	\$ 465,982	\$ 840,232	\$ 4,406,756	\$ 446,016	\$ (576,597)	\$ (1,141,828)	\$ 1,778,140	\$ (360,458)
Debt service as a percentage of noncapital expenditures	0.85%	0.84%	0.69%	3.88%	0.95%	1.19%	1.19%	1.41%	2.08%	1.93%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Athletic Receipts</u>	<u>Prior Year Refunds</u>	<u>Rentals</u>	<u>Transportation Fees</u>	<u>Prior Year Voided Checks</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2013	-	8,553	32,959	86,755	8,100	202,237	\$ 379,009	324,772	1,042,385

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

Fiscal Year Ended June 30	Vacant Land	Residential	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
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	832,080,900	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	176,902,300	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	1,424,282,600	2,612,373	1,426,894,973	3,965,358,298	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	167,982,000	328,349,700	21,875,000	1,416,245,400	2,138,401	1,418,383,801	4,073,891,820	2.889
2012	15,865,600	888,708,750	82,500	167,861,900	327,276,400	21,875,000	1,421,670,150	2,138,401	1,423,808,551	3,960,742,778	2.961
2013	16,255,800	875,415,360	82,500	165,630,900	321,530,251	18,277,800	1,397,192,611	2,055,443	1,399,248,054	3,653,545,945	3.083

Source: County Abstract of Rates

^a 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	Total Direct School Tax Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Local School District	Municipality of South Plainfield	Municipal Public Library	County of Middlesex		
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	2.961	1.201	0.092	0.990	5.244	
2013	3.083	1.217	0.092	0.995	5.387	

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	2013		2004	
	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	1.15%		
EQR - South Plainfield LLP	12,000,000	0.86%	NOT AVAILABLE	
BIT Holdings Fifty Three Inc.	-			
Office Two Limited c/o NTL RLT Devl.	13,772,700	0.98%		
AG-QP Oak Park Owner, LLC	11,052,800	0.79%		
The Home Depot	10,500,000	0.75%		
Jayne Enterprises	10,425,000	0.75%		
GBR Middlesex LLC	8,750,000	0.63%		
Plainfield Associates LLC	8,299,000	0.59%		
Wells Oper. Part. LP (POER & Co.)	-			
M&M Realty	7,890,000	0.56%		
Favorite Realty North, LTD	6,913,300	0.49%		
Harris Realty LLC				
Bell Atlantic				
	<u>\$ 105,680,200</u>	<u>7.55%</u>		

Note:

GASB requires that the principal property taxpayers from last year and nine years ago data be presented.

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	
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
2013	42,559,398	39,012,771	91.67%	3,546,627

**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			
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	23,669	413	
2013	9,040,000			9,040,000	23,669 (E)	382	

(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			
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%	\$413
2013	9,040,000		9,040,000	0.65%	\$382

Source: District records

**SOUTH PLAINFIELD BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
South Plainfield School District (as of June 30, 2013)	\$ 9,040,000
Borough of South Plainfield (as of December 31, 2012)	<u>15,600,288</u>
	<u>24,640,288</u>
Overlapping Debt Apportioned to the Municipality:	
Middlesex County: (as of December 31, 2012)	
County of Middlesex(A)	<u>25,301,428</u>
	<u>25,301,428</u>
Total Direct and Overlapping Debt	<u>\$ 49,941,716</u>

Source:

(1) Borough's 2012 Annual Debt Statement

(A) The debt for this entity was apportioned to the municipality by dividing the municipality's 2012 equalized value by the total 2012 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 2013

Equalized valuation basis	
2012	\$ 3,665,687,613
2011	3,930,739,384
2010	4,063,693,538
	<u>\$ 11,660,120,555</u>
	<u>\$ 3,886,706,852</u>
	\$ 155,468,274
	<u>9,040,000</u>
	<u>\$ 146,428,274</u>

Average equalized valuation of taxable property

Debt limit (4% of average equalization value)	\$ 155,468,274
Total Net Debt Applicable to Limit	<u>9,040,000</u>
Legal debt margin	<u>\$ 146,428,274</u>

Fiscal Year Ending June 30,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2012
Debt limit	\$ 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	\$ 155,468,274
Total net debt applicable to limit	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	9,040,000
Legal debt margin	\$ 78,837,474	\$ 90,236,094	\$ 101,938,996	\$ 114,696,783	\$ 127,499,060	\$ 138,555,972	\$ 150,416,454	\$ 150,416,454	\$ 151,808,431	\$ 146,428,274
Total net debt applicable to the limit as a percentage of debt limit	13.76%	12.19%	10.90%	9.77%	8.85%	7.82%	6.92%	6.92%	6.04%	5.81%

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>
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	49,203	6.20%
2012	23,669	N/A	6.30%
2013	23,669 (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)

	2013		2004	
	Employer	Employees	Employees	Employees
		Percentage of Total Municipal Employment		Percentage of Total Municipal Employment

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction								
Regular	251	262	253	255	244	228	227	228
Special Education	44	48	48	49	61	49	50	50
Other Instruction	9	9	10	10	10	12	12	12
Support Services:								
Student & instruction related services	49	45	51	51	49	45	45	50
General administrative	13	13	12	12	7	7	9	10
School administrative services	11	12	9	9	11	12	12	12
Other Administrative Services	30	29	20	20	31	31	30	30
Central services	8	9	13	14	14	14	14	15
Other support services	65	58	36	38	79	70	70	70
Pupil transportation	24	25	55	55	36	32	31	33
Total	<u>504</u>	<u>510</u>	<u>507</u>	<u>513</u>	<u>542</u>	<u>500</u>	<u>500</u>	<u>510</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				
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	14,435	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%
2013	3,564	56,422,269	15,831	7.41%	291.0	N/A	N/A	N/A	3,558	3,408	-1.99%	95.79%

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District Building										
<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	607	611	591	590	564	564	547	544	536	515
<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	358	358	356	360	329	329	317	312	312	327
<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	309	295	275	275	270	270	275	280	275	261
<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	327	305	323	331	319	319	334	331	330	347
<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	374	361	358	351	346	346	400	373	397	400
<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	607	623	605	613	619	619	586	554	557	557
<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	1,213	1,182	1,233	1,224	1,217	1,217	1,191	1,178	1,173	1,103
<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)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Facilities										
South Plainfield High School	\$ 294,019	\$ 47,681	\$ 209,025	\$ 163,544	\$ 157,703	\$ 438,039	\$ 396,543	\$ 192,987	\$ 189,702	\$ 330,573
South Plainfield Middle School	18,684	19,247	84,375	66,016	63,673	176,871	186,191	90,614	89,072	155,216
J.F.K. School	42,138	6,834	29,957	23,439	22,588	62,798	70,708	34,412	33,826	58,945
John E. Riley School	43,472	7,050	30,905	24,180	23,310	64,786	71,595	34,843	34,250	59,684
Franklin School	41,135	6,671	29,244	22,881	22,072	61,303	72,038	35,059	34,462	60,053
Grant School	57,287	9,290	40,727	31,865	30,736	117,989	128,671	62,621	61,555	107,265
Roosevelt Administration										
Roosevelt School	44,150	7,160	31,387	24,558	23,723	114,155	68,048	33,117	32,554	56,728
Grand Total	\$ 540,885	\$ 103,933	\$ 455,620	\$ 356,483	\$ 343,805	\$ 1,102,691	\$ 1,108,280	\$ 539,372	\$ 530,191	\$ 923,906

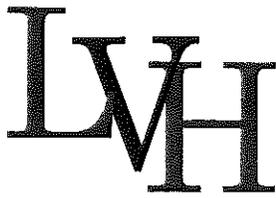
Source: District Records

**SOUTH PLAINFIELD BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2013
(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

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Plainfield Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the South Plainfield Board of Education's basic financial statements and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Plainfield Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the South Plainfield Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Plainfield Board of Education's internal control.

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

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

Compliance and Other Matters

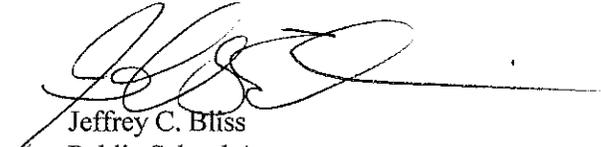
As part of obtaining reasonable assurance about whether the South Plainfield Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We 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 October 29, 2013.

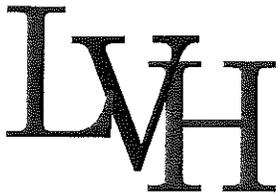
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Plainfield Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the South Plainfield Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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
October 29, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY U.S. OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY 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

Report on Compliance for Each Major Federal and State Program

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, 2013. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the South Plainfield Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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. 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 the 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the South Plainfield Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the South Plainfield Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. 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 2013-001 and 2013-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The South Plainfield Board of Education's responses to the noncompliance findings identified in our audit is/are described in the accompanying schedule of findings and questioned costs. The South Plainfield Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the South Plainfield Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the South Plainfield Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. 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 South Plainfield Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-001 and 2013-002 that we consider to be significant deficiencies.

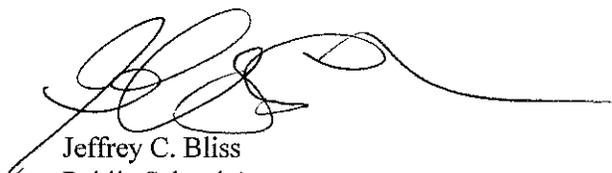
The South Plainfield Board of Education's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The South Plainfield Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the 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, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated October 29, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
October 29, 2013

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal/Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance 2/1/12		(A/R)		Deferred (Net)	Cash Residual	Budgetary Expenditures	Prior Year PO Cancelled	Prior Year Adjustment	Repayment of Prior Years' Balance	June 30, 2013		Memo GAAP Responsible
					Accounts Receivable	Due Grantor	Carryover Amount	Deferred Expense							Deferred Expense	Due to Grantor	
U.S. Department of Agriculture Passed-through State Department of Education																	
National School Lunch Program-Non-Cash Assistance	10.555	N/A	7/1/12-6/30/13	\$ 69,792					\$ 69,792	\$ 66,551					\$ 3,241		
National School Lunch Program-Non-Cash Assistance	10.555	N/A	7/1/12-6/30/12	\$ 80,429	\$ 3,888					3,888							
National School Lunch Program-Non-Cash Assistance	10.555	N/A	7/1/12-6/30/13	\$ 376,812					298,362	376,812						\$ (78,450)	
National School Lunch Program-Cash Assistance	10.555	N/A	7/1/12-6/30/12	\$ 370,491	\$ (94,699)				94,689								
School Breakfast Program	10.555	N/A	7/1/12-6/30/13	31,230					21,650	31,230							
School Breakfast Program	10.555	N/A	7/1/12-6/30/12	39,741	(11,338)				11,338								
Total U.S. Department of Agriculture					156,627	3,888			498,144	478,481					3,241		83,727
U.S. Department of Education passed through State Department of Education																	
General Fund																	
Education Jobs Fund	84-410A	N/A	7/1/12-6/30/13	854						854							(854)
Education Jobs Fund	84-410A	N/A	7/1/12-6/30/12	341,974					341,974								
Special Education Medicaid Initiative(EMF)Program	91-278-1	N/A	7/1/12-6/30/13	36,419					36,419								
Total U.S. Department of Education									378,493	372,323							(854)
Special Revenue Fund																	
I.A.S.A. Consolidated Grant/NCLB																	
Title I	84-010A	NCLB219009	9/1/12-8/31/13	281,747					214,648	232,478					49,269		(17,800)
Title I	84-010A	NCLB219009	9/1/12-8/31/12	311,796	11,937				186,501	9,013			(2,844)				
Emergency Immigrant Assistance	84-162A		9/1/12-8/31/13	17,942					9,793	2,719							
Emergency Immigrant Assistance	84-162A		9/1/12-8/31/12	13,319					4,600	790							
Title IIIA	84-367A	NCLB219009	9/1/12-8/31/13	67,387					37,304	37,504							
Title IIIA	84-367A	NCLB219009	9/1/12-8/31/12	79,313					62,283	9,065							
Title IID	84-318X	NCLB219009	9/1/12-8/31/13						577								
Title IID	84-364A	NCLB219009	9/1/12-8/31/12	13,249					771	8,420							
Title III	84-365A	NCLB219009	9/1/12-8/31/13	12,119					9,793	892			(4,546)				(7,649)
Title III	84-365A	NCLB219009	9/1/12-8/31/12	50,800					30								
Planning for the Next Pandemic Program	91-069	11-100-014-5064-177	4/15/11-7/15/11						(90)								
Total I.D.E.A. Part B									678,648	756,885					145,770		(78,217)
Basic Regular	84-027	IDEA319009	9/1/12-8/31/13	882,642					190,067	110,638							
Basic Regular	84-027	IDEA319009	9/1/12-8/31/12	835,619	11,016												
Basic Regular - ARRA	84-191	IDEA319009	9/1/09-8/31/11	29,658					1,290	24,194							
Preschool	84-173	IDEA319009	9/1/12-8/31/13	29,658					1,290								
Preschool	84-173	IDEA319009	9/1/12-8/31/12	24,897					24,897								
Base to the Top	84-412A	N/A	7/1/12-6/30/12														
Total U.S. Department of Education					156,627				1,431,200	1,317,425					264,154		(136,600)
Total					\$ 902,449	\$ 154,561			\$ 2,397,937	\$ 1,733,279					\$ 287,765		\$ (213,181)

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, 2013

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2012	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Year's Balance	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Memo Only		
													GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund															
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	\$ 6,655,445			\$ 6,027,690	\$ 6,655,445			\$ (627,755)				\$	\$ 6,655,445
Equalization Aid	13-495-034-5120-078	7/1/11-6/30/12	6,240,917	(688,658)		588,658									
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	2,205,235	(196,916)		1,997,134	2,205,235			(208,101)					2,205,235
Special Education Aid	13-495-034-5120-089	7/1/11-6/30/12	2,086,578			196,910									
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	109,239			98,930	109,239			(10,309)					109,239
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/12	93,259			84,549				(8,810)					93,259
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	144,647	(127,512)		127,512	144,647			(144,647)					144,647
Security Aid	13-495-034-5120-084	7/1/12-6/30/12	23,490												
Expenditure Special Education Costs Aid	12-100-034-5120-473	7/1/11-6/30/12	23,490												
Expenditure Special Education Costs Aid	N/A	7/1/11-6/30/12	25,070	(25,070)											
Non Public Transportation Reimb.	N/A	7/1/11-6/30/12	83,980			83,980	83,980								83,980
On-Behalf TPAP Pension System-NOGI Prem.	13-495-034-5095-007	7/1/12-6/30/13	1,596,164			1,596,164	1,596,164								1,596,164
On-Behalf TPAP Pension Benefit Commitments Nor	13-495-034-5095-001	7/1/12-6/30/13	1,899,818			1,899,818	1,899,818								1,899,818
On-Behalf TPAP Post Retirement-Medical	13-100-034-5095-002	7/1/12-6/30/13	1,912,047			1,817,849	1,912,047			(94,198)					1,912,047
T.P.A.F. - Social Security	12-100-034-5095-002	7/1/11-6/30/12	1,845,776	(91,858)		91,858									
				(1,090,008)		14,636,122	14,723,424			(1,117,310)					14,723,424
Total General Fund															
Special Revenue Fund															
Preschool Education Aid	13-495-034-5120-086	7/1/12-6/30/13	52,800			23,922	26,255			(5,280)					26,255
Preschool Education Aid	12-495-034-5120-086	7/1/11-6/30/12	52,800	17,642		(22,922)									
Non Jersey Nonpublic Aid:															
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	31,282			31,282	31,093					\$ 189			31,093
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	43,417			43,417	42,229			(8,810)		1,188			42,229
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	37,423	3,423				(339)							
Technology	13-100-034-5120-373	7/1/12-6/30/13	11,545			11,545	11,389					156			11,389
Auxiliary Services:															
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	63,542			63,542	43,476					20,066			43,476
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	77,770	14,370					14,370						
English as a Second Language	13-100-034-5120-067	7/1/12-6/30/13	21,657			21,657	21,657								21,657
Transportation	13-100-034-5120-068	7/1/12-6/30/13	7,718			7,718	7,718								7,718
Home Instruction	12-100-034-5120-067	7/1/11-6/30/12	1,829	(1,829)											
Handicapped Services:															
Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	12,104			12,104	12,104								12,104
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	20,128	5,795											
Concurrent Speech	13-100-034-5120-066	7/1/12-6/30/13	11,718			11,718	9,374					2,344			9,374
Supplemental Instruction	13-100-034-5120-066	7/1/12-6/30/13	10,407			10,407	9,713					694			9,713
				38,401		268,019	215,008	(539)	22,049	(5,280)		49,467			215,008
Total Special Revenue Fund															

SOUTH PLAINFIELD BOARD OF EDUCATION
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State/Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2012	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditure	Adjustments	Repayment of Prior Years' Balance	(Accounts Receivable)	Deferred Revenue	Due to Grantor	Memo Only		
													GAAP Receivable	Total Expenditures	
Enterprise Fund															
National School Lunch Program	13-100-010-3330-023	7/1/12-6/30/13	\$ 12,950		\$ -	\$ 10,242	\$ 12,950							\$ (2,708)	\$ 12,950
National School Lunch Program	12-100-010-3330-023	7/1/11-6/30/12	14,301	(3,677)	-	3,677	-	-							-
Total Enterprise Fund				(3,677)		13,919	12,950			(2,708)				(2,708)	12,950
State of New Jersey Educational Facilities Construction and Financing															
Schools Development Authority	Various	N/A	240,000	(69,519)	-	\$ 69,519									170,481
Schools Development Authority	Various	N/A	96,316	(6,064)	-	6,064									90,252
Schools Development Authority	Various	N/A	980,000	(398,821)	-	398,821									581,179
Schools Development Authority	Various	N/A	368,000	(123,593)	-	123,593									244,407
Schools Development Authority	Various	N/A	190,000	(2,063)	-	2,063									187,937
Total Capital Projects Fund				(690,060)		600,050									1,274,236
Grand Total				(1,595,344)		14,918,060	14,951,382		22,049	(1,125,258)		49,467	\$ 24,637	(120,396)	16,225,638
Less On-Behalf TPAF Pension and Annuity Aid															
On-Behalf TPAF Pension - NCGI Pmt.	13-495-034-5095-007	7/1/12-6/30/13	83,980	-	-	83,980	83,980								83,980
On-Behalf TPAF Pension Benefit Contributions	13-495-034-5095-006	7/1/12-6/30/13	1,596,164	-	-	1,596,164	1,596,164								1,596,164
On-Behalf TPAF Post Retire. - Medical	13-495-034-5095-001	7/1/12-6/30/13	1,899,818	-	-	1,899,818	1,899,818								1,899,818
Total for State Financial Assistance Determination				(1,595,344)		\$ 11,538,098	\$ 11,371,450		22,049	(1,125,258)		49,467	\$ 24,637	(120,396)	\$ 12,645,676

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, 2013**

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 prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These 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 \$86,542 for the general fund and a decrease of \$6,532 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	\$ 37,373	\$ 14,636,882	\$ 14,674,255
Special Revenue Fund	1,210,354	215,547	1,425,901
Food Service Fund	<u>478,481</u>	<u>12,950</u>	<u>491,431</u>
Total Financial Assistance	<u>\$ 1,726,208</u>	<u>\$ 14,865,379</u>	<u>\$ 16,591,587</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, 2013**

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 \$1,912,047 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, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$1,680,144 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,899,818 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's 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, 2013**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

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? yes X none reported

Noncompliance material to basic financial statements noted? yes X 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 Unmodified

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>84.027</u>	<u>IDEA - Basic</u>
<u>84.173</u>	<u>IDEA - Preschool</u>

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

Auditee qualified as low-risk auditee? yes X no

**SOUTH PLAINFIELD BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

Unmodified _____

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
<u>13-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>13-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>13-495-034-5120-084</u>	<u>Security Aid</u>
<u>13-100-034-5095-002</u>	<u>Reimbursed TPAF Social Security Contributions</u>
_____	_____
_____	_____
_____	_____

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

\$ 341,143

Auditee qualified as low-risk auditee?

_____ yes X no

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013-001

Our audit noted that the reimbursement requests and final expenditure reports for the IDEA grant programs were not in agreement with the District's accounting records.

Federal Program Information

CFDA 84.027 IDEA-Basic

Criteria or specific requirement

Federal Grant Compliance Supplement

Condition

The amounts claimed on the reimbursement requests and the final expenditure reports did not agree with the expenditures reported in the District's budget reports for the IDEA Basic grant program.

Questioned Costs

None. Adjustments and reclassifications were subsequently made to the District's accounting records.

Context

Expenditures in the amount of \$110,658 were originally charged to the General Fund rather than the IDEA Basic grant program.

Effect

Unknown.

Recommendation

Reimbursement requests and final expenditure reports for the IDEA grant programs be reconciled to and in agreement with the District's accounting records prior to their submission.

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, 2013**

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 2013-002

Our audit revealed:

- There were three instances where transportation expenses for trips in the Adult School exceeded the quote threshold where quotes were not obtained. In addition, the vendor was paid \$62,350 in the aggregate for the school year.
- The District awarded a contract for bus repairs in an amount not to exceed \$44,000. The District paid the vendor in excess of \$119,000 during the school year. In addition, the invoices do not provide sufficient breakdown of the parts/labor costs and the calculation included on the invoice to identify the markup in parts was not in accordance with the bid award terms.
- The time and labor contract awarded for custodial and maintenance services revealed that the rates charged for additional services billed were not specifically identified in the bid award or approved by the Board. In addition, we noted the contract appears to be open-ended as there was no maximum not to exceed amount on additional services over and above the base contract award.

State Program Information

Equalization Aid	13-495-034-5120-078
Special Education Aid	13-495-034-5120-089
Security Aid	13-495-034-5120-089

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 2013-002.

Questioned Cost

Undeterminable.

Context

See Finding 2013-002.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013-002 (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, 2013**

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

Finding 2012-1

Condition

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.

Current Status

Corrective action was taken.

Finding 2012-2

Condition

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 order at June 30, 2012 in the amount of \$82,199 that should have been set up as reserve for encumbrances and/or accounts payable.

Current Status

Corrective action was taken.

Finding 2012-3

Condition

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.

Current Status

Corrective action was taken.

**SOUTH PLAINFIELD BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND
QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 (Continued)

Finding 2012-4

Condition

Our audit of 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.

Corrective Status

Corrective action was taken.

Finding 2012-5

Condition

- 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.

Current Status

See Finding 2013-002.