COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

New Providence Board of Education

New Providence, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

New Providence Board of Education
Office of the School Business Administrator/Board Secretary

SCHOOL DISTRICT

OF

NEW PROVIDENCE

New Providence Board of Education

New Providence, New Jersey

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

NEW PROVIDENCE SCHOOL DISTRICT

TABLE OF CONTENTS

		Page
INTRODUCTORY SECTION		
Letter of Transmittal		1
Organizational Chart		5
Roster of Officials		6
Consultants and Advisors		7
FINANCIAL SECTION		
Independent Auditor's Report		8
Required Supplementary Information - Part I		
Management's Discussion and Analysis		10
Basic Financial Statements		
A.	District-wide Financial Statements:	
A-1	Statement of Net Assets	19
A-2	Statement of Activities	20
B.	Fund Financial Statements:	
	Governmental Funds:	
B-1	Balance Sheet	22
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balance	23
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
	Proprietary Funds:	
B-4	Statement of Net Assets	25
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Assets	26
B-6	Statement of Cash Flows	27
	Fiduciary Funds:	
B-7	Statement of Fiduciary Net Assets	28
B-8	Statement of Changes in Fiduciary Net Assets	29
Notes to the Financial Statements		30

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund	63
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	70

Notes to the Required Supplementary Information

C-3	Budgetary Comparison Schedule - Note to RSI	71

Other Supplementary Information

D. School Level Schedules:

D-1	Combining Balance Sheet	N/A
D-2	Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3	Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A

E. Special Revenue Fund:

E-1	Combining Schedule of Revenues and Expenditures - Special Revenue Fund - Budgetary Basis	72
E-2	Demonstrably Effective Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-3	Early Childhood Program Aid Schedule of Expenditures - Budgetary Basis	N/A
E-4	Distance Learning Network Aid Schedule of Expenditures - Budgetary Basis	N/A
E-5	Instructional Supplement Aid Schedule of Expenditures - Budgetary Basis	N/A

F. Capital Projects Fund:

F-1	Summary Schedule of Project Expenditures	74
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	75
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	76
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	77

G. Proprietary Funds:

Enterprise Fund:

G-1	Statement of Net Assets	78
G-2	Statement of Revenues, Expenses, and Changes in Fund Net Assets	79
G-3	Statement of Cash Flows	80

G. Proprietary Funds:

Internal Service Fund:

G-4	Combining Statement of Net Assets	N/A
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6	Combining Statement of Cash Flows	N/A

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Assets	81
H-2	Combining Statement of Changes in Fiduciary Net Assets	82
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	84
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	85

I. Long-Term Debt:

I-1	Schedule of Serial Bonds	86
I-2	Schedule of Obligations Under Capital Leases	88
I-3	Debt Service Fund Budgetary Comparison Schedule	89

STATISTICAL SECTION (Unaudited)

J-1	Net Assets by Component	90
J-2	Change in Net Assets	91
J-3	Fund Balances - Governmental Funds	93
J-4	Changes in Fund Balances - Governmental Funds	94
J-5	General Fund - Other Local Revenue by Source	96
J-6	Assessed Value of Taxable Property	97
J-7	Direct and Overlapping Property Tax Rates	98
J-8	Principal Property Tax Payers	99
J-9	Property Tax Levies and Collections	100
J-10	Ratios of Outstanding Debt by Type	101
J-11	Ratios of Net General Bonded Debt Outstanding	102
J-12	Ratios of Overlapping Governmental Activities Debt	103
J-13	Legal Debt Margin Information	104
J-14	Demographic and Economic Statistics	105
J-15	Principal Employers	106
J-16	Full Time Equivalent District Employees by Function/Program	107
J-17	Operating Statistics	108
J-18	School Building Information	109
J-19	Schedule of Required Maintenance for School Facilities	110
J-20	Insurance Schedule	111

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	112
K-2	Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04	114
K-3	Schedule of Expenditures of Federal Awards, Schedule A	117
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	119
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance	121
K-6	Schedule of Findings and Questioned Costs	124
K-7	Summary Schedule of Prior-Year Audit Findings and Questioned Costs as Prepared by Management	128

INTRODUCTORY SECTION

NEW PROVIDENCE SCHOOL DISTRICT

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Superintendent of Schools
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DEBORAH FEINBERG, Ed.D.
Assistant Superintendent
of Educational Services
908-464-9050 (ext. 222)

JAMES E. TESTA
School Business Administrator/
Board Secretary
908-464-9050 (ext. 223)

SANDRA M. SEARING
Director of Curriculum,
Instruction, and Supervision
908-464-9050 (ext. 221)

November 14, 2011

Honorable President and
Members of the Board of Education
New Providence School District
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the New Providence School District (District) for the fiscal year ended June 30, 2011, 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes under the new Governmental Accounting Standard Board Statement No. 34, the Report of Independent Accountants, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical sections include 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 of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 98-07 OMB, "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.

1) REPORTING ENTITY AND ITS SERVICES: New Providence School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Pronouncement Number 14. All funds and account groups of the District are included in this report. The New Providence Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2010-2011 fiscal year with an average daily enrollment of 2207 students, which is 13 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years.

Average Daily Enrollment

School Year	Student Enrollment	Percent Change
2006	2,195	-0.4%
2007	2,216	0.9%
2008	2,207	-0.4%
2009	2,207	0.0%
2010	2,194	-0.6%
2011	2,207	0.6%

2. ECONOMIC CONDITION AND OUTLOOK: The economic condition and outlook continues to be unstable. State funding and support have increased slightly over last year. The District will address the funding issues and cap restrictions by making changes in order to continue to meet the needs of the students while addressing the tax impact to the community.

3. MAJOR INITIATIVES:

High School
- New curriculum in Biological Science, AP Japanese, Financial Literacy, and Digital Arts
- Resource guide in Biological Science
- Continuation of Character Education

Middle School
- New curriculum in Grades 7 and 8 Language Arts and Grade 7 and 8 Social Studies
- Continuation of Character Education

Elementary Schools
- New Curriculum in Grades K - 2 Language Arts (writing units)
- Revised LA curriculum, grades 3 - 6, alignment to CCSS
- New resource: Word Study, Grades K - 5
- New math curriculum for Grades K - 2
- Continuation of Character Education

District
- Ongoing support for professional development
- Continuation of technology and technology curriculum integration
- Continuation of Professional Learning Communities
- Continuation of curriculum and textbook evaluation and review
- Gap analysis to align 2009 NJCCCS and CCSS
- Continuation of Character Education initiatives
- Continuation of technology education and initiatives
- Continuation of district-wide instructional initiative to support 21st Century learning
- Expanded professional development offerings to support district initiative
- Continuation of unit plan format based on UbD
- Continuation of new curriculum format
- Implementation of new observation/evaluation documents
- Implementation of new Elementary report card

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgements by management.

As a 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.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the 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 cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statement", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2011, the District's outstanding debt included $14,055,000 of general obligation bonds. In 1999 and 2006, the district issued general obligation bonds. The proceeds of the bonds issued were placed in the District's capital projects fund for capital improvements to the District's buildings and grounds. These improvements include additions and various renovations at all three school locations. In 2008, the 1999 bonds were refunded and refinanced at a savings to the District.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 1. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires

governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) 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.

10) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Donohue, Gironda & Doria, CPA's, was recommended by the Board's Finance committee and approved by the Board. In addition to meeting the requirements of the Single Audit Act of 1984 and the related OMB Circular A-133 and state Treasury Circular Letter 98-07 OMB. The auditor's report on the basic financial statements and fund statements 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.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the New Providence 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 office staff.

Respectfully submitted,

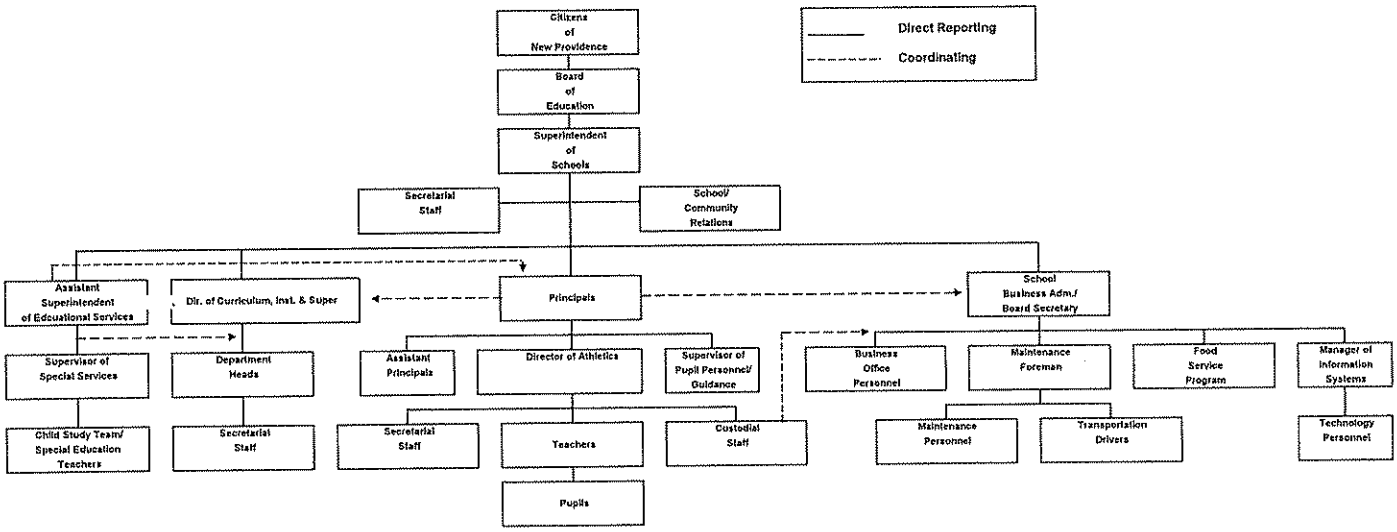
James E. Testa
School Business Administrator/Board Secretary

David M. Miceli, Ed.D.
Superintendent of Schools

New Providence Public Schools

Organizational Chart

(Unit Control)



NEW PROVIDENCE BOARD OF EDUCATION
NEW PROVIDENCE, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2011

Members of the Board of Education	Term Expires
John T. Wolak, President	2014
Nancy E. Opperthauser, Vice President	2012
William H. Dibble	2012
David C. Hasenkopf	2013
Adam M. Smith	2012
Susan C. Vogel	2013
Ira W. Krauss	2014

Other Officials

David M. Miceli, Ed.D., Superintendent of Schools

James E. Testa, Board Secretary/School Business Administrator

Kathleen Herrigel, Treasurer of School Monies (up until June 30, 2011)

NEW PROVIDENCE BOARD OF EDUCATION

Consultants and Advisors

Architects/Engineers

Massa Montalto Architects, PC
3297 Route 66
Neptune, NJ 07753

Energy for America, Inc.
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AUDIT FIRM

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FINANCIAL SECTION

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

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Tammy L. Zucca, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
New Providence School District
County of Union
New Providence, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the New Providence Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the New Providence Board of Education, in the County of Union, State of New Jersey, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, on our consideration of the New Providence 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 our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 18 and 63 through 71 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the New Providence Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as, the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04–04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and schedules of expenditures of federal awards and state financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Donohue, Gironda + Doria

DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Matthew A Donohue

MATTHEW A. DONOHUE
Certified Public Accountant
Public School Accountant
License No. CS 00170

Bayonne, New Jersey
November 14, 2011

REQUIRED SUPPLEMENTARY INFORMATION
PART I

NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The discussion and analysis of the New Providence School District's financial performance provides an overall review of the New Providence School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the New Providence School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the New Providence School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- Total net assets are $8,529,049. Net assets for governmental activities are $8,262,165. Net assets of the business-type activity, which represents food service, are $266,884. This reflects a decrease in net assets in the amount of $211,304.

- General revenues accounted for $35,205,378 in revenue or 95.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for $1,575,506 or 4.3 percent to total revenues of $36,780,884. General revenues of $35,205,378, including property taxes of $30,728,925, were used to offset the net expenses after program revenues.

- The School District had $36,992,188 in expenses; only $1,575,506 of these expenses was offset by program specific charges for service, grants or contributions.

- The General Fund revenues exceeded expenditures and other financing sources of the School District by $79,996. Revenue, in the amount of $590,000, was reserved for tax relief in the 2012 school year and $528,932 will be reserved for tax relief in the 2013 school year, as required by the State of New Jersey.

Using the Basic Financial Statements

This annual report consists of financial statements and notes to those statements. This report is organized to show the reader the New Providence School District as a financial whole, or as an entire operating entity.

The statement of net assets and statement of activities provide information about the activities of the whole New Providence School District, presenting both an aggregate view of the New Providence 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. The fund financial statements also look at the New Providence School District's most significant funds. For the New Providence School District, the General Fund is the most significant fund.

Reporting the New Providence School District as a Whole

Statement of Net Assets and Statement of Activities

While this report contains the large number of funds used by the New Providence School District to provide programs and activities, the view of the New Providence School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2011?" The statement of net assets and the statement of activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting which, takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the New Providence School District's net assets and changes in those assets. This change in net assets is important because it identifies whether the financial position of the New Providence School District has improved or diminished for the New Providence School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the New Providence School District's property tax base, current property tax laws in New Jersey, facility conditions, required educational programs, contractual obligations and other factors.

In the statement of net assets and the statement of activities, the New Providence School District is divided into two distinct kinds of activities:

Governmental Activities – Most of the New Providence School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-Type Activity – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the New Providence School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detail information about the New Providence School District's major funds. The New Providence School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the New Providence School District's most significant funds. The New Providence School District's major governmental funds are the General Fund and Special Revenue Fund.

Governmental Funds

Most of the New Providence School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the New Providence School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements.

The New Providence School District

The perspective of the statement of net assets is of the New Providence School District as a whole. Table 1 provides a summary of the New Providence School District's net assets for 2011.

Total assets equal $26,464,386. Total assets for Governmental Activities is $26,174,767. Total assets for Business Type Activities is $289,619. The totals for 2010 are presented for comparative purposes.

Table 1
Net Assets

	Governmental Activities 2011	Business-type Activities 2011	Total 2011	Total 2010
Assets:				
Current and Other Assets	$ 5,025,922	$222,615	$ 5,248,537	$ 4,781,886
Capital Assets, Net	21,148,845	67,004	21,215,849	22,450,966
Total Assets	26,174,767	289,619	26,464,386	27,232,852
Liabilities:				
Current and Other Liabilities	3,515,514	22,735	3,538,249	3,358,390
Long-Term Liabilities	14,397,088		14,397,088	15,134,109
Total Liabilities	17,912,602	22,735	17,935,337	18,492,499
Net Assets:				
Invested in Capital Assets- Net of Related Debt	6,916,612	67,004	6,983,616	7,422,870
Restricted	721,134		721,134	36,453
Unrestricted	624,419	199,880	824,299	1,281,030
Total Net Assets	$ 8,262,165	$266,884	$ 8,529,049	$8,740,353

Table 2 reflects the change in net assets for fiscal year 2011 and 2010.

Table 2
Change in Net Assets

	Governmental Activities 2011	Business-type Activities 2011	Total 2011	Total 2010
Revenues:				
Program Revenues:				
Charges for Services	$ 81,658	$560,691	$ 642,349	$ 604,744
Operating Grants	846,121	87,036	933,157	982,821
Total Program Revenues	927,779	647,727	1,575,506	1,587,565
General Revenues:				
Property Taxes	31,927,528		31,927,528	30,630,043
State and Federal Aid and Grants	3,020,858		3,020,858	3,876,353
Interest	61,166		61,166	70,714
Special Items Capital Assets/Re-class	54,418		54,418	443,600
Special Items Fixed Assets/Disposal	(20,643)		(20,643)	(11,015)
Special Items Cost of Bond Issue				
Miscellaneous	162,051		162,051	199,532
Total General Revenues	35,205,378		35,205,378	35,209,227
Total Revenues	**36,113,157**	**647,727**	**36,780,884**	**36,796,792**
Function/Program Expenses:				
Instruction	15,519,935		15,519,935	15,818,871
Support Services:				
Tuition, Students and Instructional Staff	5,442,447		5,442,447	5,576,447
School Administrative Services	1,305,770		1,305,770	1,318,929
General and Business Admin. Svcs.	9,173,661		9,173,661	8,776,893
Operation and Maintenance of Plant	2,222,863		2,222,863	2,365,468
Pupil Transportation	891,425		891,425	919,274
Unallocated Depreciation	1,217,715		1,217,715	1,240,940
Interest on Long-Term Debt	592,100		592,100	625,613
Food Service		626,272	626,272	580,730
Total Expenses	**36,365,916**	**626,272**	**36,992,188**	**37,223,165**
Increase (decrease) in Net Assets	(232,759)	21,455	(211,304)	(426,373)
Net Assets – beginning of the year	8,494,924	245,429	8,740,353	9,166,726
Net Assets – end of the year	$ 8,262,165	$266,884	$ 8,529,049	$8,740,353

The total decrease in Net Assets for Governmental Activities is $232,759. The total increase in Net Assets for Business Type Activities is $21,455. The total decrease in Net Assets is $211,304.

Governmental Activities

The statement of activities reflects the cost of program services and the charges for services, grants and contributions offsetting those services. Table 3a, for Governmental Activities, indicates the total cost of services and the percentage cost of services. It identifies the cost of these services supported by tax revenues and unrestricted state entitlements.

Table 3a.
Governmental Activities

	Total Cost of Service 2010-2011	Percent of Total	Total Cost of Service 2009 - 2010	Percent of Total
Instruction	$15,519,935	42.69%	$15,818,871	43.17%
Support Services:				
Tuition, Students and Instructional Staff	5,442,447	14.97%	5,576,447	15.22%
School Administrative Services	1,305,770	3.59%	1,318,929	3.60%
General and Business Admin. Svcs.	9,173,661	25.22%	8,776,893	23.95%
Operation and Maintenance of Plant	2,222,863	6.11%	2,365,468	6.45%
Pupil Transportation	891,425	2.45%	919,274	2.51%
Unallocated Depreciation	1,217,715	3.35%	1,240,940	3.39%
Interest on Long-Term Debt	592,100	1.62%	625,613	1.71%
Total Expenses	$36,365,916	100.00%	$36,642,435	100.00%

The Governmental Activities in the above chart demonstrate that $15,519,935 are identified as Instruction. Additionally, Tuition, Students and Instructional Staff Activities are $5,442,447. Combined resources from Instruction, Tuition Students and Instructional Staff total $20,962,382.

Pupil transportation costs reflect the cost for salaries, overtime, maintenance of fleet and contracted transportation services.

Business-Type Activity

Table 3b.
Business Activities

	Total Cost of Service 2010-2011	Percent of Total	Total Cost of Service 2009-2010	Percent of Total
Revenue				
Charges for Services	$560,691	86.56%	$522,333	85.19%
Operating Grants	87,036	13.44%	90,825	14.81%
Total Revenue	**$647,727**	**100.00%**	**$613,158**	**100.00%**
Function/Program Expenses				
Food Service – Operating	$626,272	100.00%	$580,730	100.00%
Total Expenses	**$626,272**	**100.00%**	**$580,730**	**100.00%**
Increase in Net Assets	$21,455		$32,428	

The business-type activity of the New Providence School District is the food service operation. This program had revenues of $647,727 and expenses of $626,272 for fiscal year 2011. For fiscal year 2011 the food service operation realized an increase in net assets of $21,455.

The Board of Education suggests efforts that continue to increase sales and reduce costs while offering a nutritious, healthy lunch menu. The New Providence Board of Education and school administrators are committed and have concentrated efforts to ensure that all students who are eligible for Free/Reduced lunch submit the proper forms for eligibility in a timely manner.

Sources of Revenue

The local tax revenue has been stable for several years. For all governmental activities, state revenues support approximately 8.65%. The community, as a whole, is 88.4% of the support and Federal revenue accounts for 1.9 % of the total cost of programs for New Providence School District students.

Table 4
Sources of Revenue

Fiscal Year Ended June 30	Local Tax Levy	Other Local Revenue	State Revenue	Federal Revenue	Total
2010	$30,630,043	$399,361	$3,986,607	$823,477	$35,839,488
2011	$31,927,528	$365,206	$3,123,778	$682,870	$36,099,382

The total 2011 revenue from all sources is $36,099,382.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of $36,099,382 and expenditures of $36,030,535.

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 a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2011 year, the School District amended its General Fund budget as needed. The School District uses a program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

Special Education tuitions, transportation and related services proved to be within the overall special education allocations of the original budget.

For the General Fund, budget basis revenue and other financing sources was $33,642,434, compared to the final budgeted estimates of $31,225,944. This difference was primarily due to additional extraordinary aid and the state's On-Behalf TPAF Pension Contributions and Reimbursed TPAF Social Security Contributions, which are non budgeted income and expense items.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the New Providence School District has $21,148,752 at cost invested in capital assets, for governmental activities. This amount represents a net decrease of $1,258,863 over last year. More detailed information about the Board's capital assets and depreciation is presented in Note 4 to the financial statements.

Debt

At June 30, 2011, the New Providence School District had no long-term debt payable from proprietary fund resources. Long-term liabilities includes debt service, compensated absences and capital lease obligations. More detailed information about the Board's long-term liabilities is presented in Note 5 to the financial statements.

Current Issues

The New Providence School District has been and continues to utilize sound accounting practices in the state of declining economy and uncertainty in State funding. The New Providence School District has been fortunate in not having a substantial increase in pupil enrollment last year. The District continues to monitor and address current classroom needs.

Fortunately, the New Providence School District has entered this period of time with a strong and prudent budget. The District has carefully monitored its needs in both the short and long term. Per pupil costs remain below the state average and capital costs have addressed the District's needs for at least the next five years. If the economy continues to be unstable and support from the State falls, the Administration and Board of Education will address the challenges and make changes in order to continue to meet the needs of the students and community.

Contacting the New Providence School District's Financial Management

The Management Discussion and Analysis of this financial report is designed to provide citizens, taxpayers and investors with a snapshot of the New Providence School District's finances. Also, to reflect the New Providence School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to James Testa; School Business Administrator/Board Secretary, New Providence School District, 356 Elkwood Avenue, New Providence, New Jersey 07974.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-type Activities	Totals
ASSETS:			
Assets:			
Cash and cash equivalents	$ 3,099,428	$ 202,958	$ 3,302,386
Deposits	1,311,848		1,311,848
Receivables, net	579,653	5,982	585,635
Inventory		13,675	13,675
Restricted assets:			
Restricted cash and cash equivalents	34,993		34,993
Capital reserve account - cash	93		93
Capital assets, net of depreciation	21,148,752	67,004	21,215,756
Total assets	26,174,767	289,619	26,464,386
LIABILITIES			
Accounts payable - General	$ 1,123,006	$ 22,735	$ 1,145,741
Intergovernmental payable:			
Federal	560		560
State	10,106		10,106
Accrued liability for insurance claims	1,311,848		1,311,848
Deferred revenue	80,948		80,948
Non-current liabilities:			
Due within one year	989,046		989,046
Due beyond one year	14,397,088		14,397,088
Total liabilities	17,912,602	22,735	17,935,337
NET ASSETS			
Invested in capital assets, net of related debt	6,916,612	67,004	6,983,616
Restricted for:			
Capital projects	25,304		25,304
Other Purposes	695,830		695,830
Unrestricted	624,419	199,880	824,299
Total net assets	$ 8,262,165	$ 266,884	$ 8,529,049

See accompanying notes to financial statements.

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Activities
for the Fiscal Year ended June 30, 2011

Functions/Programs	Expenses	PROGRAM REVENUES: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	$ 12,341,659	$ 81,658	$ 846,121	$
Special Education	2,039,597			
Other special instruction	352,879			
Other instruction	785,800			
Support services:				
Tuition	2,126,122			
Student & instruction related services	3,316,325			
School administrative services	1,305,770			
General and business administrative services	9,173,661			
Plant operation and maintenance	2,222,863			
Pupil transportation	891,425			
Unallocated depreciation	1,217,715			
Special schools				
Interest on Long Term Debt	592,100			
Total governmental activities	36,365,916	81,658	846,121	
Business-type activities:				
Food service	626,272	560,691	87,036	
Total business-type activities	626,272	560,691	87,036	
Total primary government	$ 36,992,188	$ 642,349	$ 933,157	$

General revenues:
Taxes:
Property taxes, levied for general purposes, net
Taxes levied for debt service
Federal and State aid not restricted
Investment earnings
Special item - Appraisal of capital assets adjustments
Special item - Loss on disposal of fixed assets
Miscellaneous income
Total general revenues, special items, extraordinary items and transfers

Change in Net Assets

Net Assets - July 1
Net Assets - June 30

	Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	Business-type Activities	Total
$ (11,413,880)	$	$ (11,413,880)
(2,039,597)		(2,039,597)
(352,879)		(352,879)
(785,800)		(785,800)
(2,126,122)		(2,126,122)
(3,316,325)		(3,316,325)
(1,305,770)		(1,305,770)
(9,173,661)		(9,173,661)
(2,222,863)		(2,222,863)
(891,425)		(891,425)
(1,217,715)		(1,217,715)
(592,100)		(592,100)
(35,438,137)		(35,438,137)
	21,455	21,455
	21,455	21,455
$ (35,438,137)	$ 21,455	$ (35,416,682)
30,728,925		30,728,925
1,198,603		1,198,603
3,020,858		3,020,858
61,166		61,166
54,418		54,418
(20,643)		(20,643)
162,051		162,051
35,205,378		35,205,378
(232,759)	21,455	(211,304)
8,494,924	245,429	8,740,353
$ 8,262,165	$ 266,884	$ 8,529,049

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Exhibit B-1

NEW PROVIDENCE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2011

	Governmental Fund Types				
	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS:					
Assets:					
Cash and cash equivalents	$ 3,099,428	$ 9,782	$ 25,211	$	$ 3,134,421
Deposits	1,311,848				1,311,848
Accounts receivable:					
Federal		97,589			97,589
State	444,307				444,307
Other	37,757				37,757
Capital reserve account - Restricted cash	93				93
Total assets	$ 4,893,433	$ 107,371	$ 25,211	$	$ 5,026,015
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable - General	$ 1,101,894	$ 21,112	$	$	$ 1,123,006
Intergovernmental payable:					
Federal		560			560
State		10,106			10,106
Accrued liability for insurance claims	1,311,848				1,311,848
Deferred revenue	5,355	75,593			80,948
Total liabilities	2,419,097	107,371			2,526,468
Fund balances:					
Restricted:					
Capital reserve	93				93
Reserved excess surplus - Designated for subsequent year's tax relief	166,898				166,898
Reserve for excess surplus	528,932				528,932
Committed:					
Year-end encumbrances	575,540				575,540
Assigned:					
Designated for subsequent year's tax relief	423,102				423,102
Unassigned	779,771		25,211		804,982
Total fund balances	2,474,336		25,211		2,499,547
Total liabilities and fund balances	$ 4,893,433	$ 107,371	$ 25,211	$	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $40,065,356 and the accumulated depreciation is $18,916,604. (See Note 4)	21,148,752
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 5)	(15,386,134)
Net assets of governmental activities	$ 8,262,165

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
for the Fiscal Year ended June 30, 2011

	Governmental Fund Types				
	General	Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES:					
Local sources:					
Local tax levy	$ 30,728,925	$	$	$ 1,198,603	$ 31,927,528
Tuition	81,658				81,658
Interest on investments	61,166				61,166
Miscellaneous	162,051				162,051
Grants		60,331			60,331
Total revenues-local sources	31,033,800	60,331		1,198,603	32,292,734
State sources	2,727,361	102,920		293,497	3,123,778
Federal sources		682,870			682,870
Total revenues	33,761,161	846,121		1,492,100	36,099,382
EXPENDITURES:					
Current expense:					
Instruction	14,319,773	846,121			15,165,894
Undistributed expenditures	19,093,423				19,093,423
Capital outlay	267,969		11,149		279,118
Special schools					
Debt service				1,492,100	1,492,100
Claims paid					
Special services					
Total expenditures	33,681,165	846,121	11,149	1,492,100	36,030,535
Excess (deficiency) of revenues over (under) expenditures	79,996		(11,149)		68,847
OTHER FINANCING SOURCES (USES)					
Bond proceeds					
Operating transfers					
Capital leases (Nonbudgeted)	236,186				236,186
Cancellation of State Construction Grant receivable					
Total other financing sources (uses)	236,186				236,186
Net changes in fund balance	316,182		(11,149)		305,033
Fund balances, July 1	2,158,154		36,360		2,194,514
Fund balances, June 30	$ 2,474,336	$	$ 25,211	$	$ 2,499,547

See accompanying notes to financial statements.

NEW PROVIDENCE SCHOOL DISTRICT
Exhibit B-3
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, 2011

Total net change in fund balances - governmental funds (from B-2)			$ 305,033
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.			
	Depreciation Expense	$ (1,571,756)	
	Capital Outlays	279,118	(1,292,638)
Repayment of bond principal and capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.			
	Repayment of Bond Principal	900,000	
	Issuance of Capital Leases	(236,186)	
	Payments of Capital Leases Payable	132,142	795,956
Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the statement of activities, issuing debt increases long-term liabilities in the statement of net assets.			
	Bond Proceeds		0
In the statement of activities, compensated absences are measured by the amount earned during the year. In the Governmental Funds, however, expenditures for these items are reported based on the amount paid. When the earned amount exceeds the paid amount, the difference is a decrease on this reconciliation.			(74,885)
Special item - Appraisal of capital assets adjustments			54,418
Special item - Loss on Disposal of fixed assets			(20,643)
Change in net assets of governmental activities			$ (232,759)

PROPRIETARY FUNDS

Exhibit B-4

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds
	Food Service
ASSETS:	
Assets:	
Cash and cash equivalents	$ 202,958
Accounts receivable:	
State	544
Federal	5,329
Other	109
Inventories	13,675
Total current assets	222,615
Fixed Assets:	
Equipment	135,861
Accumulated depreciation	(68,857)
Total fixed assets	67,004
Total assets	$ 289,619
LIABILITIES AND NET ASSETS:	
Liabilities:	
Accounts payable	$ 22,735
Total current liabilities	22,735
NET ASSETS:	
Unrestricted	237,691
Reserve for encumbrances	29,193
Total net assets	266,884
Total liabilities and net assets	$ 289,619

Exhibit B-5

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
for the Fiscal Year ended June 30, 2011

	Business-type Activities - Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services	
Daily sales - reimbursable programs	$ 555,912
Daily sales - non-reimbursable programs	4,779
Total operating revenues	560,691
OPERATING EXPENSES:	
Labor costs	295,240
Costs of sales	286,548
Direct expenses	36,723
Depreciation	7,761
Total operating expenses	626,272
Operating loss	(65,581)
NON-OPERATING REVENUES:	
State sources:	
State school lunch program	5,549
Federal sources:	
Nutrition reimbursements	59,548
Food distribution program	19,439
Interest Income	2,500
Total non-operating revenues	87,036
Net income before operating transfers	21,455
Operating transfers:	
Operating transfers in - General fund	
Change in net assets	21,455
Total net assets, July 1	245,429
Total net assets, June 30	$ 266,884

Exhibit B-6

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year ended June 30, 2011

	Business-type Activities - Enterprise Fund
	Food Service
Cash flows from operating activities:	
Receipts from customers	$ 561,363
Payments to employees	(295,240)
Payments to suppliers	(357,877)
Net cash (used for) operating activities	(91,754)
Cash flows from noncapital financing activities:	
State sources	5,627
Federal sources	60,307
Food distribution program	19,439
Net cash provided by non-capital financing activities	85,373
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(31,414)
Net cash used for capital and related financing activities	(31,414)
Cash flows from investing activities:	
Interest on investments	2,500
Net cash provided by investing activities	2,500
Net decrease in cash and cash equivalents	(35,295)
Cash and cash equivalents, July 1	238,253
Cash and cash equivalents, June 30	$ 202,958
Reconciliation of operating loss to net cash (used for) provided by operating activities:	
Operating loss	$ (65,581)
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Decrease in accounts receivable	672
Increase in inventories	(4,259)
Decrease in accounts payable	(30,347)
Depreciation	7,761
Total adjustments	(26,173)
Net cash (used for) operating activities	$ (91,754)

FIDUCIARY FUNDS

Exhibit B-7

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund	Agency	
			Student Activity	Payroll
ASSETS:				
Cash and cash equivalents	$ 143,712	$ 246,897	$ 122,085	$ 116,988
Total assets	$ 143,712	$ 246,897	$ 122,085	$ 116,988
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Payroll deductions & withholdings	$	$	$	$ 116,988
Due to student groups			122,085	
Total liabilities			122,085	116,988
Net assets				
Held in trust for unemployment claims and other purposes		246,897		
Reserved for scholarships	143,712			
Total liabilities and net assets	$ 143,712	$ 246,897	$ 122,085	$ 116,988

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
for the Fiscal Year ended June 30, 2011

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund
ADDITIONS:		
Contributions:		
Plan Member	$	$ 27,724
Donations	6,125	
Total contributions	6,125	27,724
Investment earnings:		
Interest	1,974	2,595
Total additions	8,099	30,319
DEDUCTIONS:		
Unemployment Claims Paid		63,572
Scholarship payments	13,427	
Total deductions	13,427	63,572
Change in net assets	(5,328)	(33,253)
Net assets - July 1	149,040	280,150
Net assets - June 30	$ 143,712	$ 246,897

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of New Providence School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments.* Certain of the significant changes in the Statement include the following:

- The financial statements include:
  - A Management Discussion and Analysis (MD&A) section providing an analysis of the Board's overall financial position and results of operations.
  - Financial statements prepared using full accrual accounting for all of the Board's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Board has elected to implement the general provisions of the Statement in the current year.

The more significant of the Board's accounting policies are described below.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The New Providence School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The New Providence School District had an enrollment at June 30, 2011, of 2,257 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's Board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. Basic Financial Statements - District -Wide Statements:

The Board's basic financial statements include both district-wide (reporting the Board as a whole) and fund financial statements (reporting the Board's major funds). Both the district-wide and fund financial statements categorize primary activities as either governmental or business type. The Board's general operating services, special revenue, capital projects and debt service are classified as governmental activities. The Board's food service is classified as a business-type activity.

The Statement of Net Assets and Statement of Activities display information about the reporting district as a whole. They include all funds of the reporting entity except for fiduciary funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements - District -Wide Statements (Continued):

In the district-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Board first utilizes restricted resources to finance qualifying activities.

The district-wide Statement of Activities reports both the gross and net cost of each of the Board's functions and business-type activities. The functions are also supported by general government revenues (property and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, taxes, intergovernmental revenues, interest income, etc.)

The district-wide focus is more on the sustainability of the Board as an entity and the change in the Board's net assets resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements:

The financial transactions of the Board are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

The following fund types are used by the Board:

1. GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Board:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance Capital Outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted Capital Outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

1. GOVERNMENTAL FUNDS (Continued)

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

2. PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Funds are comprised of the Food Service Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

2. PROPRIETARY FUNDS (Continued)

All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their balance sheets. Their reported net assets (net total assets) is segregated into invested in capital assets, net of related debt, restricted for capital projects or unrestricted, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Funds balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Food Service Fund:	
Equipment	10 Years

3. FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds and therefore are not available to support district programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements - Fund Financial Statements (Continued):

3. FIDUCIARY FUNDS (Continued)

Expendable Trust Funds - An Expendable Trust Fund is accounted for in essentially the same manner as the Governmental Fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds consist of the Unemployment Compensation Insurance Trust Fund.

Private Purpose Scholarship Funds - A Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District maintains ten separate scholarship funds.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Board considers all governmental and business-type activities to be major.

The Board's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, students, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the district-wide statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Measurement and Accounting Focus:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All fiduciary trust funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use net assets as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

c. Agency funds are not involved in the measurement of results of operation; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the district-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Measurement and Accounting Focus (Continued):

In the fund financial statements, governmental funds, fiduciary trust funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item units 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. Line-item transfers from an advertised appropriation account as defined under N.J.A.C. 6A:23A-2.3, which on a cumulative basis exceed ten percent of the amount included in the original budget, require county superintendent approval. Effective December 2004, line-item transfers to an advertised appropriation account identified as either general administration, school administration, central services and administrative information technology or other support services that, on a cumulative basis, exceed 10% of the amount included in the original budget require county superintendent approval.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

Pursuant to N.J.S.A. 18A:22-8 and N.J.A.C. 6A:23A-2.3 appropriation of surplus or other unbudgeted or under budgeted revenue is allowed only between April 1 and June 30 and requires Regional Assistant Commissioner Approval. Six revenue categories identified under N.J.A.C. 6A:23A-2.3(c)) are excluded from this requirement.

Prior to April 1, a school board may petition the Commissioner for appropriation of surplus or other unbudgeted or under budgeted revenue (except for those exempted under N.J.A.C. 6A:23A-2.3(c)) an "emergent circumstance." Such petition must be submitted by a two-thirds affirmative vote of the authorized membership of the Board and include the items listed and demonstrate the need pursuant to N.J.A.C. 6A:23A-2.3(b). During the fiscal year, the Board of Education did not make any supplemental budgetary appropriations.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the Special Revenue Fund as noted in Exhibit C-3. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets/Budgetary Control (Continued)

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

	2010 - 2011
Total Revenues (Budgetary Basis)	$ 889,468
Adjustments:	
Add: Prior Year Encumbrances	32,246
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes	0
Less: Current Year Encumbrances	(75,593)
State Aid Payment Recognized for Budgetary Purposes not Recognized for GAAP Statements	(0)
Total Revenues (GAAP Basis)	$ 846,121

F. Encumbrances:

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than the Special Revenue Fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey School Districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

H. Tuition Receivable:

Tuition charges were established by the Board of Education based on budgeted costs. The charges are subject to adjustment when the final costs have been determined.

I. Tuition Payable:

Tuition charges for the fiscal years 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Inventories and Prepaid Expenses:

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

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2011.

K. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

L. Fixed Assets:

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-Wide Statements

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fixed Assets (Continued):

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Improvements	20 years
Machinery and Equipment	5 - 20 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the district-wide statements.

M. Deferred Revenue:

Deferred revenue in the Special Revenue Fund represents cash that has been received but not yet earned.

N. Long-Term Debt:

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be paid from governmental and business-type resources are reported as liabilities in the district-wide statement. The long-term debt consists primarily of accrued compensated absences, serial general obligation bonds and obligations under capital leases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund is the same in the fund statements as it is in the district-wide statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Equity Classifications:

District-Wide Statements

Equity is classified as net assets and displayed in three components:

a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Government fund equity is classified as fund balance. Under GASB No. 54, fund balance is further categorized as restricted, committed, assigned, or unassigned fund balance. Restrictions are created to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is appropriated for future expenditures. The categories used are detailed below.

Restricted – Excess Surplus – Designated for Subsequent Year's Tax Relief – This reserve was created to represent the June 30, 2010 audited excess surplus that will be appropriated in the 2011-2012 original budget certified for taxes.

Restricted – Reserve for Excess Surplus – This reserve was created to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012-2013 original budget certified for taxes.

Restricted – Capital Reserve – This reserve was created by the District to fund future capital expenditures (See Note 3).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Equity Classifications (Continued):

Committed - Year-End Encumbrances – This reserve was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts awarded for which the goods or services have not yet been received at June 30.

Assigned - Designated for Subsequent Year's Tax Relief – This reserve was created to reflect management's intended use of fund balance in the subsequent year's budget certified for taxes.

Unassigned – This classification is used for all other fund balance.

Proprietary fund equity is classified the same as in the district-wide statements.

P. Operating and Non-operating Revenue:

Operating revenues for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue not related to capital and related financing, non-capital financing, or investing activities. Non-operating revenues include reimbursements by the State for school breakfast, lunch and food distribution programs.

Q. Expenditures/Expenses:

In the district-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay
Proprietary Fund - By Operating and Non-operating	

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

NOTE 2. CASH AND CASH EQUIVALENTS AND DEPOSITS

It is the District's policy to only deposit and invest funds with financial institutions located in the State of New Jersey which are insured as a part of the Governmental Unit Deposit Protection Act (GUDPA).

Custodial credit risk is the risk that, in the event of a bank failure, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

a. Uncollateralized
b. Collateralized with securities held by the pledging financial institution
c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2011, the District's cash and cash equivalents are summarized as follows:

Category	Amount
Insured - FDIC	$ 500,000
Insured - GUDPA	3,467,154
	$ 3,967,154

Reconciliation to District-Wide Statement of Net Assets:	
Unrestricted Cash	$ 3,302,386
Restricted Cash	34,993
Restricted Cash - Capital Reserve Account	93
Fiduciary Funds (Not Included in District-Wide Statement)	629,682
	$ 3,967,154

NOTE 2. CASH AND CASH EQUIVALENTS AND DEPOSITS (Continued)

As of June 30, 2011, the District's deposits are summarized as follows:

Type	Carrying Amount	Market Value
Minimum Premium Insurance Deposit	$1,311,848	$1,311,848

This deposit secures the accrued liability for insurance claims. The deposits recorded in the district-wide financial statements have been recorded at the carrying amount.

NOTE 3. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). 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. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2010 to June 30, 2011 fiscal year is as follow:

Beginning Balance, July 1, 2010	$ 93
Interest Earnings	-0-
Deposits	-0-
Withdrawals	-0-
Ending Balance, June 30, 2011	$ 93

NOTE 4. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Board as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 5 to 20 years.

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

Capital asset activity for the year ended June 30, 2011, was as follows:

	Balance at July 1, 2010	Adjustments	Additions	Disposals	Balance at June 30, 2011
Governmental Activities:					
Land	$ 1,306,892	$	$	$	$ 1,306,892
Land Improvements	180,101				180,101
Buildings & Improvements	34,080,383		11,149		34,091,532
Construction in Progress	-0-				-0-
Machinery & Equipment	4,195,667	(144,883)	248,536	(355,604)	3,943,716
Vehicles	324,366	199,316	19,433		543,115
Totals at Historical Cost	40,087,409	54,433	279,118	(355,604)	40,065,356
Less Accumulated Deprec.					
Land Improvements	(180,101)				(180,101)
Buildings & Improv.	(14,405,026)		(1,185,254)		(15,590,280)
Machinery & Equipment	(2,804,111)	(15)	(338,644)	334,961	(2,807,809)
Vehicles	(290,556)		(47,858)		(338,414)
Total Accumulated Deprec.	(17,679,794)	(15)	*(1,571,756)	334,961	(18,916,604)
Governmental Activities Capital Assets, Net	$22,407,615	**$ 54,418	($1,292,638)	($20,643)	$21,148,752
Business-type Activities:					
Machinery & Equipment	$ 104,447	$	$31,414	$	$135,861
Totals at Historical Cost	104,447		31,414		135,861
Less Accumulated Deprec.					
Machinery & Equipment	(61,096)		(7,761)		(68,857)
Total Accumulated Deprec.	(61,096)		(7,761)		(68,857)
Business-type Activities Capital Assets, Net	$ 43,351	$	$23,653	$	$67,004

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

* Depreciation expense was charged to Governmental Activities as follows:

Instruction:	
Regular	$ 354,041
Total Instruction	354,041
Support Services:	
Unallocated Depreciation	1,217,715
Total Support Services	1,217,715
Total Depreciation Expense	$1,571,756

** The adjustments represent reclassifications, changes to the July 1, 2010 capital asset balances as reported on the June 30, 2011 capital assets appraisal and a difference in current year additions between the capital assets appraisal and expenditures per capital outlay.

NOTE 5. LONG-TERM DEBT

The Board's long-term debt is summarized as follows:

Governmental Activities

	Balance, June 30, 2010	Issued	Retired	Balance, June 30, 2011	Amounts Due Within One Year	Long-Term Portion
Compensated absences payable	$ 1,079,109	$ 341,285	($266,400)	$1,153,994	$ -	$1,153,994
Bonds payable	14,955,000		(900,000)	14,055,000	930,000	13,125,000
Capital leases payable	73,096	236,186	(132,142)	177,140	59,046	118,094
	$16,107,205	$ 577,471	($1,298,542)	$15,386,134	$989,046	$14,397,088

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

NOTE 5. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued):

The Series 2006 Bonds maturing on and after August 15, 2017 are redeemable at the option of the Board of Education in whole or in part on any date on or after August 15, 2016 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption, if any.

Principal and interest due on serial bonds outstanding is as follows:

Year Ending June 30,	School Bonds Series 2006 Principal	Interest
2012	430,000	354,717
2013	450,000	336,677
2014	470,000	317,817
2015	490,000	298,137
2016	510,000	277,638
2017	530,000	256,317
2018	555,000	234,075
2019	590,000	210,603
2020	620,000	185,798
2021	650,000	159,763
2022	670,000	132,619
2023	720,000	103,950
2024	720,000	74,250
2025	720,000	44,550
2026	720,000	14,850
	$8,845,000	$3,001,761

NOTE 5. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued):

The Series 2006 2nd Series Bonds maturing on and after August 15, 2018 are redeemable at the option of the Board of Education in whole or in part on any date on or after August 15, 2017 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption, if any.

Principal and interest due on serial bonds outstanding is as follows:

Year Ending June 30,	School Bonds Series 2006 2nd Series Principal	Interest
2012	140,000	113,600
2013	150,000	108,000
2014	150,000	102,000
2015	160,000	96,000
2016	160,000	89,600
2017	170,000	83,200
2018	180,000	76,400
2019	190,000	69,200
2020	200,000	61,600
2021	210,000	53,600
2022	210,000	45,200
2023	220,000	36,800
2024	230,000	28,000
2025	230,000	18,800
2026	240,000	9,600
	$2,840,000	$ 991,600

NOTE 5. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued):

The Series 2008 Bonds are not subject to redemption prior to maturity.

Principal and interest due on serial bonds outstanding is as follows:

Year Ending June 30,	School Bonds Series 2008 Principal	Interest
2012	360,000	90,912
2013	375,000	78,500
2014	385,000	64,719
2015	400,000	50,000
2016	415,000	32,125
2017	435,000	10,875
	$2,370,000	$ 327,131

NOTE 5. LONG-TERM DEBT (Continued)

B. Capital Leases Payable:

The District is leasing copier equipment totaling $236,186 under capital leases. All capital leases are for terms of four years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2011.

Year	Amount
2012	$ 65,424
2013	65,424
2014	65,424
Total Minimum Lease Payments	$196,272
Less: Amount Representing Interest	19,132
Present Value of Net Minimum Lease Payments	$177,140

NOTE 6. PENSION PLANS

A. Description of Plans:

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

NOTE 6. PENSION PLANS (Continued)

B. Teachers' Pension and Annuity Fund (TPAF):

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation. As under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the System's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

C. Public Employees' Retirement System (PERS):

The Public Employees' Retirement System was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

D. Vesting and Benefit Provisions:

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55th of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

NOTE 6. PENSION PLANS (Continued)

E. Significant Legislation:

P.L. 2010, c.1, effective May 21, 2010, changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. The law also requires the State to make its full pension contribution, defined as $1/7^{th}$ of the required amount, beginning in Fiscal Year 2012.

P.L. 2008, c.89, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c.103, certain parts effective July 1, 2007 implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

F. Contribution Requirements:

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62 P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5.5% for each plan. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a non-contributing employer of the TPAF.

NOTE 6. PENSION PLANS (Continued)

F. Contribution Requirements (Continued):

During the years ended June 30, 2011, 2010, and 2009 the District was required to contribute for PERS and the State of New Jersey was required to contribute to TPAF for normal pension contributions in the following amounts:

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	$554,044	100%	$ -
6/30/10	495,958	100%	-
6/30/09	430,678	100%	-

Three-Year Trend Information for TPAF (Paid on behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	$1,921,235	100%	$ -
6/30/10	1,894,976	100%	-
6/30/09	1,816,972	100%	-

During the fiscal year ended June 30, 2011, the State of New Jersey contributed $1,057,821 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District $1,163,517 during the year ended June 30, 2011, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the Budgetary Comparison Schedule - General Fund, the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds and the Statement of Activities as a revenue and expenditure in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Public Laws 1987, c. 384 and Public Laws 1990, c.6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Public Law 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with, P.L. 1994, c.62. Funding of post-retirement medical premiums 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 or county college with 25 years of service. The State paid $126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

NOTE 8. OTHER POST-RETIREMENT BENEFITS

The District participates in the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP.

The State Health Benefits Commission is the executive body established by stature to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

NOTE 9. COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees who are employed for ten months are entitled to a maximum of 15 paid sick leave days per fiscal school year. District employees who are employed for twelve months are entitled to a maximum of 17 paid sick leave days per fiscal school year. A maximum of 15 unused sick leave days may be accumulated and carried forward to the subsequent years. Upon retirement, not including deferred retirement, the District shall pay the employee for unused sick leave in accordance with the Districts' agreements with the various employee unions. Vacation days not used during the year may only be carried forward with approval from the Superintendent.

In the District-Wide Statement of Net Assets, the liability for vested compensated absences of the governmental fund types is recorded in long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability balance of compensated absences.

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and Section 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Investment Planning
AIG Retirement
The Legend Group
Fidelity Investments
MetLife

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

A. Property and Liability Insurance:

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

B. New Jersey Unemployment Compensation Insurance:

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

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2010-2011	$ -	$27,724	$2,595	$ 63,572	$246,897
2009-2010	-	27,654	3,704	44,267	280,150
2008-2009	-	27,232	1,988	5,102	293,059

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2011. There were no significant interfund transfers during the year ended June 30, 2011.

NOTE 13. INVENTORY

Inventory in the Food Service Fund at June 30, 2011, consisted of the following:

Food	$ 12,317
Supplies	1,358
	$ 13,675

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 14. FUND BALANCE APPROPRIATED

Of the $2,474,336 General Fund fund balance as reported in the fund statements at June 30, 2011, $695,830 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; ($166,898 of the total restricted excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2012); $93 has been restricted in the Capital Reserve Account; $575,540 is committed for year-end encumbrances; $423,102 is assigned and designated for subsequent year's tax relief; and $779,771 is unassigned.

NOTE 15. CALCULATION OF EXCESS SURPLUS

The designation for Restricted Fund Balance – Reserve for excess surplus is a required calculation pursuant to N.J,S.A 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The Reserve for excess surplus for the year ended June 30, 2011 is $528,932.

NOTE 16. CONTINGENT LIABILITIES

The Board is not involved in any claims or lawsuits incidental to its operations. In the opinion of the administration and legal counsel, there are no other matters which will have a material adverse effect on the financial position of the District.

NOTE 17. SUBSEQUENT EVENTS

On June 28, 2011 P.L. 2011 c.78 was approved to make various significant changes to pension and health care benefits for public employees. The law provides for the following pension plan changes:

- New pension committees formed
- New employee pension contribution rates
- Pension plan design changes
- Funding changes
- Retirement systems actuary selection committee
- COLA suspension
- Contractual rights to employer pension contributions
- Target funded ratio defined
- Investment council
- Super conciliator
- Retiring while serving in elected office
- Pension plan compliance provisions

The law provides for the following health care benefit changes:

- Required active and retired employee contributions towards health benefit coverage
- New SHBP and SEHBP committees
- Coverage for out-of-state health care providers

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES

Exhibit C-1

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
Local sources:					
Local tax levy	$ 30,728,925	$	$ 30,728,925	$ 30,728,925	$
Tuition	71,021		71,021	81,658	10,637
Interest on investments	85,000		85,000	61,166	(23,834)
Miscellaneous	109,000		109,000	162,051	53,051
Total revenues - local sources	30,993,946		30,993,946	31,033,800	39,854
State sources:					
Transportation aid					
Special education aid					
Bilingual education					
Security aid					
Aid for adult and post-graduate					
Academic Achievement Reward					
Other unrestricted state aid	231,998		231,998	387,296	155,298
On-Behalf TPAF Pension Contributions (Non-budgeted)				1,057,821	1,057,821
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,163,517	1,163,517
Total - State sources	231,998		231,998	2,608,634	2,376,636
Total revenues	$ 31,225,944	$	$ 31,225,944	$ 33,642,434	$ 2,416,490
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	$ 532,164	$ (92,239)	$ 439,925	$ 428,473	$ 11,452
Grades 1-5	3,970,239	7,339	3,977,578	3,977,578	
Grades 6-8	2,432,777	111,500	2,544,277	2,544,276	1
Grades 9-12	3,636,743	111,300	3,748,043	3,745,239	2,804
Total regular programs - Instruction	10,571,923	137,900	10,709,823	10,695,566	14,257
Special education home instruction:					
Salaries of teachers	8,000	41,000	49,000	49,000	
Purchases professional - Education services	3,500	37,400	40,900	38,419	2,481
General supplies	400		400		400
Textbooks	200		200		200
Total special education home instruction	12,100	78,400	90,500	87,419	3,081
Regular programs - undistributed instruction:					
Other salaries for instruction					
Other purchased services	29,374	(17,000)	12,374	6,573	5,801
General supplies	319,741		319,741	275,636	44,105
Textbooks	84,261		84,261	74,658	9,603
Miscellaneous	4,880		4,880	1,645	3,235
Total regular programs - undistributed instruction	438,256	(17,000)	421,256	358,512	62,744
Total regular programs	11,022,279	199,300	11,221,579	11,141,497	80,082

Exhibit C-1

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from prior page)					
Special education:					
Mentally retarded - trainable:					
Salaries of teachers	$	$	$	$	$
Other salaries for instruction					
General supplies					
Textbooks					
Other objects					
Purchased professional services					
Total mentally retarded - trainable					
Learning & language disability:					
(Formerly perceptually impaired)					
Salaries of teachers	258,383	50,910	309,293	308,705	588
Other salaries for instruction	92,496	19,850	112,346	112,346	
General supplies	2,880	2,000	4,880	1,185	3,695
Textbooks	5,000		5,000	568	4,432
Total learning & language disability	358,759	72,760	431,519	422,804	8,715
Resource room:					
Salaries of teachers	1,331,939	(148,865)	1,183,074	1,176,125	6,949
Other salaries for instruction	204,189	(19,850)	184,339	184,339	
General supplies	8,880		8,880	2,244	6,636
Textbooks	7,591		7,591	97	7,494
Total resource room	1,552,599	(168,715)	1,383,884	1,362,805	21,079
Preschool handicapped:					
Salaries of teachers	66,518	88,000	154,518	150,430	4,088
Other salaries for instruction	80,165	30,000	110,165	97,140	13,025
General supplies	1,360	1,000	2,360	418	1,942
Total preschool handicapped	148,043	119,000	267,043	247,988	19,055
Supplementary instruction:					
Salaries of teachers	6,000		6,000	6,000	
General supplies	320		320		320
Textbooks	200		200		200
Total supplementary instruction	6,520		6,520	6,000	520
Speech instruction:					
General supplies					
Total speech instruction					
Total special education	2,065,921	23,045	2,088,966	2,039,597	49,369

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from prior page)					
Basic skills/remedial:					
Salaries of teachers	$ 312,492	$ (6,000)	$ 306,492	$ 281,978	$ 24,514
General supplies	880		880	623	257
Textbooks	900		900	373	527
Total basic skills/remedial	314,272	(6,000)	308,272	282,974	25,298
Bilingual education:					
Salaries of teachers	70,030		70,030	68,529	1,501
General supplies	1,399		1,399	1,376	23
Textbooks	300		300		300
Total bilingual education	71,729		71,729	69,905	1,824
Other instructional:					
School sponsored co-curricular activities:					
Salaries	211,432	(9,500)	201,932	177,178	24,754
General supplies	18,400		18,400	9,851	8,549
Other objects	1,200		1,200	848	352
School sponsored athletics and community service programs:					
Salaries	397,876		397,876	397,876	
Other purchased services	153,693		153,693	123,892	29,801
General supplies	69,961		69,961	51,930	18,031
Other expenditures	24,356		24,356	24,225	131
Total other instructional programs	876,918	(9,500)	867,418	785,800	81,618
Total - instruction	14,351,119	206,845	14,557,964	14,319,773	238,191
Undistributed expenditures:					
Instruction:					
Tuition - charter schools					
Tuition to private schools for the handicapped and other LEAs-special, within the State	2,466,190	(293,810)	2,172,380	1,950,772	221,608
Tuition to private schools outside the State					
Tuition - County voc. reg.	120,500	46,500	167,000	163,350	3,650
Tuition - County voc. sp.	12,000		12,000	12,000	
Tuition - State facilities					
Total undistributed expenditures - instruction	2,598,690	(247,310)	2,351,380	2,126,122	225,258
Attendance and social work services:					
Salaries	31,886		31,886	30,030	1,856
Total attendance and social work services	31,886		31,886	30,030	1,856

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from prior page)					
Health services:					
Salaries	$ 227,340	$	$ 227,340	$ 222,965	$ 4,375
Purchased professional services	9,000		9,000	8,933	67
General supplies	2,293		2,293	2,255	38
Miscellaneous expenditures	1,760		1,760	652	1,108
Total health services	240,393		240,393	234,805	5,588
Related services:					
Salaries of professional staff	364,153	(8,800)	355,353	354,043	1,310
Purchased professional services	224,034	22,000	246,034	224,826	21,208
General supplies	2,707		2,707	2,043	664
Total related services	590,894	13,200	604,094	580,912	23,182
Extraordinary services:					
Salaries of professional staff					
Purchased professional services	2,890		2,890	2,494	396
General Supplies					
Total extraordinary services	2,890		2,890	2,494	396
Other support services - students - regular:					
Salaries of other professional staff	571,765		571,765	567,903	3,862
Secretarial salaries	127,003		127,003	116,850	10,153
Other salaries	39,718		39,718	37,849	1,869
Other purchased professional services					
Other purchased services	2,150		2,150		2,150
Supplies	2,240		2,240	1,131	1,109
Total other support services - students- regular	742,876		742,876	723,733	19,143
Other support services - students - special services:					
Salaries of other professional staff	684,834	(8,200)	676,634	663,335	13,299
Secretarial salaries	99,327		99,327	93,353	5,974
Purchased professional services	25,010	1,200	26,210	25,572	638
General supplies	2,640		2,640	2,482	158
Other expenses	2,920		2,920	2,562	358
Total other support services - students - special services	814,731	(7,000)	807,731	787,304	20,427
Improvement of instruction services/ other support services-instructional staff:					
Salaries of supervisors of instruction	212,835		212,835	212,835	
Salaries of other professional staff	39,872	50	39,922	39,917	5
Other salaries	139,099		139,099	126,693	12,406
Salaries of secretarial assistants	148,118		148,118	137,843	10,275
Purchased professional services					
Travel	4,000	890	4,890	4,889	1
General supplies	2,320		2,320	1,181	1,139
Miscellaneous	3,275		3,275	1,797	1,478
Total improvement of instruction services/ other support services-instructional staff	549,519	940	550,459	525,155	25,304

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from prior page)					
Educational media services/school library:					
Salaries	$ 329,171	$	$ 329,171	$ 328,678	$ 493
Other purchased services	54,955		54,955	41,999	12,956
Supplies and materials	31,111		31,111	23,231	7,880
Total educational media services/school library	415,237		415,237	393,908	21,329
Instruction staff training:					
Salaries of supervisors of instruction	14,239		14,239	14,239	
Salaries of other professional services	4,414	25	4,439	4,435	4
Secretarial salaries	14,504		14,504	14,501	3
Purchased professional services	4,000		4,000	1,466	2,534
Other purchased services	4,300		4,300	3,338	962
General supplies					
Other expenses	320		320	5	315
Total instruction staff training	41,777	25	41,802	37,984	3,818
Support services general administration:					
Salaries	388,728		388,728	354,683	34,045
Legal services	40,000		40,000	18,093	21,907
Other purchased professional services	141,740		141,740	120,054	21,686
Technical services					
Communications/telephone	87,321		87,321	57,409	29,912
Other purchased services	4,151		4,151	1,194	2,957
Supplies and materials	6,020		6,020	5,804	216
Miscellaneous expenditures	27,395		27,395	27,392	3
Total support services general administration	695,355		695,355	584,629	110,726
Support services school administration:					
Salaries of principals/asst. principals	953,327		953,327	897,019	56,308
Salaries of secretarial assistants	420,180		420,180	361,961	58,219
Travel	6,015		6,015	2,460	3,555
General supplies	29,257		29,257	27,467	1,790
Miscellaneous expenditures	16,934		16,934	16,863	71
Total support services school administration	1,425,713		1,425,713	1,305,770	119,943
Operation and maintenance of plant services:					
Salaries	1,480,473	55,000	1,535,473	1,462,257	73,216
Purchased professional and technical services	52,742		52,742	49,892	2,850
Cleaning, repair and maintenance services	252,157		252,157	188,347	63,810
Rental of Board Office					
Insurance	64,320	(13,800)	50,520	50,451	69
Other purchased property, water	22,000	5,800	27,800	27,799	1
General supplies	93,678	1,000	94,678	91,448	3,230
Energy	620,321		620,321	473,863	146,458
Miscellaneous expenditures	13,520		13,520	10,948	2,572
Total operation and maintenance of plant services	2,599,211	48,000	2,647,211	2,355,005	292,206

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from prior page)					
Student transportation services:					
Other transportation salaries	$ 40,960	$ 17,000	$ 57,960	$ 57,659	$ 301
Other salaries	244,719	(70,000)	174,719	174,705	14
Contracted services other	55,746		55,746	45,611	10,135
Contracted services spec. ed.	538,597	40,000	578,597	565,668	12,929
Cleaning, repair and maintenance services	8,000		8,000	6,244	1,756
Miscellaneous transport services	15,870	(7,000)	8,870	8,623	247
Miscellaneous expenditures	1,120		1,120	1,117	3
Supplies and materials	22,538	12,000	34,538	31,798	2,740
Total student transportation services	927,550	(8,000)	919,550	891,425	28,125
Business and other support services:					
Salaries	566,177		566,177	545,813	20,364
Purchased professional services	79,695		79,695	78,894	801
Other purchased services	16,700		16,700	8,904	7,796
Supplies and materials	16,215		16,215	14,741	1,474
Miscellaneous expenditures	2,600		2,600	2,566	34
Total business and other support services	681,387		681,387	650,918	30,469
Employee benefits:					
Social Security contribution	419,473	(11,204)	408,269	408,026	243
Other retirement compensation	324,120	46,670	370,790	370,784	6
Workers' Compensation	302,000	(125,070)	176,930	176,862	68
Health benefits	4,685,327	(97,000)	4,588,327	4,417,130	171,197
Tuition	90,000	(87,296)	2,704	1,995	709
Other employee benefits	800	267,200	268,000	267,094	906
Total employee benefits	5,821,720	(6,700)	5,815,020	5,641,891	173,129
Transfer to food service					
On-Behalf TPAF Pension Contributions (Non-budgeted)				1,057,821	(1,057,821)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,163,517	(1,163,517)
Total undistributed expenditures	18,179,829	(206,845)	17,972,984	19,093,423	(1,120,439)
TOTAL EXPENDITURES - CURRENT EXPENSE	32,530,948		32,530,948	33,413,196	(882,248)

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
(Continued from prior page)					
CAPITAL OUTLAY:					
Equipment					
Undistributed expenditures:					
Instruction - Buses, Special Education	$ 20,378	$ (612)	$ 19,766	$ 19,433	$ 333
Instruction - Capital Reserve					
School administration equipment	5,000		5,000	4,739	261
Operation and maintenance of plant services	7,000	612	7,612	7,611	1
Media Center equipment					
High school and athletic equipment					
Total equipment	32,378		32,378	31,783	595
Facilities acquisition and construction services:					
Other purchased professional services - Regular					
Other purchased professional services - Capital Res.					
Construction services - Regular					
Construction services - Capital					
Total facilities acquisition and construction services					
Assets acquired under capital leases (Non-budgeted)				236,186	(236,186)
TOTAL CAPITAL OUTLAY	32,378		32,378	267,969	(235,591)
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries					
General supplies					
Total summer school - instruction					
Total special schools					
Total expenditures	$ 32,563,326	$	$ 32,563,326	$ 33,681,165	$ (1,117,839)
Excess (deficiency) of revenues over (under) expenditures	$ (1,337,382)	$	$ (1,337,382)	$ (38,731)	$ 1,298,651
Other financial sources (uses):					
Operating transfers out:					
Transfer to Capital Projects					
Capital leases (Non-budgeted)				236,186	236,186
Excess (deficiency) of revenues and other financial sources over (under) expenditures and other financing uses	(1,337,382)		(1,337,382)	197,455	1,534,837
Fund balances, July 1	2,276,881		2,276,881	2,276,881	
Fund balances, June 30	$ 939,499	$	$ 939,499	$ 2,474,336	$ 1,534,837

Recapitulation

Restricted Fund Balance:	
Capital Reserve	$ 93
Reserved Excess Surplus - Designated for subsequent year's tax relief	166,898
Reserve for Excess Surplus	528,932
Committed Fund Balance:	
Year-end Encumbrances	575,540
Assigned Fund Balance:	
Designated for subsequent year's tax relief	423,102
Unassigned fund balance	779,771
	2,474,336
Reconciliation to Governmental Funds Statements (GAAP):	
Last State Aid Payment not recognized on GAAP basis	
Fund Balance per Governmental Funds (GAAP)	$ 2,474,336

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year ended June 30, 2011

	Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:					
State sources	$ 105,289	$ 9,334	$ 114,623	$ 104,517	$ (10,106)
Federal sources	464,127	285,458	749,585	722,645	(26,940)
Local sources		62,306	62,306	62,306	
Total revenues	$ 569,416	$ 357,098	$ 926,514	$ 889,468	$ (37,046)
EXPENDITURES:					
Instruction:					
Salaries of teachers	$ 800	$ 89,107	$ 89,907	$ 75,333	$ 14,574
Purchased prof. & tech. services	541,917	124,808	666,725	651,748	14,977
General supplies and equipment	19,721	142,317	162,038	154,593	7,445
Textbooks	6,978	866	7,844	7,794	50
Total instruction	569,416	357,098	926,514	889,468	37,046
Support services:					
Salaries of other professional staff					
Salaries of secretarial & clerical asst.					
Personal services-employee benefits					
Instructional equipment					
Total support services					
Total expenditures	569,416	357,098	926,514	889,468	37,046
Excess (deficiency) of revenues over (under) expenditures	$	$	$	$	$

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NEW PROVIDENCE SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to RSI
for the Fiscal Year ended June 30, 2011

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

		General Fund		Special Revenue Fund
Sources /Inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	$ 33,642,434	[C-2]	$ 889,468
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				(43,347)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		118,727		
State Aid Payment recognized for budgetary purposes, not recognized for GAAP statements		0		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	$ 33,761,161	[B-2]	$ 846,121
Uses/Outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	$ 33,681,165	[C-2]	$ 889,468
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				(43,347)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	$ 33,681,165	[B-2]	$ 846,121

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

Not Applicable

SPECIAL REVENUE FUND

NEW PROVIDENCE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
for the Fiscal Year ended June 30, 2011

	Nonpublic Exam and Class.	Nonpublic Textbooks	Nonpublic Hand. Correct. Speech	Nonpublic Handicapped Suppl. Inst.	English As A Second Language	Nonpublic Nursing Services	Nonpublic Auxiliary Services
REVENUES:							
State sources	$ 13,394	$ 7,794	$ 10,170	$ 11,117	$ 854	$ 9,294	$ 44,375
Federal sources							
Local sources							
Total revenues	$ 13,394	$ 7,794	$ 10,170	$ 11,117	$ 854	$ 9,294	$ 44,375
EXPENDITURES:							
Instruction:							
Salaries of teachers	$	$	$	$	$	$	$
Purchased prof. & tech. services	13,394		10,170	11,117	854	9,294	44,375
General supplies and equipment							
Textbooks		7,794					
Total instruction	13,394	7,794	10,170	11,117	854	9,294	44,375
Support services:							
Salaries of other professional staff							
Salaries of secretarial & clerical asst.							
Personal services-employee benefits							
Instructional equipment							
Total support services							
Total expenditures	$ 13,394	$ 7,794	$ 10,170	$ 11,117	$ 854	$ 9,294	$ 44,375
Excess (deficiency) of revenues over (under) expenditures	$	$	$	$	$	$	$

Nonpublic Transportation	New Prov. Education Foundation	Title I Part A	Title II IKE Grant	Title III	IDEA-Part B - Basic Reg. Prog.	IDEA-Part Pre-School	IDEA-Part B - Basic ARRA	IDEA-Part Pre-School ARRA	2011
$ 7,519	$	$	$	$	$	$	$	$	$ 104,517
		19,286	35,101	4,016	424,452	17,921	209,869	12,000	722,645
	62,306								62,306
$ 7,519	$ 62,306	$ 19,286	$ 35,101	$ 4,016	$ 424,452	$ 17,921	$ 209,869	$ 12,000	$ 889,468
$	$	$ 12,826	$ 21,240	$	$	$	$ 39,479	$ 1,788	$ 75,333
7,519	62,306	1,671	11,072		414,652	13,921	50,266	1,137	651,748
		4,789	2,789	4,016	9,800	4,000	120,124	9,075	154,593
									7,794
7,519	62,306	19,286	35,101	4,016	424,452	17,921	209,869	12,000	889,468
$ 7,519	$ 62,306	$ 19,286	$ 35,101	$ 4,016	$ 424,452	$ 17,921	$ 209,869	$ 12,000	$ 889,468
$	$	$	$	$	$	$	$	$	$

CAPITAL PROJECTS FUND

Exhibit F-1

NEW PROVIDENCE SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
for the Fiscal Year ended June 30, 2011

Issue/Project Title	Original Date	Appropriations	Expenditures to Date		Unexpended Balance
			Prior Years	Current Year	
Improvements, Renovations and Additions to the School District Facilities and the Acquisition of Equipment	7/15/1999	$ 4,400,000	$ 4,400,000	$	$ 0
Improvements, Renovations and Additions to the School District Facilities and the Acquisition of Equipment	02/15/2006	14,841,910	14,805,550	11,149	25,211
		$ 19,241,910	$ 19,205,550	$ 11,149	$ 25,211

Exhibit F-2

NEW PROVIDENCE SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes in Fund Balance-Budgetary Basis
for the Fiscal Year ended June 30, 2011

Revenues and Other Financing Sources	
State Sources	$
Bond Proceeds and transfers	
Interest income	
Contribution from private source	
Transfer from capital reserve	
Transfer from capital outlay	
Total Revenues	0
Expenditures and Other Financing Uses	
Purchased professional and technical services	
Land and Improvements	
Construction Services	11,149
Equipment Purchases	
Total Expenditures	11,149
Excess (deficiency) of revenues over (under) expenditures	(11,149)
Fund balance - beginning	36,360
Fund balance - ending	$ 25,211

Exhibit F-2a

NEW PROVIDENCE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Improvements, Renovations and Additions to the School District Facilities
from inception and for the Fiscal Year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$	$	$	$
Bond Proceeds and transfers	4,400,000		4,400,000	4,400,000
Contribution from private source				
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues	4,400,000		4,400,000	4,400,000
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction Services	4,400,000		4,400,000	4,400,000
Equipment Purchases				
Total Expenditures	4,400,000	0	4,400,000	4,400,000
Excess (deficiency) of revenues over (under) expenditures	$ 0	$ 0	$ 0	$ 0

Additional project information:	
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	07/15/1999
Bonds Authorized	4,400,000
Bonds Issued	4,400,000
Original Authorized Cost	4,400,000
Additional Authorized Cost	N/A
Revised Authorized Cost	4,400,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original target completion date	05/31/2001
Revised target completion date	05/31/2001

Exhibit F-2b

NEW PROVIDENCE SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status-Budgetary Basis
Improvements, Renovations and Additions to the School District Facilities
from inception and for the Fiscal Year ended June 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
State Sources - SCC Grant	$	$	$	$
Bond Proceeds and transfers	13,615,000		13,615,000	13,615,000
Interest income	830,495		830,495	830,495
Contribution from private source				
Transfer from capital reserve	396,415		396,415	396,415
Transfer from capital outlay				
Total revenues	14,841,910		14,841,910	14,841,910
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction Services	14,805,550	11,149	14,816,699	14,816,699
Equipment Purchases				
Total Expenditures	14,805,550	11,149	14,816,699	14,816,699
Excess (deficiency) of revenues over (under) expenditures	$ 36,360	$ (11,149)	$ 25,211	$ 25,211

Additional project information:	
Project Number	3560-50-5-1000
Grant Date	07/29/2005
Bond Authorization Date	12/15/2006
Bonds Authorized	13,615,000
Bonds Issued	13,615,000
Original Authorized Cost	13,615,000
Additional Authorized Cost	1,226,910
Revised Authorized Cost	14,841,910
Percentage Increase over Original Authorized Cost	9.01%
Percentage Completion	99.83%
Original target completion date	Dec. 2007
Revised target completion date	Dec. 2011

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Exhibit G-1

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Net Assets
June 30, 2011

	Food Service Fund
ASSETS:	
Current assets:	
Cash and cash equivalents	$ 202,958
Accounts receivable:	
State	544
Federal	5,329
Other	109
Inventory	13,675
Total current assets	222,615
Fixed assets:	
Equipment	135,861
Accumulated depreciation	(68,857)
Total fixed assets	67,004
Total assets	$ 289,619
LIABILITIES AND NET ASSETS:	
Current liabilities:	
Accounts payable	$ 22,735
Total current liabilities	22,735
Net assets:	
Unrestricted	237,691
Reserve for encumbrances	29,193
Total net assets	266,884
Total liabilities and net assets	$ 289,619

Exhibit G-2

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Fiscal Year ended June 30, 2011

	Food Service Fund
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program and adult sales	$ 555,912
Total-daily sales-reimbursable programs	555,912
Daily sales non-reimbursable programs:	
Special functions	4,779
Total operating revenue	560,691
OPERATING EXPENSES:	
Labor costs	295,240
Cost of sales	286,548
Direct expenses	36,723
Depreciation	7,761
Total operating expenses	626,272
Operating loss	(65,581)
Non-operating revenues:	
State sources:	
State school lunch program	5,549
Federal sources:	
National school lunch program	59,548
Food distribution program	19,439
Interest Income	2,500
Total non-operating revenues	87,036
Net income before operating transfers	21,455
Operating transfers:	
Operating transfers in - General fund	
Change in net assets	21,455
Net assets - July 1	245,429
Net assets - June 30	$ 266,884

Exhibit G-3

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2011

	Food Service Fund
Cash flows from operating activities:	
Receipts from customers	$ 561,363
Payments to employees	(295,240)
Payments to suppliers	(357,877)
Net cash (used for) operating activities	(91,754)
Cash flows from non-capital financing activities:	
State sources	5,627
Federal sources	60,307
Food distribution program	19,439
Net cash provided by non-capital financing activities	85,373
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(31,414)
Net cash used for capital and related financing activities	(31,414)
Cash flows from investing activities:	
Interest on investments	2,500
Net cash provided by investing activities	2,500
Net decrease in cash and cash equivalents	(35,295)
Balances - July 1	238,253
Balances - June 30	$ 202,958
Reconciliation of operating income to net cash (used for) provided by operating activities:	
Operating loss	$ (65,581)
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Decrease in accounts receivable	672
Increase in inventories	(4,259)
Decrease in accounts payable	(30,347)
Depreciation	7,761
Total adjustments	(26,173)
Net cash (used for) operating activities	$ (91,754)

FIDUCIARY FUNDS

Exhibit H-1

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Assets
June 30, 2011

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund	Agency		Total
			Student Activity	Payroll	2011
ASSETS:					
Cash and cash equivalents	$ 143,712	$ 246,897	$ 122,085	$ 116,988	$ 629,682
Total assets	$ 143,712	$ 246,897	$ 122,085	$ 116,988	$ 629,682
LIABILITIES AND NET ASSETS:					
Liabilities:					
Payroll deductions & withholdings	$	$	$	$ 116,988	$ 116,988
Due to student groups			122,085		122,085
Total liabilities			122,085	116,988	239,073
Net assets					
Held in trust for unemployment claims and other purposes		246,897			246,897
Reserved for scholarships	143,712				143,712
Total liabilities and net assets	$ 143,712	$ 246,897	$ 122,085	$ 116,988	$ 629,682

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Changes in Fiduciary Net Assets
for the Fiscal Year ended June 30, 2011

	Private Purpose Scholarship Funds					
	Edward H. Lieder Memorial Scholarship Fund	Badgley Memorial Scholarship Fund	Milton Anderson Family Scholarship Fund	E.W. Kilpatrick Scholarship Fund	A.W. Roberts Scholarship Fund	Audrey W. Coddington Scholarship Fund
ADDITIONS:						
Local sources:						
Interest on investments	$ 139	$ 122	$ 337	$ 141	$ 191	$ 8
Contributions						
Total operating revenues	139	122	337	141	191	8
DEDUCTIONS:						
Unemployment Claims Paid						
Special Services						
Scholarship payments	1,000	1,000	2,000	300	1,000	1,127
Total operating expenses	1,000	1,000	2,000	300	1,000	1,127
Transfers in (out)						
Operating income (loss)	(861)	(878)	(1,663)	(159)	(809)	(1,119)
Net income (loss)	(861)	(878)	(1,663)	(159)	(809)	(1,119)
Net assets, July 1	10,857	9,528	26,025	10,648	14,767	1,119
Net assets, June 30	$ 9,996	$ 8,650	$ 24,362	$ 10,489	$ 13,958	$

Exhibit H-2

Private Purpose Scholarship Funds						
Class of 1960 Scholarship Fund	John O'Neill Memorial Scholarship Fund	Class of 1962 Louis DiParisi, Jr. Memorial Scholarship Fund	Anna Delmore Memorial Scholarship Fund	Private Purpose Scholarship Funds Total	Unemployment Compensation Trust Fund	2011
$ 522	$ 166	$ 187	$ 161	$ 1,974	$ 2,595	$ 4,569
5,725	400			6,125	27,724	33,849
6,247	566	187	161	8,099	30,319	38,418
					63,572	63,572
1,000	1,000	2,000	3,000	13,427		13,427
1,000	1,000	2,000	3,000	13,427	63,572	76,999
5,247	(434)	(1,813)	(2,839)	(5,328)	(33,253)	(38,581)
5,247	(434)	(1,813)	(2,839)	(5,328)	(33,253)	(38,581)
35,275	12,581	14,866	13,374	149,040	280,150	429,190
$ 40,522	$ 12,147	$ 13,053	$ 10,535	$ 143,712	$ 246,897	$ 390,609

Exhibit H-3

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2011

	Balance, July 1, 2010	Cash Receipts	Cash Disbursements	Balance, June 30, 2011
ELEMENTARY SCHOOLS:				
A.W. Roberts	$ 7,396	$ 18,847	$ (16,688)	$ 9,555
Salt Brook	7,966	11,421	(9,298)	10,089
Total elementary schools	$ 15,362	$ 30,268	$ (25,986)	$ 19,644
MIDDLE SCHOOL:				
Middle School	$ 16,297	$ 60,957	$ (57,882)	$ 19,372
Total middle school	$ 16,297	$ 60,957	$ (57,882)	$ 19,372
SENIOR HIGH SCHOOLS:				
New Providence	$ 97,957	$ 298,465	$ (313,353)	$ 83,069
Total senior high schools	$ 97,957	$ 298,465	$ (313,353)	$ 83,069
Total all schools	$ 129,616	$ 389,690	$ (397,221)	$ 122,085

Exhibit H-4

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2011

	Balance, July 1, 2010	Cash Receipts	Cash Disbursements	Balance, June 30, 2011
PAYROLL AGENCY FUND:				
Gross payroll, deductions and withholdings (Payroll Agency Account)	$ 120,377	$ 22,897,363	$ (22,900,752)	$ 116,988
Accrued salaries and wages (Net Payroll Account)	-	13,161,929	(13,161,929)	-
Total payroll agency fund	$ 120,377	$ 36,059,292	$ (36,062,681)	$ 116,988

LONG-TERM DEBT

Exhibit I-1

NEW PROVIDENCE SCHOOL DISTRICT
Long Term Debt
Schedule of Serial Bonds
June 30, 2011

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Annual Maturities Amount	Interest Rate (%)
School Bonds, Series 2006	2/15/06	$ 10,375,000	8/15/10	$ 410,000	4.100
			8/15/11	430,000	4.100
			8/15/12	450,000	4.100
			8/15/13	470,000	4.100
			8/15/14	490,000	4.100
			8/15/15	510,000	4.100
			8/15/16	530,000	4.100
			8/15/17	555,000	4.100
			8/15/18	590,000	4.100
			8/15/19	620,000	4.100
			8/15/20	650,000	4.100
			8/15/21	670,000	4.125
			8/15/22	720,000	4.125
			8/15/23	720,000	4.125
			8/15/24	720,000	4.125
			8/15/25	720,000	4.125
School Bonds, Series 2006 2nd	12/15/06	$ 3,240,000	8/15/10	$ 140,000	4.000
			8/15/11	140,000	4.000
			8/15/12	150,000	4.000
			8/15/13	150,000	4.000
			8/15/14	160,000	4.000
			8/15/15	160,000	4.000
			8/15/16	170,000	4.000
			8/15/17	180,000	4.000
			8/15/18	190,000	4.000
			8/15/19	200,000	4.000
			8/15/20	210,000	4.000
			8/15/21	210,000	4.000
			8/15/22	220,000	4.000
			8/15/23	230,000	4.000
			8/15/24	230,000	4.000
			8/15/25	240,000	4.000
School Bonds, Series 2008	8/22/08	$ 3,010,000	7/15/10	$ 350,000	4.000
			7/15/11	360,000	3.250
			7/15/12	375,000	3.500
			7/15/13	385,000	3.750
			7/15/14	400,000	3.750
			7/15/15	415,000	5.000
			7/15/16	435,000	5.000

Balance, July 1, 2010	Issued	Retired	Balance, June 30, 2011
$ 410,000	$ -	$ (410,000)	$ -
430,000	-	-	430,000
450,000	-	-	450,000
470,000	-	-	470,000
490,000	-	-	490,000
510,000	-	-	510,000
530,000	-	-	530,000
555,000	-	-	555,000
590,000	-	-	590,000
620,000	-	-	620,000
650,000	-	-	650,000
670,000	-	-	670,000
720,000	-	-	720,000
720,000	-	-	720,000
720,000	-	-	720,000
720,000	-	-	720,000
9,255,000	-	(410,000)	8,845,000
140,000	-	(140,000)	-
140,000	-	-	140,000
150,000	-	-	150,000
150,000	-	-	150,000
160,000	-	-	160,000
160,000	-	-	160,000
170,000	-	-	170,000
180,000	-	-	180,000
190,000	-	-	190,000
200,000	-	-	200,000
210,000	-	-	210,000
210,000	-	-	210,000
220,000	-	-	220,000
230,000	-	-	230,000
230,000	-	-	230,000
240,000	-	-	240,000
2,980,000	-	(140,000)	2,840,000
$ 350,000	$ -	$ (350,000)	$ -
360,000	-	-	360,000
375,000	-	-	375,000
385,000	-	-	385,000
400,000	-	-	400,000
415,000	-	-	415,000
435,000	-	-	435,000
2,720,000	-	(350,000)	2,370,000
14,955,000	-	(900,000)	14,055,000

NEW PROVIDENCE SCHOOL DISTRICT
Long Term Debt
Schedule of Obligations Under Capital Leases
for the Fiscal Year ended June 30, 2011

Series	Amount of Original Issue	Amount Outstanding June 30, 2010	Issued Current Year	Retired/Paid Current Year	Amount Outstanding June 30, 2011
Ricoh Copiers	$ 292,384	$ 73,096	$	$ 73,096	$
Ricoh Copiers	$ 236,186	$	$ 236,186	$ 59,046	$ 177,140
		$ 73,096	$ 236,186	$ 132,142	$ 177,140

Exhibit I-3

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
for the Fiscal Year ended June 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
REVENUES:					
Local sources:					
Local tax levy	$ 1,198,603	$	$ 1,198,603	$ 1,198,603	$
State sources:					
Debt Service Type II Aid	293,497		293,497	293,497	
Total revenues	$ 1,492,100	$	$ 1,492,100	$ 1,492,100	$
EXPENDITURES:					
Regular debt service:					
Interest	$ 592,100		592,100	$ 592,100	$
Redemption of principal	900,000		900,000	900,000	
Total regular debt service	1,492,100		1,492,100	1,492,100	
Total expenditures	1,492,100		1,492,100	1,492,100	
Excess (deficiency) of revenues over (under) expenditures					
Other Financing Sources (uses)					
Operating Transfers					
Excess (Deficiency) of Revenue & other financing sources over (under) expenditures and other financing sources					
Fund balances, July 1					
Fund balances, June 30	$	$	$	$	$
Recapitulation of Excess (Deficiency) of Revenue Over (Under) Expenditures					
Budgeted Fund Balance	$	$	$	$	$

STATISTICAL SECTION
(Unaudited)

Exhibit J-1

New Providence School District
Net Assets by Component
Last Four Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,			
	2008	2009	2010	2011
Governmental activities				
Invested in capital assets, net of related debt	$ 4,544,741	$ 7,505,252	$ 7,379,519	$ 6,916,612
Restricted	2,612,129	133,494	36,453	721,134
Unrestricted	1,599,195	1,314,979	1,078,952	624,419
Total governmental activities net assets	$ 8,756,065	$ 8,953,725	$ 8,494,924	$ 8,262,165
Business-type activities				
Invested in capital assets, net of related debt	$ 12,688	$ 43,929	$ 43,351	$ 67,004
Restricted	-	-		-
Unrestricted	171,546	169,072	202,078	199,880
Total business-type activities net assets	$ 184,234	$ 213,001	$ 245,429	$ 266,884
District-wide				
Invested in capital assets, net of related debt	$ 4,557,429	$ 7,549,181	$ 7,422,870	$ 6,983,616
Restricted	2,612,129	133,494	36,453	721,134
Unrestricted	1,770,741	1,484,051	1,281,030	824,299
Total district net assets	$ 8,940,299	$ 9,166,726	$ 8,740,353	$ 8,529,049

Source: CAFR Schedule A-1

New Providence School District
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
Unaudited

Exhibit J-2

	Fiscal Year Ending June 30,			
	2008	2009	2010	2011
Expenses				
Governmental activities				
Instruction				
Regular	$ 12,006,807	$ 12,268,757	$ 12,625,770	$ 12,341,659
Special education	1,843,687	1,978,837	1,965,178	2,039,597
Other special education	334,967	341,211	354,352	352,879
Vocational	-	-	-	-
Other instruction	831,381	855,238	873,571	785,800
Nonpublic school programs	-	-	-	-
Adult/continuing education programs	-	-	-	-
Support Services:				
Tuition	2,130,091	2,167,975	2,217,037	2,126,122
Student & instruction related services	3,266,298	3,283,591	3,359,410	3,316,325
School administrative services	1,208,024	1,322,521	1,318,929	1,305,770
General & business administrative services	8,960,531	8,040,601	8,776,893	9,173,661
Plant operations and maintenance	2,309,823	2,449,183	2,365,468	2,222,863
Pupil transportation	900,220	913,426	919,274	891,425
	-	-	-	-
Special Schools	11,524	-	-	-
Charter Schools	-	-	-	-
Interest on long-term debt	741,105	660,556	625,613	592,100
Unallocated depreciation	565,564	548,231	1,240,940	1,217,715
Total governmental activities expenses	35,110,022	34,830,127	36,642,435	36,365,916
Business-type activities:				
Food service	584,624	540,174	580,730	626,272
Child Care	-	-	-	-
Total business-type activities expense	584,624	540,174	580,730	626,272
Total district expenses	$ 35,694,646	$ 35,370,301	$ 37,223,165	$ 36,992,188
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction (tuition)	$ 90,490	$ 88,018	$ 82,411	$ 81,658
Pupil transportation	-	-	-	-
Business and other support services	-	-	-	-
Operating grants and contributions	645,277	607,960	891,996	846,121
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	735,767	695,978	974,407	927,779
Business-type activities:				
Charges for services				
Food service	492,284	500,118	522,333	560,691
Child care	-	-	-	-
Operating grants and contributions	69,580	68,823	90,825	87,036
Capital grants and contributions	-	-	-	-
Total business type activities program revenues	561,864	568,941	613,158	647,727
Total district program revenues	$ 1,297,631	$ 1,264,919	$ 1,587,565	$ 1,575,506
Net (Expense)/Revenue				
Governmental activities	$(34,374,255)	$ (34,134,149)	$ (35,668,028)	$ (35,438,137)
Business-type activities	(22,760)	28,767	32,428	21,455
Total district-wide net expense	$(34,397,015)	$ (34,105,382)	$ (35,635,600)	$ (35,416,682)

New Providence School District
Changes in Net Assets
Last Four Fiscal Years
(accrual basis of accounting)
Unaudited

Exhibit J-2

	Fiscal Year Ending June 30,			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes levied for general purposes, net	$ 27,601,938	$ 28,595,315	$ 29,547,043	$ 30,728,925
Taxes levied for debt service	974,002	1,145,888	1,083,000	1,198,603
Federal and State aid not restricted	5,288,442	4,166,827	3,876,353	3,020,858
Investment earnings	309,275	30,707	70,714	61,166
Special item - Appraisal of capital asset adjustment	152,203	290,092	443,600	54,418
Miscellaneous income	347,163	141,046	199,532	162,051
Special item - Loss on disposal of fixed assets	(1,420)	(18,066)	(11,015)	(20,643)
Special item - Series 2008 refunding bond cost	-	(20,000)		
Cancellation of State Construction Grant Receivable	-	-	-	-
Total governmental activities	34,671,603	34,331,809	35,209,227	35,205,378
Business-type activities:				
Investment earnings	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	-	-	-	-
Total district-wide	$ 34,671,603	$ 34,331,809	$ 35,209,227	$ 35,205,378
Change in Net Assets				
Governmental activities	$ 297,348	$ 197,660	$ (458,801)	$ (232,759)
Business-type activities	(22,760)	28,767	32,428	21,455
Total district	$ 274,588	$ 226,427	$ (426,373)	$ (211,304)

Source: CAFR Schedule A-2

Exhibit J-3

New Providence School District
Fund Balances - Governmental Funds
Last Four Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,			
	2008	2009	2010	2011
General Fund				
Reserved	$ 2,334,349	$ 1,916,952	$ 1,504,373	$ -
Unreserved	533,731	654,110	653,781	
Restricted				695,923
Committed				575,540
Assigned				423,102
Unassigned				779,771
Total general fund	$ 2,868,080	$ 2,571,062	$ 2,158,154	$ 2,474,336
All Other Governmental Funds				
Reserved	$ 2,600,090	$ 99,518	$ 4,100	$ -
Unassigned, reported in:				
Special revenue fund	-	-	-	-
Capital projects fund	11,946	7,199	32,260	25,211
Debt service fund	-	26,684		
Permanent fund	-	-	-	-
Total all other governmental funds	$ 2,612,036	$ 133,401	$ 36,360	$ 25,211

Source: CAFR Schedule B-1

Exhibit J-4

New Providence School District
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Unaudited

	2002	2003	2004	2005
Revenues				
Tax levy	$ 19,619,059	$ 20,608,842	$ 23,002,690	$ 24,363,196
Tuition charges	71,329	84,089	76,933	58,859
Interest earnings	78,059	26,797	17,950	48,127
Miscellaneous	118,765	67,919	88,325	82,800
Grants				
State sources	2,123,446	3,174,872	3,771,765	3,781,145
Federal sources	-	334,058	380,584	455,509
Total revenue	22,010,658	24,296,577	27,338,247	28,789,636
Expenditures				
Current expense:				
Instruction	10,611,722	11,159,085	12,003,054	12,745,177
Undistributed expenditures	11,162,393	12,723,158	14,242,006	14,961,075
Special Schools	15,145	10,769	7,562	12,919
Capital outlay	379,673	212,880	103,842	106,597
Debt service	466,048	467,078	467,718	471,570
Total expenditures	22,634,981	24,572,970	26,824,182	28,297,338
Excess (Deficiency) of revenues over (under) expenditures	(624,323)	(276,393)	514,065	492,298
Other Financing sources (uses)				
Capital leases (non-budgeted)	-	152,960	-	-
Bond proceeds	-	-	-	-
Proceeds of refunding debt	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-
Par amount of bonds	-	-	-	-
Original issue premium	-	-	-	-
Accrued interest	-	-	-	-
Cancellation of State Constr. Grant Rec.	-	-	-	-
Costs of issuance	-	-	-	-
Operating Transfers	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(4,337)	-	-	-
Total other financing sources (uses)	(4,337)	152,960	-	-
Net change in fund balances	$ (628,660)	$ (123,433)	$ 514,065	$ 492,298
Debt service as a percentage of noncapital expenditures	2.1%	1.9%	1.8%	1.7%

Source: CAFR Schedule B-2

2006	2007	2008	2009	2010	2011
$ 26,191,659	$ 27,353,317	$ 28,575,940	$ 29,741,203	$ 30,630,043	$ 31,927,528
58,534	42,730	90,490	88,018	82,411	81,658
287,008	715,965	309,275	30,707	70,714	61,166
118,615	88,888	347,163	141,046	199,532	162,051
				46,704	60,331
7,319,115	4,944,279	5,455,226	4,301,873	3,980,715	3,123,778
457,781	466,661	478,493	472,914	740,930	682,870
34,432,712	33,611,840	35,256,587	34,775,761	35,751,049	36,099,382
13,478,862	14,247,224	14,801,272	15,170,767	15,492,477	15,165,894
15,832,819	17,211,745	18,919,486	18,263,195	19,206,989	19,093,423
11,551	12,007	11,524	-	-	-
643,626	5,001,927	7,087,551	2,651,896	125,919	279,118
468,585	891,373	1,396,105	1,465,556	1,435,613	1,492,100
30,435,443	37,364,276	42,215,938	37,551,414	36,260,998	36,030,535
3,997,269	(3,752,436)	(6,959,351)	(2,775,653)	(509,949)	68,847
-	-	292,384	-	-	236,186
10,375,000	3,240,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(3,240,000)	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,375,000	-	292,384	-	-	236,186
$ 14,372,269	$ (3,752,436)	$ (6,666,967)	$ (2,775,653)	$ (509,949)	$ 305,033
1.6%	2.8%	4.0%	4.2%	4.0%	4.2%

Exhibit J-5

NEW PROVIDENCE SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2002	78,059	71,329	31,800	86,965	268,153
2003	26,797	84,089	35,819	32,100	178,805
2004	17,950	76,933	34,214	54,111	183,208
2005	48,127	58,859	42,513	40,287	189,786
2006	128,346	58,534	36,648	81,967	305,495
2007	222,818	42,730	40,010	48,878	354,436
2008	144,579	90,490	39,015	308,148	582,232
2009	17,504	88,018	39,172	101,874	246,568
2010	69,927	82,411	32,246	167,286	351,870
2011	61,166	81,658	57,154	104,897	304,875

Source: District Records

New Providence School District
Assessed Value of Taxable Property
Last Ten Years
Unaudited

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Business Personal Property [a]	Net Valuation Taxable	Total Direct School Tax Rate [b]
2002	12,588,700	1,005,848,300	0	0	147,014,100	117,929,900	37,356,900	1,320,737,900	0	6,337,731	1,327,075,631	1.510
2003	13,817,100	1,008,673,100	0	0	161,544,200	86,759,400	36,986,500	1,307,780,300	0	5,711,648	1,313,491,948	1.661
2004	14,080,700	1,012,262,000	0	0	158,805,200	86,559,400	36,986,500	1,308,693,800	0	4,925,420	1,313,619,220	1.804
2005	13,958,800	1,017,117,000	0	0	154,948,500	79,518,600	36,986,500	1,302,529,400	0	4,674,007	1,307,203,407	1.934
2006	15,793,200	1,022,634,000	0	0	151,465,100	74,705,480	35,556,100	1,300,153,880	0	4,096,328	1,304,250,208	2.053
2007	15,147,200	1,031,995,100	0	0	133,726,485	75,783,380	34,291,100	1,290,943,265	0	3,210,229	1,294,153,494	2.176
2008	13,388,000	1,036,356,200	0	0	131,263,985	74,811,180	38,253,500	1,294,072,865	0	3,067,767	1,297,140,632	2.253
2009	12,908,400	1,043,640,800	0	0	129,258,885	72,083,280	36,149,200	1,294,040,565	0	3,103,372	1,297,143,937	2.328
2010	12,391,700	1,049,774,700	0	0	129,133,185	63,908,880	35,969,200	1,291,177,665	0	3,190,323	1,294,367,988	2.421
2011	12,654,100	1,051,812,000	0	0	132,378,685	64,632,580	35,969,200	1,297,446,565	0	3,072,636	1,300,519,201	2.456

Source: District Records & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per $100

Exhibit J-7

New Providence School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	New Providence Board of Education			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Borough of New Providence	Union County	Union County Open Space	Municipal Open Space	Municipal Library	
2002	1.478	0.032	1.510	0.580	0.550	0.000	0.000		2.640
2003	1.629	0.032	1.661	0.629	0.578	0.021	0.000		2.889
2004	1.773	0.031	1.804	0.649	0.604	0.023	0.010		3.090
2005	1.905	0.029	1.934	0.675	0.597	0.024	0.010		3.240
2006	2.008	0.045	2.053	0.708	0.598	0.026	0.010		3.395
2007	2.093	0.083	2.176	0.750	0.618	0.028	0.010		3.582
2008	2.166	0.087	2.253	0.815	0.632	0.029	0.010		3.739
2009	2.242	0.086	2.328	0.856	0.687	0.030	0.002		3.903
2010	2.329	0.092	2.421	0.890	0.739	0.030	0.002		4.082
2011	2.363	0.093	2.456	0.851	0.805	0.030	0.002	0.065	4.209

Source: District Records and Municipal Tax Collector

Note:

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

Exhibit J-8

New Providence School District
Principal Property Tax Payers
Current Year and Nine Years Ago
Unaudited

Taxpayer	2011 Taxable Assessed Value	2011 Rank [Optional]	2011 % of Total District Net Assessed Value	2002 Taxable Assessed Value	2002 Rank [Optional]	2002 % of Total District Net Assessed Value
The B.O.C. Group, Inc.	$ 21,085,800	1	1.63%	$ 35,337,900	1	2.69%
41 Spring Street, LLC	17,143,400	2	1.32%	-		
Martindale-Hubbell, Inc.	14,678,385	3	1.13%	22,484,800	3	1.71%
N Providence, LLC	14,272,800	4	1.10%	-		
C. R. Bard, Inc.	11,500,000	5	0.89%	17,730,300	5	1.35%
HT Mountain Avenue Associates, LLC	11,352,600	6	0.88%	-		
Tower Management Financing PTSP	10,775,800	7	0.83%	9,111,100	9	0.69%
Murray Hill Apartments Company, LLC	8,700,000	8	0.67%	9,249,000	8	0.70%
Lucent Technologies, Inc.	8,178,300	9	0.63%	-		
New Providence Gardens Company, LLC	6,542,000	10	0.51%	-		
N. J. Office Realty Holding Co.	-			24,000,000	2	1.83%
"K" Line Reallty, Inc.	-			17,839,600	4	1.36%
Paragano Associates (Village Shopping Ctr.)	-			11,280,600	6	0.86%
Murray Hill Inn Associates	-			10,678,100	7	0.81%
Mack-B Company	-			9,079,300	10	0.69%
Total	$ 124,229,085		9.59%	$ 166,790,700		12.69%

Source: District CAFR & Municipal Tax Assessor

Exhibit J-9

New Providence School District
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	
2002	19,619,059	19,619,059	100.00%	-
2003	20,608,842	20,608,842	100.00%	-
2004	23,002,690	23,002,690	100.00%	-
2005	24,363,196	24,363,196	100.00%	-
2006	26,191,659	26,191,659	100.00%	-
2007	27,353,317	27,353,317	100.00%	-
2008	28,575,940	28,575,940	100.00%	-
2009	29,741,203	29,741,203	100.00%	-
2010	30,630,043	30,630,043	100.00%	-
2011	31,927,528	31,927,528	100.00%	-

Source: District records - Schedule of District Taxes

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

Exhibit J-10

New Providence School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

	Governmental Activities				Business-Type Activities			
Fiscal Year Ended June 30,	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2002	4,880,000	-	60,102	-	-	4,940,102	0.83%	40,848
2003	4,645,000	-	158,073	-	-	4,803,073	0.87%	41,661
2004	4,400,000	-	115,147	-	-	4,515,147	0.95%	43,045
2005	4,140,000	-	75,791	-	-	4,215,791	1.06%	44,586
2006	14,245,000	-	36,435	-	-	14,281,435	0.34%	49,062
2007	17,205,000	-	-	-	-	17,205,000	0.30%	51,262
2008	16,550,000	-	219,288	-	-	16,769,288	0.31%	51,539
2009	15,765,000	-	146,192	-	-	15,911,192	0.31%	49,040
2010	14,955,000	-	73,096	-	-	15,028,096	N/A	N/A
2011	14,055,000	-	177,140	-	-	14,232,140	N/A	N/A

Source: District CAFR Schedules I-1, I-2

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

a Information is based on Union County figures not Municipality figures.

Exhibit J-11

New Providence School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2002	4,880,000	-	4,880,000	0.37%	40,848
2003	4,645,000	-	4,645,000	0.35%	41,661
2004	4,400,000	-	4,400,000	0.33%	43,045
2005	4,140,000	-	4,140,000	0.32%	44,586
2006	14,245,000	-	14,245,000	1.09%	49,062
2007	17,205,000	-	17,205,000	1.32%	51,262
2008	16,550,000	-	16,550,000	1.28%	51,539
2009	15,765,000	-	15,765,000	1.22%	49,040
2010	14,955,000	-	14,955,000	1.16%	N/A
2011	14,055,000	-	14,055,000	1.09%	N/A

Note:

a Net Assessed Valuation Taxable.
b Information based on Union County figures not Municipality figures.

New Providence School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2011
Unaudited

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
New Providence Borough	15,702,005	100.000%	16,692,837
Other debt			
Union County	518,597,518	3.596%	18,650,294
Subtotal, overlapping debt			35,343,131
New Providence School District Direct Debt	14,055,000	100%	14,055,000
Total direct and overlapping debt			$ 49,398,131

Sources: Finance Officer, Union County Finance Office and Utility Authorities

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

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

Exhibit J-13

New Providence School District
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Calendar Year

		Equalized valuation basis	
	2010	$	2,534,702,915
	2009	$	2,594,827,682
	2008	$	2,628,626,579
	[A]	$	7,758,157,176
Average equalized valuation of taxable property	[A/3]	$	2,586,052,392
Debt limit (4 % of average)	[B]		103,442,096 a
Net bonded school debt	[C]		14,055,000
Legal debt margin	[B-C]	$	89,387,096

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	$ 58,813,540	$ 63,143,421	$ 68,152,434	$ 73,523,562	$ 80,381,542	$ 87,767,556	$ 95,349,080	$ 100,991,646	$ 103,522,414	$ 103,442,096
Total net debt applicable to limit	4,880,000	4,645,000	4,400,000	4,140,000	14,245,000	17,205,000	16,550,000	15,765,000	14,955,000	14,055,000
Legal debt margin	$ 53,933,540	$ 58,498,421	$ 63,752,434	$ 69,383,562	$ 66,136,542	$ 70,562,556	$ 78,799,080	$ 85,226,646	$ 88,567,414	$ 89,387,096
Total net debt applicable to the limit as a percentage of debt limit	8.30%	7.36%	6.46%	5.63%	17.72%	19.60%	17.36%	15.61%	14.45%	13.59%

Source: Abstract of Ratables, District Records, Borough of New Providence - Finance Officer. (Annual Debit Statement)

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

Exhibit J-14

New Providence School District
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population [a]	Personal Income (thousands of dollars) [b]	Per Capita Personal Income [c]	Unemployment Rate [d]
2002	11,931	-	40,848	2.9%
2003	11,873	-	41,661	2.8%
2004	11,792	-	43,045	2.2%
2005	11,691	-	44,586	3.0%
2006	11,669	-	49,062	3.3%
2007	11,730	-	51,262	3.0%
2008	11,864	-	51,539	3.9%
2009	12,037	-	49,040	6.8%
2010	N/A	-	N/A	N/A
2011	N/A	-	N/A	N/A

Source:
[a] Population information provided by the NJ Dept of Labor and Workforce Development
[b] Personal income could not be compiled based on available data.
[c] Per Capita income based on Union County figures.
[d] Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

New Providence School District
Principal Employers
Year 2011 and Nine Years Ago
Unaudited

	1998			1989		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
The B.O.C. Group, Inc.	1,200	1	-	-	-	-
Martindale-Hubbell, Inc. (Reed Publishing Inc.)	850	2	-	-	-	-
C.R. Bard, Inc.	350	3	-	-	-	-
New Providence Board of Education	241	4	-	-	-	-
Scott Paper	200	5	-	-	-	-
Morris-Union Jointure Commission	199	6	-	-	-	-
Aromat Corporation	111	7	-	-	-	-
Aircast	90	8	-	-	-	-
WB Wood	85	9	-	-	-	-
Ethylene Corporation	83	10	-	-	-	-
	3,409		0.00%	-		0.00%

Source: Borough of New Providence Records

Note: Applicable information was not available for 2011 and 2002.

Note: Percentage of total employment numbers not available for 1998 and 1989.
Number of employees not available for 1989.

Exhibit J-16

New Providence School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular	146	148.1	148.8	148	150	148.1	152.4	156.6	154	150
Supplemental (Special Education)	17.6	18.8	21	22	24	24	26.5	20.1	18.5	17.6
Vocational	1	1	1	1	1	1	1	1	1	1
Support Services										
Certificated:										
Educational Support	22	22.5	25.2	26.5	28.5	27.8	30.2	29.2	29.9	29.5
General adminsitrative services	2	3	3	2	1.5	1	2	2	2	2
Business adminsitrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	6.6	7.6	8	8	7.5	8.5	10	10.5	10.5	10.5
Non-Certificated:										
Teacher Aides	11	11.5	10	12	14	14	15	15	15	15
Technicians	1	1	2	2	2	2	2	2	2	2
Clerical/Secretarial	22.9	21.2	21.2	22.2	23.2	23.2	23.2	23.2	23.2	22.2
Service Workers	23.5	23.5	23	24.4	24.4	24.1	24.1	24.8	24.8	22.8
Skilled Crafts	7	7	8	8	8	8	8	8	8	8
Total	261.6	266.2	272.2	277.1	285.1	282.7	295.4	293.4	289.9	281.6

Source: Fall Survey and Certificated Staff

Exhibit J-17

New Providence School District
Operating Statistics
Last Ten Fiscal Years
Unaudited

Fiscal Year	Enrollment	Operating Expenditures [a]	Cost Per Pupil	Percentage Change	Teaching Staff [b]	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) [c]	Average Daily Attendance (ADA) [c]	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2002	2,091	21,789,260	10,420	3.55%	196	1:14	1:11	1:11	2,045	1,965	2.97%	96.10%
2003	2,162	23,327,881	10,790	3.55%	202	1:14	1:12	1:12	2,116	2,037	3.47%	96.30%
2004	2,200	25,706,802	11,685	8.29%	208	1:13	1:17	1:13	2,144	2,058	1.32%	96.00%
2005	2,242	27,100,220	12,088	3.45%	209	1:12	1:19	1:13	2,204	2,100	2.80%	95.30%
2006	2,230	28,702,429	12,871	6.48%	213.5	1:12	1:20	1:13	2,195	2,100	-0.41%	95.70%
2007	2,264	30,847,466	13,625	5.86%	211.4	1:11	1:17	1:13	2,216	2,131	0.96%	96.16%
2008	2,245	33,087,005	14,738	8.17%	210.1	1:10	1:15	1:11	2,207	2,108	-0.42%	95.51%
2009	2,241	32,826,002	14,648	-0.61%	206.9	1:11	1:14	1:11	2,207	2,112	0.01%	95.70%
2010	2,248	33,807,470	15,039	2.67%	203.4	1:11	1:15	1:11	2,194	2,099	-0.59%	95.70%
2011	2,241	33,413,196	14,910	-0.86%	198.1	1:11	1:12	1:11	2,207	2,118	0.59%	96.00%

Sources: District records

Note: Enrollment based on annual October district count and includes Special Education placements.

a Operating expenditures equal total expenditures less debt service and capital outlay; Exhibit B-2 Total General Fund Expenditures less Capital Outlay.
b Teaching staff includes only full-time and part-time equivalents of certificated staff as per October 15, 2010 as per District School Report.
c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Exhibit J-18

New Providence School District
School Building Information
Last Ten Fiscal Years
Unaudited

District Building	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Elementary										
Allen W. Roberts (1962)										
Square Feet	65,869	65,869	65,869	65,869	65,869	65,869	72,114	72,114	72,114	72,114
Functional Capacity (students)	527	527	527	527	527	527	575	575	575	575
Enrollment	582	616	613	617	601	623	601	616	620	630
Salt Brook (1968)										
Square Feet	84,796	84,796	84,796	84,796	84,796	84,796	92,920	92,920	92,920	92,920
Functional Capacity (students)	548	548	548	548	548	548	579	579	579	579
Enrollment	563	579	580	598	594	601	639	620	628	615
High School/Middle School										
New Providence HS/MS (1957)										
Square Feet	175,183	175,183	175,183	175,183	175,183	175,183	180,892	180,892	180,892	180,892
Functional Capacity (students)	966	966	966	966	966	966	1,041	1,041	1,041	1,041
Enrollment	916	928	962	984	993	998	959	963	958	961
Other										
Maintenance Garage										
Square Feet	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467	5,467

Number of Schools at June 30, 2011
- Elementary = 2
- High School/Middle School = 1
- Other = 1

Source: District records, October Enrollment Reports not including Special Education Placements. Functional Capacity based on LRFP.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

NEW PROVIDENCE SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST FIVE FISCAL YEARS
UNAUDITED

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

School Facilities	Project # (s)	2011	2010	2009	2008	2007
Allen W. Roberts School	N/A	$ 108,954	$ 111,529	$ 140,329	$ 120,061	$ 135,405
Salt Brook School	N/A	140,386	143,704	180,814	150,807	174,296
Middle/High School	N/A	273,339	279,800	352,054	292,797	360,171
Total School Facilities		522,679	535,033	673,197	563,665	669,872
Other Facilities		8,283	8,479	10,668	8,874	11,238
Grand Total		$ 530,962	$ 543,512	$ 683,865	$ 572,539	$ 681,110

Exhibit J-20

NEW PROVIDENCE SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED

	Coverage	Deductible
Multi-Peril Policy - Utica National Insurance Group		
Property, Blanket Building & Contents, replacement costs Boiler & Machinery (Actual values 77,737,658)	69,963,892	1,000
Comprehensive General Liability (inclues B.O.E. liability)	1,000,000	0
Automobile Liability - Graphic Arts Mutual	1,000,000	500/1000
Umbrella Liability Policy - Utica National Ins. Group.	10,000,000	10,000
Public Employee Blanket Bond - Selective Insurance Co.	250,000	2,500
Public Official Bond - Selective Insurance Co.	250,000	0
Workers Compensation - New Jersey School Boards Association Insurance Company	In Accordance with statutory requirements.	
Athletic Accident - Monumental Life Insurance Company	5,000,000	Full Excess
Foreign Liability - Chubb & Son	1,000,000	0
Foreign Worker's Compensation - Chubb & Son	Statutory	0
Cap Excess Umbrella Liability - Fireman's Fund	50,000,000	0

Source: District Records

SINGLE AUDIT SECTION

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EXHIBIT K-1

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

The Honorable President and
Members of the Board of Education
New Providence School District
County of Union
New Providence, New Jersey

We have audited the financial statements of the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, the New Providence Board of Education, the New Jersey State Department of Education, and other Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donohue, Gironda + Doria

DONOHUE, GIRONDA & DORIA
Certified Public Accounts

Matthew A Donohue

MATTHEW A. DONOHUE
Certified Public Accountant
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Bayonne, New Jersey
November 14, 2011

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EXHIBIT K-2

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

The Honorable President and
Members of the Board of Education
New Providence School District
County of Union
New Providence, New Jersey

Compliance

We have audited the Board of Education of the New Providence School District, in the County of Union, State of New Jersey's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the New Providence Board of Education's major federal and state programs for the fiscal year ended June 30, 2011. New Providence Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the New Providence Board of Education's management. Our responsibility is to express an opinion on the New Providence Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and *New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 New Providence Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the New Providence Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

Management of the Board of Education of the New Providence School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the New Providence Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's 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 New Providence 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Donohue, Gironda + Doria

DONOHUE, GIRONDA & DORIA
Certified Public Accountants

Matthew A Donohue

MATTHEW A. DONOHUE
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License No. CS 00170

Bayonne, New Jersey
November 14, 2011

EXHIBIT K-3
SCHEDULE A

NEW PROVIDENCE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE AT JUNE 30, 2010
U.S. DEPARTMENT OF EDUCATION						
PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:						
Special Revenue Fund:						
IDEA Pre-School	84.027	N/A	17,925	07/01/06	06/30/07	$ 560
IDEA Pre-School	84.027	N/A	16,687	07/01/09	06/30/10	(1,077)
IDEA Pre-School	84.027	N/A	17,921	07/01/10	06/30/11	
IDEA B Flow-Through Entitlements	84.027	N/A	413,199	07/01/09	06/30/10	(4,535)
IDEA B Flow-Through Entitlements	84.027	N/A	424,452	07/01/10	06/30/11	
Drug-Free Schools and Communities Act	84.186A	N/A	3,417	07/01/09	06/30/10	(2,576)
IKE Grant	84.367A	N/A	43,024	07/01/09	06/30/10	(14,852)
Title I-A, Grants to Local Ed. Agencies	84.010A	N/A	19,286	07/01/10	06/30/11	
Title II-A, Improv. Teacher Quality	84.367A	N/A	35,101	07/01/10	06/30/11	
Title III, English Language Acquisition	84.365A	N/A	4,016	07/01/10	06/30/11	
IDEA Basic ARRA	84.391	N/A	476,781	07/01/09	06/30/10	(227,593)
IDEA Basic ARRA	84.391	N/A	209,867	07/01/10	06/30/11	
IDEA Pre-School ARRA	84.392	N/A	17,254	07/01/09	06/30/10	(12,783)
IDEA Pre-School ARRA	84.392	N/A	12,000	07/01/10	06/30/11	
Total Special Revenue Fund						(262,856)
U.S. DEPARTMENT OF AGRICULTURE						
PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:						
Enterprise Fund:						
Food Distribution Program	10.550	N/A	19,439	07/01/10	06/30/11	
National School Lunch Program	10.555	N/A	58,731	07/01/09	06/30/10	(6,088)
National School Lunch Program	10.555	N/A	59,548	07/01/10	06/30/11	
Total Enterprise Fund						(6,088)
TOTAL FEDERAL FINANCIAL AWARDS						$ (268,944)

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

EXHIBIT K-3
SCHEDULE A

CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDI-TURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011		
					ACCOUNTS RECEIVABLE	DEFERRED REVENUE	DUE TO GRANTOR
$	$	$	$	$	$	$	$ 560
	1,077						
	11,843	17,921			(6,078)		
	4,535						
	397,060	424,452			(27,392)		
	2,576						
	14,852						
	15,530	19,286			(3,756)		
	24,203	35,101			(10,898)		
	2,746	4,016			(1,270)		
	227,593						
	162,942	209,869			(46,927)		
	12,783						
	10,732	12,000			(1,268)		
	888,472	722,645			(97,589)		560
	19,439	19,439					
	6,088						
	54,219	59,548			(5,329)		
	79,746	78,987			(5,329)		
$	$ 968,218	$ 801,632	$	$	$ (102,918)	$	$ 560

EXHIBIT K-4
SCHEDULE B

NEW PROVIDENCE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD FROM	GRANT PERIOD TO	BALANCE AT JUNE 30, 2010 BUDGETARY RECEIVABLE	BALANCE AT JUNE 30, 2010 DEFERRED REVENUE (ACCTS. REC.)	BALANCE AT JUNE 30, 2010 DUE TO GRANTOR	CARRYOVER/ (WALKOVER) AMOUNT
STATE DEPARTMENT OF EDUCATION								
General Fund:								
Extraordinary Aid	10-100-034-5120-473	371,430	7/01/09	6/30/10		(371,430)		
Extraordinary Aid	11-100-034-5120-473	387,296	7/01/10	6/30/11				
Special Education Aid	10-495-034-5120-089	969,597	7/01/09	6/30/10	(118,727)			
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	1,185,966	7/01/10	6/30/11				
On Behalf TPAF Pension Contributions	11-495-034-5095-006	1,057,821	7/01/10	6/30/11				
Total General Fund					(118,727)	(371,430)		
Special Revenue Fund:								
New Jersey Non-public Aid:								
Textbook Aid	10-100-034-5120-064	8,484	7/01/09	6/30/10			239	
Textbook Aid	11-100-034-5120-064	7,794	7/01/10	6/30/11				
Nursing Services Aid	11-100-034-5120-070	9,294	7/01/10	6/30/11				
Auxiliary Services (Chapter 192):								
Compensatory Education	10-100-034-5120-067	43,186	7/01/09	6/30/10			4,799	
Compensatory Education	11-100-034-5120-067	44,375	7/01/10	6/30/11				
English as a Second Language	11-100-034-5120-067	854	7/01/10	6/30/11				
Transportation	11-100-034-5120-067	7,519	7/01/10	6/30/11				
Handicapped Services (Chapter 193):								
Corrective Speech	10-100-034-5120-066	9,142	7/01/09	6/30/10			4,309	
Corrective Speech	11-100-034-5120-066	10,170	7/01/10	6/30/11				
Examination and Classification	10-100-034-5120-066	14,806	7/01/09	6/30/10			14,252	
Examination and Classification	11-100-034-5120-066	13,394	7/01/10	6/30/11				
Supplementary Instruction	10-495-034-5120-066	11,150	7/01/09	6/30/10			7,964	
Supplementary Instruction	11-495-034-5120-066	11,117	7/01/10	6/30/11				
Total Special Revenue Fund							31,563	
Debt Service Fund:								
Debt Service Aid	11-100-034-5120-017	293,497	7/01/10	6/30/11				
STATE DEPARTMENT OF AGRICULTURE								
Enterprise Fund:								
National School Lunch Program (State Share)	10-100-010-3350-023	5,892	7/01/09	6/30/10		(622)		
National School Lunch Program (State Share)	11-100-010-3350-023	5,549	7/01/10	6/30/11				
Total Enterprise Fund						(622)		
TOTAL STATE FINANCIAL ASSISTANCE					$ (118,727)	$ (372,052)	$ 31,563	$

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

EXHIBIT K-4
SCHEDULE B

CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2011 (ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2011 DEFERRED REVENUE	BALANCE AT JUNE 30, 2011 DUE TO GRANTOR	MEMO BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
371,430								
	387,296			(387,296)				387,296
118,727								
1,163,517	1,163,517							1,163,517
1,057,821	1,057,821							1,057,821
2,711,495	2,608,634			(387,296)				2,608,634
			239					
7,844	7,794					50		7,794
9,294	9,294							9,294
			4,799					
47,724	44,375					3,349		44,375
2,561	854					1,707		854
7,519	7,519							7,519
			4,309					
10,170	10,170							10,170
			14,252					
17,699	13,394					4,305		13,394
			7,964					
11,812	11,117					695		11,117
114,623	104,517		31,563			10,106		104,517
293,497	293,497							293,497
622								
5,005	5,549			(544)				5,549
5,627	5,549			(544)				5,549
$ 3,125,242	$ 3,012,197	$	$ 31,563	$ (387,840)	$	$ 10,106	$	$ 3,012,197

EXHIBIT K-5

NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education of the New Providence School District. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from 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 the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June 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, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is $118,727 for the general fund and ($43,347) for the special revenue fund. See Exhibit C-3 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 follows:

	Federal	State	Total
General Fund	$	$2,727,361	$2,727,361
Special Revenue Fund	682,870	102,920	785,790
Capital Projects			
Debt Service Fund		293,497	293,497
Food Service Fund	78,987	5,549	84,536
Total Awards and Financial Assistance	$761,857	$3,129,327	$3,891,184

NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 - OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2011. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2011.

EXHIBIT K-5

NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 – SCHOOL WIDE PROGRAM FUNDS

Schoolwide programs are not separate Federal programs as defined in OMB Circular A-133; amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the district.

Program	Total
Title I, Part A: Grants to Local Education Agencies	$ 19,286
Title II, Part A: Improving Teacher Quality State Grants	35,101
Title III: English Language Acquisition	4,016
Total	$ 58,403

EXHIBIT K-6

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:		Unqualified
Internal control over financial reporting:		
1) Material weakness(es) identified?	___ yes	X no
2) Significant deficiencies identified?	___ yes	X none reported
Non-compliance material to basic financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs:		
1) Material weakness(es) identified?	___ yes	X no
2) Significant deficiencies identified	___ yes	X none reported
Type of auditor's report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	___ yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	IDEA B Flow-Through Entitlements

Dollar threshold used to distinguish between type A and type B programs:		$300,000
Auditee qualified as low-risk auditee?	X yes	___ no

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditors' Results (Continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs:		$300,000
Auditee qualified as low-risk auditee?	X yes	___ no
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?	___ yes	X none reported
Type of auditor's report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04?	___ yes	X no

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
11-100-034-5120-473	Extraordinary Aid
11-495-034-5095-006	On Behalf - TPAF Pension Contributions
11-495-034-5095-002	On Behalf - Social Security Contributions

EXHIBIT K-6

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting in a Circular A-133 audit. See paragraphs 13.15 and 13.35.

NONE

EXHIBIT K-6

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Section III - State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJ OMB Circular Letter 04-04.

NONE

EXHIBIT K-7

NEW PROVIDENCE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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*, USOMB Circular A-133 (Section .315(a)(b)) and NJOMB Circular 04-04.

NONE