

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

**New Providence Board of Education  
New Providence, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**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, 2017**

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
<b>Required Supplementary Information - Part I</b>	
Management's Discussion and Analysis	11
<b>Basic Financial Statements</b>	
A. District-wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balance	26
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	32
Notes to the Financial Statements	33

## Required Supplementary Information - Part II

### C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund	76
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	N/A
C-1b	Budgetary Comparison Schedule - Education Jobs Fund Fund 18	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	83

### Notes to the Required Supplementary Information

C-3	Budgetary Comparison Schedule - Note to RSI	84
-----	---	----

## Required Supplementary Information - Part III

### Schedules related to Accounting and Reporting for Pensions (GASB 68):

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	85
L-2	Schedule of District Contributions - PERS	86
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF	87
L-4	Notes to the Required Supplementary Information - Part III	88

## 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	89
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	91
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	92
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	93
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	94
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	95

G.	Proprietary Funds:	
	Enterprise Fund:	
G-1	Statement of Net Position	96
G-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	97
G-3	Statement of Cash Flows	98

G.	Proprietary Funds:	
	Internal Service Fund:	
G-4	Combining Statement of Net Position	N/A
G-5	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6	Combining Statement of Cash Flows	N/A

H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	99
H-2	Combining Statement of Changes in Fiduciary Net Position	100
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	102
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	103

I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	104
I-2	Schedule of Obligations Under Capital Leases	106
I-3	Debt Service Fund Budgetary Comparison Schedule	107

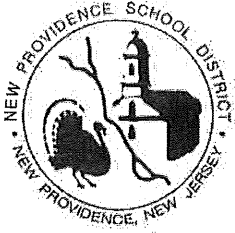
**STATISTICAL SECTION (Unaudited)**

J-1	Net Position by Component	108
J-2	Change in Net Position	109
J-3	Fund Balances - Governmental Funds	111
J-4	Changes in Fund Balances - Governmental Funds	112
J-5	General Fund - Other Local Revenue by Source	114
J-6	Assessed Value of Taxable Property	115
J-7	Direct and Overlapping Property Tax Rates	116
J-8	Principal Property Tax Payers	117
J-9	Property Tax Levies and Collections	118
J-10	Ratios of Outstanding Debt by Type	119
J-11	Ratios of Net General Bonded Debt Outstanding	120
J-12	Ratios of Overlapping Governmental Activities Debt	121
J-13	Legal Debt Margin Information	122
J-14	Demographic and Economic Statistics	123
J-15	Principal Employers	124
J-16	Full Time Equivalent District Employees by Function/Program	125
J-17	Operating Statistics	126
J-18	School Building Information	127
J-19	Schedule of Required Maintenance for School Facilities	128
J-20	Insurance Schedule	129

## SINGLE AUDIT SECTION

K-1	Independent Auditor's 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	130
K-2	Independent Auditor's Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB Circular 04-04	132
K-3	Schedule of Expenditures of Federal Awards, Schedule A	135
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	137
K-5	Notes to the Schedules of Expenditures of Awards and Financial Assistance	139
K-6	Schedule of Findings and Questioned Costs	141
K-7	Summary Schedule of Prior-Year Audit Findings and Questioned Costs as Prepared by Management	145

**INTRODUCTORY SECTION**



# NEW PROVIDENCE SCHOOL DISTRICT

356 ELKWOOD AVENUE, NEW PROVIDENCE, NJ 07974

Fax (908) 464-9041 • [www.npsd.k12.nj.us](http://www.npsd.k12.nj.us)

**DAVID M. MICELI, Ed.D.**  
Superintendent of Schools  
908-464-9050 (ext. 225)

**SCOTT D. HOUGH**  
Assistant Superintendent  
of Educational Services  
908-464-9050 (ext. 222)

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

**JOHN M. RICHTER, JR.**  
Director of Curriculum,  
Instruction, and Supervision  
908-464-9050 (ext. 221)

November 29, 2017

**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, 2017, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards", and the New Jersey OMB's Circular 15-08, "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 students. The District completed the 2016-2017 fiscal year with an enrollment of 2,436 students, which is one student less 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

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012	2,281	1.1%
2013	2,315	1.5%
2014	2,388	3.2%
2015	2,386	0.0%
2016	2,437	2.1%
2017	2,436	0.0%

**2. ECONOMIC CONDITION AND OUTLOOK:** The economic condition and outlook seems to be stable. 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:
  - Project Lead the Way - Introduction to Engineering Design
  - Project Lead the Way - Principles of Engineering
  - Technology and the Design Process
  - Computer Science Principles
  - Biomedical Engineering

#### Middle School

- Coding and App Design
- Science and Engineering 7
- Science and Engineering 8
- Enriched Science and Engineering 8
- Digital Art Design

#### Elementary Schools

- Science 6
- Information Technology
- Multi-sensory Reading
- Development of K-6 STEM Program

#### District

- Implementation of 21<sup>st</sup> Century Resource Guide
- Continuation of district professional development program
- Continuation of curriculum evaluation and review
- Continuation of character education initiatives, including National District of Character program
- Continuation of Technology curriculum integration

**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. 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, 2017.

**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, 2017, the District's outstanding debt included \$23,660,000 of general obligation bonds. In 2006 and 2017, 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 2014, the 2006 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.

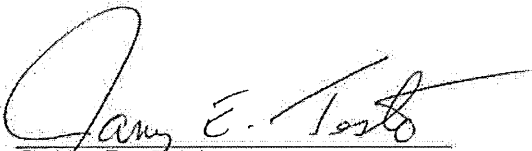
**10) OTHER INFORMATION:**


**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 & Tomkins, LLC CPA's, was recommended by the Board's Finance committee and approved by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 and New Jersey OMB's Circular 15-08. 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:**

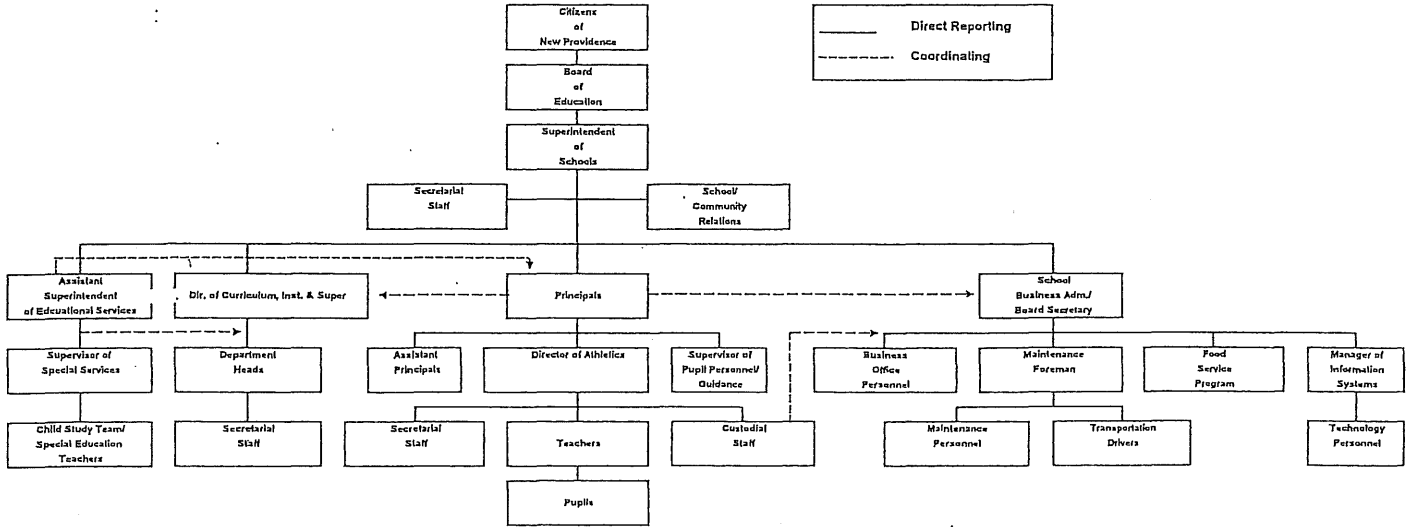
We would like to express our appreciation to the members of the New Providence School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. 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, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Adam M. Smith, President	2018
William H. Dibble, Vice President	2018
Bernadette Cuccaro	2019
Robert S. Dinerman	2018
Ira W. Krauss *	2017
Mary Misiukiewicz *	2017
Joseph F. Walsh	2019

\* Re-elected in November 2017 to new 3-year term expiring 2020

Other Officials

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

James E. Testa, Board Secretary/School Business Administrator

**NEW PROVIDENCE BOARD OF EDUCATION**  
Consultants and Advisors

**AUDIT FIRM**

Donohue, Gironda, Doria & Tomkins, LLC  
310 Broadway  
Bayonne, New Jersey 07002

**ATTORNEY**

Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul Street  
Westfield, NJ 07091

**OFFICIAL DEPOSITORY**

Investors Savings Bank  
1260 Springfield Avenue  
New Providence, NJ 07974

## **FINANCIAL SECTION**

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

---

Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-Mail: [dgd@dgdcpas.com](mailto:dgd@dgdcpas.com)

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, 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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the New Providence School District, in the County of Union, State of New Jersey (the "Board"), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that



are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to 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 Board, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 21 and 76 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The 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 schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08,


*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

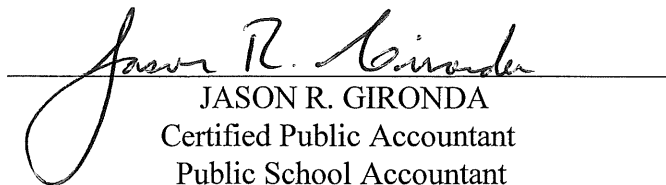
The combining and individual fund financial statements, long-term debt schedules, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2017, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

  
DONOHUE, GIRONDA, DÓRIA & TOMKINS, LLC  
Certified Public Accountants

  
JASON R. GIRONDA  
Certified Public Accountant  
Public School Accountant  
License No. 20CS00264800

Bayonne, New Jersey  
November 29, 2017

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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 2017 are as follows:

- Total net position is (\$1,049,715). Net position for governmental activities is (\$1,321,518). Net position of the business-type activity, which represents food service, is \$271,803. This reflects an increase in net position in the amount of \$63,964.
- General revenues accounted for \$42,884,886 in revenue or 96.4 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 \$1,629,361 or 3.6 percent to total revenues of \$44,514,247. General revenues including property taxes of \$35,656,111 were used to offset the net expenses after program revenues.
- The School District had \$44,450,283 in expenses; only \$1,629,361 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 \$866,464. Revenue, in the amount of \$715,000 was reserved for tax relief in the 2017/2018 school year and \$972,541 will be reserved for tax relief in the 2018/2019 school year, as required by the State of New Jersey.

A review of the fiscal year 2016 financial highlights are as follows:

- Total net position is (\$1,113,679). Net position for governmental activities are (\$1,386,838). Net position of the business-type activity, which represents food service, are \$273,159. This reflects a decrease in net position in the amount of \$41,647 which is due to the accounting for pension expense associated with GASB statement No. 68 (Accounting and Financial Reporting for Pensions).

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

- General revenues accounted for \$40,154,211 in revenue or 96.21 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 \$1,581,403 or 3.79 percent of total revenues of \$41,735,614. General revenues including property taxes of \$34,565,901 were used to offset the net expenses after program revenues.
- The School District had \$41,777,261 in expenses; only \$1,581,403 of these expenses was offset by program specific charges for service, grants or contributions.
- The General Fund revenues exceeded expenses and other financing sources of the School District by \$624,255. Revenue, in the amount of \$650,000 was reserved for tax relief in the 2016/2017 school year and \$426,403 will be reserved for tax relief in the 2017/2018 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 position 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.

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Reporting the New Providence School District as a Whole**

**Statement of Net Position 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 2017?" The statement of net position 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 position and changes in those positions. This change in net position 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 position 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** – The Food Service enterprise fund is reported as a business 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.

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 position 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 position is of the New Providence School District as a whole. Table 1 provides a summary of the New Providence School District's net position for 2017.

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total assets equal \$34,916,551. Total assets for Governmental Activities is \$34,626,473. Total assets for Business Type Activities is \$290,078. The totals for 2016 are presented for comparative purposes.

Table 1  
Net Position

	Governmental Activities 2017	Business-type Activities 2017	Total 2017	Total 2016
<u>Assets:</u>				
Current and Other Assets	\$17,742,448	\$169,716	\$17,912,164	\$ 4,935,169
Capital Assets, Net	16,884,025	120,362	17,004,387	15,709,056
Total Assets	<u>34,626,473</u>	<u>290,078</u>	<u>34,916,551</u>	<u>20,644,225</u>
<u>Deferred Outflows of Resources:</u>				
Pension Resources	4,868,473		4,868,473	2,537,656
<u>Liabilities:</u>				
Current and Other Liabilities	2,405,797	18,275	2,424,072	3,908,580
Long-Term Liabilities	23,166,335		23,166,335	8,463,428
Net Pension Liabilities	14,952,825		14,952,825	11,734,878
Total Liabilities	<u>40,524,957</u>	<u>18,275</u>	<u>40,543,232</u>	<u>24,106,886</u>
<u>Deferred Inflows of Resources:</u>				
Pension Resources	291,507		291,507	188,674
<u>Net Position:</u>				
Invested in Capital Assets- Net of Related Debt	(6,858,943)	120,362	(6,738,581)	6,636,189
Restricted	15,606,408		15,606,408	640,863
Unrestricted	(10,068,983)	151,441	(9,917,542)	(8,390,731)
Total Net Position	<u>(\$ 1,321,518)</u>	<u>\$271,803</u>	<u>(\$1,049,715)</u>	<u>(\$1,113,679)</u>



**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Table 2 reflects the change in net position for fiscal year 2017 and 2016.

Table 2  
Change in Net Position

	Governmental Activities 2017	Business-type Activities 2017	Total 2017	Total 2016
<b>Revenues:</b>				
Program Revenues:				
Charges for Services	\$ 86,506	\$777,529	\$ 864,035	\$ 859,490
Operating Grants(Local, State, Fed)	764,226	1,100	765,326	721,913
<b>Total Program Revenues</b>	<b>850,732</b>	<b>778,629</b>	<b>1,629,361</b>	<b>1,581,403</b>
General Revenues:				
Property Taxes	35,656,111		35,656,111	34,565,901
State and Federal Aid and Grants	6,217,067		6,217,067	5,430,312
Interest	86,028		86,028	18,867
Special Items Capital Assets/Re-class	144,039		144,039	15,602
Special Items Fixed Assets/Disposal	(2,167)		(2,167)	(2,895)
Miscellaneous	783,808		783,808	126,424
<b>Total General Revenues</b>	<b>42,884,886</b>		<b>42,884,886</b>	<b>40,154,211</b>
<b>Total Revenues</b>	<b>43,735,618</b>	<b>778,629</b>	<b>44,514,247</b>	<b>41,735,614</b>
<b>Function/Program Expenses:</b>				
Instruction	17,590,598		17,590,598	16,867,855
Support Services:				
Tuition, Students and Instructional Staff	6,227,928		6,227,928	6,209,024
School Administrative Services	1,398,769		1,398,769	1,377,108
General and Business Admin. Svcs.	13,643,633		13,643,633	11,851,219
Operation and Maintenance of Plant	2,195,207		2,195,207	2,223,541
Pupil Transportation	1,335,666		1,335,666	1,058,768
Unallocated Depreciation	974,257		974,257	1,064,016
Interest on Long-Term Debt	304,240		304,240	353,610
Food Service		779,985	779,985	772,120
<b>Total Expenses</b>	<b>43,670,298</b>	<b>779,985</b>	<b>44,450,283</b>	<b>41,777,261</b>
Increase (decrease) in Net Position	65,320	(1,356)	63,964	(41,647)
Net Position – beginning of the year	(1,386,838)	273,159	(1,113,679)	(1,072,032)
Net Position – end of the year	(\$1,321,518)	271,803	(\$1,049,715)	(\$1,113,679)

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The total increase in Net Position for Governmental Activities is \$65,320. The total decrease in Net Position for Business-Type Activities is \$1,356. The total increase in Net Position is \$63,964.

**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 <u>Service</u> <u>2016-2017</u>	Percent of <u>Total</u>	Total Cost of <u>Service</u> <u>2015 - 2016</u>	Percent of <u>Total</u>
Instruction	\$17,590,598	41.48%	\$16,867,855	41.14%
Support Services:				
Tuition, Students and Instructional Staff	6,227,928	14.89%	6,209,024	15.14%
School Administrative Services	1,398,769	3.50%	1,377,108	3.35%
General and Business Admin. Svcs.	13,643,633	28.68%	11,851,219	28.90%
Operation and Maintenance of Plant	2,195,207	5.43%	2,223,541	5.42%
Pupil Transportation	1,335,666	2.26%	1,058,768	2.58%
Unallocated Depreciation	974,257	2.78%	1,064,016	2.60%
Interest on Long-Term Debt	<u>304,240</u>	<u>0.98%</u>	<u>353,610</u>	<u>0.87%</u>
 Total Expenses	 <u>\$43,670,298</u>	 <u>100.00%</u>	 <u>\$41,005,141</u>	 <u>100.00%</u>

The Governmental Activities in the above schedule demonstrate that \$17,590,598 are identified as Instruction. Additionally, Tuition, Students and Instructional Staff Activities are \$6,227,928. Combined resources from Instruction, Tuition Students and Instructional Staff total \$23,803,362.

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

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Business-Type Activity**

Table 3b.  
Business Activities

	Total Cost of Service <u>2016-2017</u>	Percent of <u>Total</u>	Total Cost of Service <u>2015-2016</u>	Percent of <u>Total</u>
<b>Revenue</b>				
Charges for Services	\$777,529	99.86%	\$754,858	99.92%
Operating Grants	1,100	00.14%	648	00.08%
<b>Total Revenue</b>	<b><u>\$778,629</u></b>	<b><u>100.00%</u></b>	<b><u>\$755,506</u></b>	<b><u>100.00%</u></b>
<b>Function/Program Expenses</b>				
Food Service – Operating	\$779,985	100.00%	\$772,120	100.00%
<b>Total Expenses</b>	<b><u>\$779,985</u></b>	<b><u>100.00%</u></b>	<b><u>\$772,120</u></b>	<b><u>100.00%</u></b>
Decrease in Net Position	<u>(\$1,356)</u>		<u>(\$16,614)</u>	

The business-type activity of the New Providence School District is the food service operation. This program had revenues of \$778,629 and expenses of \$779,985 for fiscal year 2017. For fiscal year 2017, the food service operation realized a decrease in net position of \$1,356.

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.

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Sources of Revenue**

The local tax revenue has been stable for several years. For all governmental activities, state revenues support approximately 14.44%. The community, as a whole, 83.99% of the support and Federal revenue accounts for 1.57% of the total cost of programs for New Providence School District students.

Table 4

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Sources of Revenue</u>				<u>Total</u>
	<u>Local Tax</u> <u>Levy</u>	<u>Other Local</u> <u>Revenue</u>	<u>State</u> <u>Revenue</u>	<u>Federal</u> <u>Revenue</u>	
2016	\$34,565,901	\$242,529	\$5,507,598	\$651,373	\$40,967,401
2017	\$35,656,111	\$943,521	\$6,292,618	\$701,496	\$43,593,746

The total 2017 revenue from all sources is \$43,593,746.

**The School District's Funds**

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$43,593,746 and expenditures of \$45,035,653.

**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 year 2017, the School District amended its General Fund budget as needed. The School District uses a program based budgeting model and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

A transfer of funds were needed to support tuitions, transportation, related services, legal costs, home instruction and utilities.

For the General Fund, budget basis revenue was \$41,322,495 compared to the final budgeted estimates of \$36,081,525. This difference was primarily due to the State's On-Behalf TPAF Pension Contributions, the State's Reimbursed TPAF Social Security Contributions and additional extraordinary aid, which are non budgeted income and expense items.

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2017, the New Providence School District has \$16,884,025 at net cost invested in capital assets, for governmental activities. This amount represents a net increase of \$1,310,028 over last year, which is primarily due to the addition of new assets. More detailed information about the Board's capital assets and depreciation is presented in Note 4 to the financial statements.

**Debt**

At June 30, 2017, the New Providence School District had no long-term debt payable from proprietary fund resources. Long-term liabilities include 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.

**Net Pension Liability**

The District has implemented GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) into the 2016/2017 CAFR Report. GASB No. 68 requires participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

The information below was generated from the State of New Jersey (Department of Treasury) GASB No. 68 reports.

For the year ended June 30, 2017 the net pension liabilities for PERS and TPAF were as follows:

<u>Year Ending</u>	<u>PERS Proportionate Share</u>		<u>TPAF Proportionate Share</u>	
	<u>Employer</u>	<u>Nonemployer</u>	<u>Employer</u>	<u>Nonemployer</u>
	<u>School District</u>	<u>State of New Jersey</u>	<u>School District</u>	<u>State of New Jersey</u>
June 30, 2017	\$14,952,825	\$0	\$0	\$127,596,840

**NEW PROVIDENCE SCHOOL DISTRICT  
UNION COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The District recognized PERS employer pension expense of \$1,033,879. Also, the District reported deferred outflows of resources of \$4,868,473 and deferred inflows of resources of \$291,507. PERS pension deferred outflows of resources include changes in assumptions, changes in proportion and pension accounts payable. Deferred inflows of resources include the net differences between projected and actual investment earnings on pension plan investments. Lastly, the District recognized an on-behalf pension expense of \$9,587,127 which was offset by an on-behalf TPAF pension contribution for the same amount.

**Current Issues**

The New Providence School District has been and continues to utilize sound accounting practices. The New Providence School District continues to monitor and address current classroom needs, as well as review enrollment projections. A September 2016 bond referendum was approved to address the needs related to enrollment growth and facilities maintenance, which the District will complete projects by the winter of 2017.

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 becomes 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**



**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
<b>ASSETS:</b>			
Assets:			
Cash and cash equivalents	\$ 2,924,859	\$ 163,256	\$ 3,088,115
Deposits			
Receivables, net	634,881	1,105	635,986
Inventory		5,355	5,355
Restricted assets:			
Restricted cash and cash equivalents	13,682,615		13,682,615
Capital reserve account - cash	500,093		500,093
Capital assets, net of depreciation	16,884,025	120,362	17,004,387
Total assets	34,626,473	290,078	34,916,551
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension resources	4,868,473		4,868,473
<b>LIABILITIES</b>			
Accounts payable - General	\$ 495,734	\$ 18,275	\$ 514,009
Accounts payable - related to pension	492,436		492,436
Cash Deficiency	27,023		27,023
Intergovernmental payable:			
Federal			
State	23,154		23,154
Accrued liability for insurance claims			
Deferred revenue	39,482		39,482
Non-current liabilities:			
Due within one year	1,327,968		1,327,968
Due beyond one year	23,166,335		23,166,335
Net pension liability	14,952,825		14,952,825
Total liabilities	40,524,957	18,275	40,543,232
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension resources	291,507		291,507
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	(6,858,943)	120,362	(6,738,581)
Restricted for:			
Capital projects	14,162,041		14,162,041
Debt Service	45,423		45,423
Other Purposes	1,398,944		1,398,944
Unrestricted	(10,068,983)	151,441	(9,917,542)
Total net position	\$ (1,321,518)	\$ 271,803	\$ (1,049,715)

See accompanying notes to financial statements.

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Activities**  
**for the Fiscal Year ended June 30, 2017**

Functions/Programs	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 13,732,314	\$ 86,506	\$ 764,226	\$
Special Education	2,585,876			
Other special instruction	339,473			
Other instruction	932,935			
Support services:				
Tuition	2,566,033			
Student & instruction related services	3,661,895			
School administrative services	1,398,769			
General and business administrative services	13,643,633			
Plant operation and maintenance	2,195,207			
Pupil transportation	1,335,666			
Unallocated depreciation	974,257			
Special schools				
Interest on Long Term Debt	304,240			
Total governmental activities	<u>43,670,298</u>	<u>86,506</u>	<u>764,226</u>	
Business-type activities:				
Food service	<u>779,985</u>	<u>777,529</u>	<u>1,100</u>	
Total business-type activities	<u>779,985</u>	<u>777,529</u>	<u>1,100</u>	
Total primary government	<u>\$ 44,450,283</u>	<u>\$ 864,035</u>	<u>\$ 765,326</u>	<u>\$</u>

## 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 Position

Net Position - July 1

Net Position - June 30

See accompanying notes to financial statements.

**Net (Expense) Revenue and  
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (12,881,582)	\$	\$ (12,881,582)
(2,585,876)		(2,585,876)
(339,473)		(339,473)
(932,935)		(932,935)
(2,566,033)		(2,566,033)
(3,661,895)		(3,661,895)
(1,398,769)		(1,398,769)
(13,643,633)		(13,643,633)
(2,195,207)		(2,195,207)
(1,335,666)		(1,335,666)
(974,257)		(974,257)
<u>(304,240)</u>	<u>                    </u>	<u>(304,240)</u>
<u>(42,819,566)</u>	<u>                    </u>	<u>(42,819,566)</u>
<u>                    </u>	<u>(1,356)</u>	<u>(1,356)</u>
<u>                    </u>	<u>(1,356)</u>	<u>(1,356)</u>
<u>\$ (42,819,566)</u>	<u>\$ (1,356)</u>	<u>\$ (42,820,922)</u>
34,643,702		34,643,702
1,012,409		1,012,409
6,217,067		6,217,067
86,028		86,028
144,039		144,039
(2,167)		(2,167)
783,808		783,808
<u>42,884,886</u>	<u>                    </u>	<u>42,884,886</u>
65,320	(1,356)	63,964
<u>(1,386,838)</u>	<u>273,159</u>	<u>(1,113,679)</u>
<u>\$ (1,321,518)</u>	<u>\$ 271,803</u>	<u>\$ (1,049,715)</u>

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	<u>Governmental Fund Types</u>				Total Governmental Funds
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
<b>ASSETS:</b>					
Assets:					
Cash and cash equivalents	\$ 2,879,436		\$ 13,682,615	\$ 45,423	\$ 16,607,474
Deposits					
Accounts receivable:					
Federal		107,281			107,281
State	438,632	550			439,182
Other	88,418				88,418
Capital reserve account - Restricted cash	500,093				500,093
<b>Total assets</b>	<b>\$ 3,906,579</b>	<b>\$ 107,831</b>	<b>\$ 13,682,615</b>	<b>\$ 45,423</b>	<b>\$ 17,742,448</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable - General	\$ 450,805	\$ 24,262	\$ 20,667		\$ 495,734
Cash Deficiency		27,023			27,023
Intergovernmental payable:					
Federal					
State		23,154			23,154
Accrued liability for insurance claims					
Deferred revenue	6,090	33,392			39,482
<b>Total liabilities</b>	<b>456,895</b>	<b>107,831</b>	<b>20,667</b>		<b>585,393</b>
Fund balances:					
Restricted:					
Capital reserve	500,093				500,093
Reserved excess surplus - Designated for subsequent year's tax relief	426,403				426,403
Reserve for excess surplus	972,541				972,541
Committed:					
Year-end encumbrances	632,675		10,911,451		11,544,126
Assigned:					
Designated for subsequent year's tax relief	288,597				288,597
Unassigned	629,375		2,750,497	45,423	3,425,295
<b>Total fund balances</b>	<b>3,449,684</b>		<b>13,661,948</b>	<b>45,423</b>	<b>17,157,055</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,906,579</b>	<b>\$ 107,831</b>	<b>\$ 13,682,615</b>	<b>\$ 45,423</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$43,600,517 and the accumulated depreciation is \$26,716,492. (See Note 4 )

16,884,025

Deferred outflows of pension resources 4,868,473  
Accounts payable for pension (492,436)

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)

(24,494,303)

Net pension liability (14,952,825)  
Deferred inflows of pension resources (291,507)

Net position of governmental activities \$ (1,321,518)

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**for the Fiscal Year ended June 30, 2017**

	<u>Governmental Fund Types</u>				Total Governmental Funds
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 34,643,702	\$	\$	\$ 1,012,409	\$ 35,656,111
Tuition	86,506				86,506
Interest on investments	28,375		57,653		86,028
Miscellaneous	783,743		65		783,808
Grants		-12,821			-12,821
Total revenues-local sources	<u>35,542,326</u>	<u>-12,821</u>	<u>57,718</u>	<u>1,012,409</u>	<u>36,599,632</u>
State sources	5,780,235	75,551		436,832	6,292,618
Federal sources		701,496			701,496
Total revenues	<u>41,322,561</u>	<u>764,226</u>	<u>57,718</u>	<u>1,449,241</u>	<u>43,593,746</u>
<b>EXPENDITURES:</b>					
Current expense:					
Instruction	16,399,829	764,226			17,164,055
Undistributed expenditures	23,829,077				23,829,077
Capital outlay	312,511		2,280,770		2,593,281
Special schools					
Debt service				1,449,240	1,449,240
Claims paid					
Grants					
Total expenditures	<u>40,541,417</u>	<u>764,226</u>	<u>2,280,770</u>	<u>1,449,240</u>	<u>45,035,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>781,144</u>		<u>(2,223,052)</u>	<u>1</u>	<u>(1,441,907)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds			15,885,000		15,885,000
Operating transfers					
Capital leases (Nonbudgeted)	85,320				85,320
Cancellation of State Construction Grant receivable					
Total other financing sources (uses)	<u>85,320</u>		<u>15,885,000</u>		<u>15,970,320</u>
Net changes in fund balance	<u>866,464</u>		<u>13,661,948</u>	<u>1</u>	<u>14,528,413</u>
Fund balances, July 1	<u>2,583,220</u>			<u>45,422</u>	<u>2,628,642</u>
Fund balances, June 30	<u>\$ 3,449,684</u>	<u>\$</u>	<u>\$ 13,661,948</u>	<u>\$ 45,423</u>	<u>\$ 17,157,055</u>

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, 2017**

Total net change in fund balances - governmental funds (from B-2)		\$ 14,528,413
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	\$ (1,400,800)
	Capital Outlays	<u>2,593,281</u>
		1,192,481
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 position and is not reported in the statement of activities.		
	Repayment of Bond Principal	1,145,000
	Issuance of Capital Leases	(85,320)
	Payments of Capital Leases Payable	<u>155,219</u>
		1,214,899
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	(15,885,000)
In the statement of activities, certain operating expenses, such as compensated absences and pension liabilities are measured by the amount earned during the year. In the Governmental Funds, however, expenditures for these items are reported based on the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a decrease on this reconciliation. When the paid amount exceeds the earned amount, the difference is an addition to this reconciliation.		
	Compensated Absences	(69,141)
	Additional PERS pension expense recognized	(1,058,204)
	Additional on-behalf TPAF pension expense	(9,587,127)
	Additional on-behalf TPAF pension contribution	<u>9,587,127</u>
		(1,127,345)
Special item - Appraisal of capital assets adjustments		144,039
Special item - Loss on Disposal of fixed assets		<u>(2,167)</u>
<b>Change in net position of governmental activities</b>		<b>\$ <u>65,320</u></b>



**PROPRIETARY FUNDS**

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

		Business-type Activities - Enterprise Funds
		<u>Food Service</u>
<b>ASSETS:</b>		
Assets:		
Cash and cash equivalents	\$	163,256
Accounts receivable:		
State		0
Federal		0
Other		1,105
Inventories		<u>5,355</u>
Total current assets		169,716
Fixed Assets:		
Equipment		260,005
Accumulated depreciation		<u>(139,643)</u>
Total fixed assets		<u>120,362</u>
Total assets	\$	<u><u>290,078</u></u>
<b>LIABILITIES AND NET POSITION:</b>		
Liabilities:		
Accounts payable	\$	<u>18,275</u>
Total current liabilities		<u>18,275</u>
<b>NET POSITION:</b>		
Unrestricted		<u>271,803</u>
Total net position		<u>271,803</u>
Total liabilities and net position	\$	<u><u>290,078</u></u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**for the Fiscal Year ended June 30, 2017**

	Business-type Activities - Enterprise Fund
	Food Service
<b>OPERATING REVENUES:</b>	
Charges for Services	
Daily sales - reimbursable programs	\$ 773,495
Daily sales - non-reimbursable programs	<u>4,034</u>
Total operating revenues	<u>777,529</u>
<b>OPERATING EXPENSES:</b>	
Labor costs	320,407
Costs of sales	419,795
Direct expenses	16,524
Depreciation	<u>23,259</u>
Total operating expenses	<u>779,985</u>
Operating loss	<u>(2,456)</u>
<b>NON-OPERATING REVENUES:</b>	
State sources:	
State school lunch program	
Federal sources:	
Nutrition reimbursements	
Food distribution program	
Interest Income	<u>1,100</u>
Total non-operating revenues	<u>1,100</u>
Net income before operating transfers	(1,356)
Operating transfers:	
Operating transfers in - General fund	<u>                    </u>
Change in net position	(1,356)
Total net position, July 1	<u>273,159</u>
Total net position, June 30	<u>\$ 271,803</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**for the Fiscal Year ended June 30, 2017**

	Business-type Activities - Enterprise Fund
	Food Service
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 779,679
Payments to employees	(320,407)
Payments to suppliers	(441,645)
Net cash provided by operating activities	17,627
<b>Cash flows from noncapital financing activities:</b>	
State sources	
Federal sources	
Food distribution program	
Net cash provided by non-capital financing activities	
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(8,562)
Net cash (used for) capital and related financing activities	(8,562)
<b>Cash flows from investing activities:</b>	
Interest on investments	1,100
Net cash provided by investing activities	1,100
Net increase in cash and cash equivalents	10,165
Cash and cash equivalents, July 1	153,091
Cash and cash equivalents, June 30	\$ 163,256
<b>Reconciliation of operating loss to net cash (used for) provided by operating activities:</b>	
Operating loss	\$ (2,456)
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Decrease in accounts receivable	2,150
Increase in inventories	(288)
Decrease in accounts payable	(5,038)
Depreciation	23,259
Total adjustments	20,083
Net cash provided by operating activities	\$ 17,627

**FIDUCIARY FUNDS**

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund	<u>Agency</u>	
			<u>Student Activity</u>	<u>Payroll</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ <u>154,459</u>	\$ <u>235,080</u>	\$ <u>146,523</u>	\$ <u>240,802</u>
Total assets	\$ <u><u>154,459</u></u>	\$ <u><u>235,080</u></u>	\$ <u><u>146,523</u></u>	\$ <u><u>240,802</u></u>
 <b>LIABILITIES AND NET POSITION:</b>				
Liabilities:				
Payroll deductions & withholdings	\$	\$	\$	\$ 240,802
Due to student groups	<u>                    </u>	<u>                    </u>	<u>146,523</u>	<u>                    </u>
Total liabilities	<u>                    </u>	<u>                    </u>	<u>146,523</u>	<u>240,802</u>
Net position				
Held in trust for unemployment claims and other purposes		235,080		
Reserved for scholarships	<u>154,459</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and net position	\$ <u><u>154,459</u></u>	\$ <u><u>235,080</u></u>	\$ <u><u>146,523</u></u>	\$ <u><u>240,802</u></u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**for the Fiscal Year ended June 30, 2017**

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS:</b>		
Contributions:		
Plan Member	\$	\$
Donations	<u>3,686</u>	<u>                    </u>
Total contributions	<u>3,686</u>	<u>                    </u>
Investment earnings:		
Interest	<u>1,492</u>	<u>1,229</u>
Total additions	<u>5,178</u>	<u>1,229</u>
<b>DEDUCTIONS:</b>		
Unemployment Claims Paid		34,187
Scholarship payments	<u>7,150</u>	<u>                    </u>
Total deductions	<u>7,150</u>	<u>34,187</u>
Change in net position	<u>(1,972)</u>	<u>(32,958)</u>
Net position - July 1	<u>156,431</u>	<u>268,038</u>
Net position - June 30	\$ <u><u>154,459</u></u>	\$ <u><u>235,080</u></u>

**NOTES TO FINANCIAL STATEMENTS**



**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, 2017, of 2,436 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 Position 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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

In the district-wide Statement of Net Position, 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 position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. 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 position 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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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 position, 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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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 position (net total position) 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 position.

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 position and changes in net position and are reported using accounting principles similar to proprietary funds.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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. The District maintains nine 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.

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Measurement Focus

On the district-wide Statement of Net Position 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 position 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 position (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 position.
- 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 Position 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.



**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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.

	<u>2016 - 2017</u>
Total Revenues (Budgetary Basis)	\$ 762,485
Adjustments:	
Add: Prior Year Encumbrances	35,134
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes	0
Less: Current Year Encumbrances	( 33,393)
State Aid Payment Recognized for Budgetary Purposes not Recognized for GAAP Statements	<u>( 0)</u>
Total Revenues (GAAP Basis)	<u>\$ 764,226</u>

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, 2017.

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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 Position. 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. There is no deferred revenue in the current year.

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Pensions:**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense of the Public Employees Retirement System (PERS) have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

**P. Deferred Outflows of Resources:**

Decreases in net position that relate to future periods are reported as deferred outflows of resources in a separate section of the Statement of Net Position. The only deferred outflow of resources reported is for pension resources.

**Q. Deferred Inflows of Resources:**

Increases in net position that relate to future periods are reported as deferred inflows of resources in a separate section of the Statement of Net Position. Related revenues are not recognized until a future event occurs. The only deferred inflow of resources reported is for pension resources.

**R. Equity Classifications:**

District-Wide Statements

Equity is classified as net position 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 position - Consists of net position 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 position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**R. Equity Classifications (Continued):**

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, 2016 audited excess surplus that will be appropriated in the 2017-2018 original budget certified for taxes.

*Restricted – Reserve for Excess Surplus* – This reserve was created to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2018-2019 original budget certified for taxes.

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

*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.

**S. 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.



**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. 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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

As of June 30, 2017, the District's cash and cash equivalents are summarized as follows:

<u>Category</u>	<u>Amount</u>
Insured - FDIC	\$ 250,000
Insured - GUDPA	<u>4,088,049</u>
	<u>\$ 4,338,049</u>

Reconciliation to District-Wide Statement of  
Net Position:

Unrestricted Cash	\$ 3,061,092
Restricted Cash	-0-
Restricted Cash - Capital Reserve Account	500,093
Fiduciary Funds (Not Included in District-Wide Statement)	<u>776,864</u>
	<u>\$ 4,338,049</u>

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3. CAPITAL RESERVE ACCOUNT (Continued)**

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follow:

Beginning Balance, July 1, 2016	\$ 93
Interest Earnings	-0-
Deposits	500,000
Withdrawals	<u>-0-</u>
Ending Balance, June 30, 2017	<u>\$500,093</u>

**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 is 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, 3 to 20 years.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)**

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance at July 1, 2016	Adjustments	Additions	Disposals	Balance at June 30, 2017
<b>Governmental Activities:</b>					
Land	\$ 1,306,892	\$	\$	\$	\$ 1,306,892
Land Improvements	182,601				182,601
Buildings & Improvements	34,501,337				34,501,337
Construction in Progress	-0-		2,280,770		2,280,770
Machinery, Equipment & Vehicles	<u>5,178,071</u>	<u>144,039</u>	<u>312,511</u>	<u>(305,704)</u>	<u>5,328,917</u>
Totals at Historical Cost	<u>41,168,901</u>	<u>144,039</u>	<u>2,593,281</u>	<u>(305,704)</u>	<u>43,600,517</u>
<b>Less Accumulated Deprec.</b>					
Land Improvements	( 180,726)		(125)		( 180,851)
Buildings & Improv.	(20,178,687)		( 991,389)		(22,170,076)
Machinery, Equipment & Vehicles	<u>( 4,235,491)</u>		<u>( 409,286)</u>	<u>279,212</u>	<u>( 4,365,565)</u>
Total Accumulated Deprec.	<u>(25,594,904)</u>		<u>*(1,400,800)</u>	<u>279,212</u>	<u>(26,716,492)</u>
<b>Governmental Activities</b>					
Capital Assets, Net	<u>\$15,573,997</u>	<u>**\$ 144,039</u>	<u>\$1,192,481</u>	<u>(\$ 26,492)</u>	<u>\$16,884,025</u>
<b>Business-type Activities:</b>					
Machinery & Equipment	\$ 251,443	\$	\$8,562	\$	\$260,005
Totals at Historical Cost	251,443		8,562		260,005
<b>Less Accumulated Deprec.</b>					
Machinery & Equipment	<u>(116,384)</u>		<u>(23,259)</u>		<u>(139,643)</u>
Total Accumulated Deprec.	<u>(116,384)</u>		<u>(23,259)</u>		<u>(139,643)</u>
<b>Business-type Activities</b>					
Capital Assets, Net	<u>\$ 135,059</u>	<u>\$</u>	<u>(\$14,697)</u>	<u>\$</u>	<u>\$120,362</u>

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)**

\* Depreciation expense was charged to Governmental Activities as follows:

Instruction:		
Regular	\$ 426,543	
Total Instruction	<u>426,543</u>	
Support Services:		
Unallocated Depreciation	<u>974,257</u>	
Total Support Services	<u>974,257</u>	
Total Depreciation Expense	<u><u>\$1,400,800</u></u>	

\*\* The adjustments represent reclassifications, changes to the July 1, 2016 capital asset balances as reported on the June 30, 2017 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

	<u>Balance, June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>	<u>Amounts Due Within One Year</u>	<u>Long-Term Portion</u>
Compensated absences payable	\$ 682,194	\$ 96,184	(\$ 27,043)	\$ 751,335	\$ -	\$ 751,335
Bonds payable	8,920,000	15,885,000	(1,145,000)	23,660,000	1,245,000	22,415,000
Capital leases payable	<u>152,867</u>	<u>85,320</u>	<u>( 155,219)</u>	<u>82,968</u>	<u>82,968</u>	<u>-0-</u>
	<u>\$ 9,755,061</u>	<u>\$16,066,504</u>	<u>(\$1,327,262)</u>	<u>\$24,494,303</u>	<u>\$1,327,968</u>	<u>\$23,166,335</u>

**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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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. There are no serial bonds outstanding as of June 30, 2017. The last principal and interest payment was made during the June 30, 2017 fiscal year.

On September 17, 2014, the Board issued \$7,615,000 of Refunding School Bonds, Series 2014. The proceeds from the sale of the Bonds were used to advance refund a portion of the outstanding callable principal amount of the originally issued \$10,375,000 School Bonds, Series 2006 that mature on August 15, 2017 through and including August 15, 2025, in the total amount of \$5,965,000 at a redemption price of 100%.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5. LONG-TERM DEBT (Continued)**

**A. Bonds Payable (Continued):**

The Series 2006 2<sup>nd</sup> 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:

<u>Year Ending</u> <u>June 30,</u>	<u>School Bonds</u>	
	<u>Series 2006 2nd Series</u> <u>Principal</u>	<u>Interest</u>
2017	<u>\$ 180,000</u>	<u>\$ 76,400</u>
	<u>\$ 180,000</u>	<u>\$ 76,400</u>

On September 17, 2014, the Board issued \$7,615,000 of Refunding School Bonds, Series 2014. The proceeds from the sale of the Bonds were used to advance refund a portion of the outstanding callable principal amount of the originally issued \$3,240,000 School Bonds, Series 2006 2<sup>nd</sup>, that mature on August 15, 2018 through and including August 15, 2025, in the total amount of \$1,730,000 at a redemption price of 100%.

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

There are no serial bonds outstanding as of June 30, 2017. The last principal and interest payment was made during the 2017 fiscal year.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5. LONG-TERM DEBT (Continued)**

**A. Bonds Payable (Continued):**

The Series 2014 Bonds are not subject to redemption prior to maturity. Principal on the 2014 Bonds will be payable annually on August 15<sup>th</sup> of each year, commencing August 15, 2015. Interest will be payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup> each year until maturity.

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

<u>Year Ending June 30,</u>	Refunding School Bonds Series 2014	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 565,000	\$ 263,325
2019	780,000	243,150
2020	815,000	215,150
2021	855,000	181,750
2022	870,000	147,250
2023	930,000	111,250
2024	935,000	78,625
2025	920,000	50,800
2026	925,000	18,500
	<u>\$ 7,595,000</u>	<u>\$ 1,309,800</u>



**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5. LONG-TERM DEBT (Continued)**

**A. Bonds Payable (Continued):**

The Series 2017 Bonds maturing on and after August 15, 2028 are redeemable at the option of the Board of Education in whole or in part on any date on or after August 15, 2027 upon notice as required, at par, plus in each case unpaid accrued interest to the date fixed for redemption, if any. Principal on the 2017 Bonds will be payable annually on August 15<sup>th</sup> of each year, commencing August 15, 2017. Interest will be payable semi-annually on February 15<sup>th</sup> and August 15<sup>th</sup> each year until maturity.

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

<u>Year Ending June 30,</u>	<u>Refunding School Bonds Series 2017</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 500,000	\$ 566,105
2019	525,000	500,903
2020	550,000	483,762
2021	575,000	465,481
2022	625,000	445,981
2023	650,000	425,263
2024	675,000	403,731
2025	760,000	380,412
2026	800,000	355,062
2027	825,000	328,656
2028	850,000	301,438
2029	875,000	273,407
2030	900,000	244,563
2031	925,000	214,907
2032	975,000	184,032
2033	975,000	151,735
2034	975,000	118,828
2035	975,000	85,313
2036	975,000	51,187
2037	<u>975,000</u>	<u>17,063</u>
	<u>\$15,885,000</u>	<u>\$ 5,997,829</u>

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5. LONG-TERM DEBT (Continued)**

**B. Capital Leases Payable:**

The District is leasing computer and copier equipment totaling \$428,546 under capital leases. All capital leases are for terms of two, three or 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, 2016.

<u>Year</u>	<u>Amount</u>
2018	\$ <u>82,968</u>
Total Minimum Lease Payments	\$ 82,968
Less: Amount Representing Interest	<u>          -0-</u>
Present Value of Net Minimum Lease Payments	<u>\$ 82,968</u>

**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 accessed via the New Jersey Division of Pension and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, by which the State of New Jersey is responsible to fund 100% of the employer contributions, excluding any local employer retirement incentive (ERI) contributions. 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. 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.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**D. Vesting and Benefit Provisions (Continued):**

The following represents the membership tiers for PERS and TPAF:

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

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

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increase were suspended for all current and future retirees of all retirement systems.

**E. Contribution Requirements:**

The contribution policy is set by N.J.S.A. 43:15A for PERS and N.J.S.A. 18:66 for TPAF, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5 plus an additional 1% phased-in over 7 years beginning July 2012. The member contribution was 7.2% in fiscal year 2017. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent fiscal year.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**E. Contribution Requirements (Continued):**

Employers' contribution amounts for PERS are based on an actuarially determined rate. The annual employer contributions for PERS include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits. Under current Statute, the District is a non-contributing employer of the TPAF.

Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions for the pension plans on a phased-in basis over a seven-year period beginning in fiscal year 2012. For fiscal year 2013, the State's minimum required contribution was 2/7<sup>th</sup> of the full recommended amounts determined on the basis of the July 1, 2011 actuarial valuation.

During the year ended June 30, 2017 the District was required to contribute for PERS and the State of New Jersey was required to contribute for TPAF for normal pension contributions, non-contributory group life insurance (NCGI) and early retirement incentive (ERI) in the following amounts.

<b><u>PERS Contributed by the District</u></b>		<b><u>TPAF Paid on behalf of the District</u></b>	
<u>Pension</u>	<u>NCGI</u>	<u>Pension</u>	<u>NCGI</u>
\$ 427,199	\$ 21,321	\$ 1,723,105	\$ 62,432

**F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB No. 68* require participating employers in pension plans to recognize their proportionate share of their collective net pension liability, collective deferred inflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

At June 30, 2017 the Districts net pension liability for PERS was \$14,952,825.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, Districts PERS proportion was 0.0505%, which was an increase of 0.0018% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized PERS pension expense of \$1,033,879. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<hr/>	<hr/>
Differences between expected and accrual experience	\$ 278,077	\$ -
Changes in assumptions	3,097,427	-
Net differences between projected and actual investment earnings on pension plan investments	570,165	-
Changes in proportion	430,368	291,507
District contributions subsequent to measurement date	492,436	-
	<hr/>	<hr/>
Total	<b>\$ 4,868,473</b>	<b>\$ 291,507</b>
	<hr/>	<hr/>

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

\$492,436 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30, 2016	\$ 717,707
June 30, 2017	717,707
June 30, 2018	717,707
June 30, 2019	856,883
June 30, 2020	515,915
	<u>\$ 3,525,919</u>

*Actuarial Assumptions*

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation rate	3.08%
Salary increases: Through 2026	1.65 – 4.15%
Thereafter	2.65 – 5.15% Based on age
Investment rate of return	7.65%

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:



**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.87%
Core Bonds	1.50%	1.74%
Intermediate-Term Bonds	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

*Discount Rate*

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employees will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**F. PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the District's proportionate share of the net pension liability as of June 30, 2016, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<b>1% Decrease (2.98%)</b>	<b>Current Discount Rate (3.98%)</b>	<b>1% Increase (4.98%)</b>
District's proportionate share of PERS net pension liability	\$ 18,322,941	\$ 14,952,825	\$ 12,170,501

*Pension Plan fiduciary net position*

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

*Payable to the pension plan*

At June 30, 2017 the District reported accounts payable to the PERS of \$492,436 for the required actuarially determined contribution to PERS for the year ended June 30, 2017.

**G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:**

At June 30, 2017 the State's net pension liability for TPAF associated with the District was \$127,596,840. For the year ended June 30, 2017, the District recognized an on-behalf TPAF pension expense of \$9,587,127 offset by an on-behalf TPAF pension contribution for the same amount.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, Districts TPAF proportion was 0.1622%, which was an increase of 0.0037% from its proportion measured as of June 30, 2015.

**Actuarial Assumptions**

The total TPAF pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases: 2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from base year of 2000 until valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds – MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 6. PENSION PLANS (Continued)**

**G. TPAF Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):**

*Discount Rate*

The discount rate used to measure the total pension liability for TPAF was 3.22% as of June 30, 2016. This single blend discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contributions rates and that contributions from employees will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Pension Plan fiduciary net position*

Detailed information about the pension plans' fiduciary net position are available in the separately issued financial reports. These reports may be accessed via the New Jersey Division of Pension and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**H. Reimbursed TPAF Social Security Contributions**

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,173,549 during the year ended June 30, 2017, 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 basic financial statements, and the required supplementary information schedules as a revenue and expenditure in accordance with GASB 27.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

**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 statute 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](http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf).

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8. OTHER POST-RETIREMENT BENEFITS (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefit Program Fund for TPAF retirees' postretirement benefits on behalf of the District for the year ended June 30, 2017, was \$6,433,275, which equaled the required contributions for the year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

Chapter 78, P.L. 2011, effective October 2011, established new employee contribution requirements towards the cost of employer provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011, the 4-year phase-in does not apply and contributions based on the full percentage rate of contribution are required.

Under Chapter 78 certain future retirees eligible for employer-paid health care coverage at retirement will also be required to pay a percentage of the cost of their medical coverage determined on the basis of their annual retirement benefit.

*Funded Status and Funding Progress*

As of June 30, 2016, the most recent actuarial valuation date, the State had a \$16.1 billion unfunded actuarial accrued liability for other postemployment benefits (OPEB) for local and \$43.8 billion for educational employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events. Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8. OTHER POST-RETIREMENT BENEFITS (Continued)**

reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

*Actuarial Methods and Assumptions*

In the June 30, 2016, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50% for investment rate of return for OPEB.

**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 Position, 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.



**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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:

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11. RISK MANAGEMENT (Continued)**

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$ -	\$ -	\$1,229	\$ 34,187	\$235,080
2015-2016	-	32,166	812	52,756	268,038
2014-2015	-	31,068	698	15,718	287,816

**NOTE 12. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund balances remaining on the balance sheet at June 30, 2017. There were no significant interfund transfers during the year ended June 30, 2017.

**NOTE 13. INVENTORY**

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food	\$ 2,814
Supplies	<u>2,541</u>
	<u>\$ 5,355</u>

**NOTE 14. FUND BALANCE APPROPRIATED**

General Fund - Of the \$3,449,684 General Fund fund balance at June 30, 2017, \$1,398,944 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$426,403 of the total restricted excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2018); \$500,093 has been restricted in the Capital Reserve Account; \$632,675 is committed for year-end encumbrances; \$288,597 is assigned and designated for subsequent year's tax relief; and \$629,375 is unassigned.

Debt Service Fund – The \$45,423 Debt Service Fund fund balance at June 30, 2017 is unassigned.

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**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, 2017 is \$972,541. This amount will be reserved for tax relief in the 2019 school year.

**NOTE 16. CONTINGENT LIABILITIES**

In the opinion of the administration and legal counsel, there are no matters which will have a material adverse effect on the financial position of the District.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES**

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 34,643,702	\$	\$ 34,643,702	\$ 34,643,702	\$
Tuition	81,800		81,800	86,506	4,706
Interest on investments		25,000	25,000	28,375	3,375
Miscellaneous	<u>174,000</u>	<u>(25,000)</u>	<u>149,000</u>	<u>783,743</u>	<u>634,743</u>
Total revenues - local sources	<u>34,899,502</u>		<u>34,899,502</u>	<u>35,542,326</u>	<u>642,824</u>
Federal sources:					
Education jobs fund aid					
Total revenues - federal sources					
State sources:					
Transportation aid	49,252		49,252	49,252	
Special education aid	790,389		790,389	790,389	
Bilingual education					
Security aid	39,922		39,922	39,922	
Aid for adult and post-graduate					
Academic Achievement Reward					
Other unrestricted state aid	302,460		302,460	449,320	146,860
On-Behalf TPAF Pension Contributions (Non-budgeted)				3,277,737	3,277,737
Reimbursed TPAF Social Security Contributions (Non-budgeted)				<u>1,173,549</u>	<u>1,173,549</u>
Total - State sources	<u>1,182,023</u>		<u>1,182,023</u>	<u>5,780,169</u>	<u>4,598,146</u>
Total revenues	<u>\$ 36,081,525</u>	<u>\$</u>	<u>\$ 36,081,525</u>	<u>\$ 41,322,495</u>	<u>\$ 5,240,970</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	\$ 382,377	\$	\$ 382,377	\$ 382,377	\$
Grades 1-5	4,400,915	(65,640)	4,335,275	4,335,275	
Grades 6-8	2,700,714	49,640	2,750,354	2,750,354	
Grades 9-12	<u>4,013,370</u>		<u>4,013,370</u>	<u>4,013,370</u>	
Total regular programs - Instruction	<u>11,497,376</u>	<u>(16,000)</u>	<u>11,481,376</u>	<u>11,481,376</u>	
Regular education home instruction:					
Salaries of teachers	10,000	6,000	16,000	16,000	
Purchases professional - Education services	20,000	22,000	42,000	39,525	2,475
General supplies	751		751	746	5
Textbooks	<u>200</u>		<u>200</u>	<u>200</u>	
Total regular education home instruction	<u>30,951</u>	<u>28,000</u>	<u>58,951</u>	<u>56,271</u>	<u>2,680</u>
Regular programs - undistributed instruction:					
Other salaries for instruction		41,840	41,840	41,840	
Other purchased services	133,637		133,637	129,443	4,194
General supplies	813,206	120,000	933,206	778,963	154,243
Textbooks	57,634		57,634	52,901	4,733
Miscellaneous	<u>4,880</u>		<u>4,880</u>	<u>751</u>	<u>4,129</u>
Total regular programs - undistributed instruction	<u>1,009,357</u>	<u>161,840</u>	<u>1,171,197</u>	<u>1,003,898</u>	<u>167,299</u>
Total regular programs	<u>12,537,684</u>	<u>173,840</u>	<u>12,711,524</u>	<u>12,541,545</u>	<u>169,979</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(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	377,032		377,032	362,563	14,469
Other salaries for instruction	117,452		117,452	117,452	
General supplies	4,880		4,880	4,879	1
Textbooks	3,000		3,000		3,000
Total learning & language disability	<u>502,364</u>		<u>502,364</u>	<u>484,894</u>	<u>17,470</u>
Resource room:					
Salaries of teachers	1,491,451		1,491,451	1,491,451	
Other salaries for instruction	339,994		339,994	339,994	
General supplies	6,230		6,230	4,026	2,204
Textbooks	6,372		6,372	3,812	2,560
Total resource room	<u>1,844,047</u>		<u>1,844,047</u>	<u>1,839,283</u>	<u>4,764</u>
Preschool handicapped:					
Salaries of teachers	182,457		182,457	170,306	12,151
Other salaries for instruction	81,051		81,051	81,051	
General supplies	2,000	2,950	4,950	4,342	608
Total preschool handicapped	<u>265,508</u>	<u>2,950</u>	<u>268,458</u>	<u>255,699</u>	<u>12,759</u>
Supplementary instruction:					
Salaries of teachers	6,000		6,000	6,000	
General supplies	320		320		320
Textbooks	200		200		200
Total supplementary instruction	<u>6,520</u>		<u>6,520</u>	<u>6,000</u>	<u>520</u>
Speech instruction:					
General supplies					
Total speech instruction					
Total special education	<u>2,618,439</u>	<u>2,950</u>	<u>2,621,389</u>	<u>2,585,876</u>	<u>35,513</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Basic skills/remedial:					
Salaries of teachers	\$ 214,900	\$	\$ 214,900	\$ 214,900	\$
General supplies	800		800	800	
Textbooks	900		900		900
Total basic skills/remedial	<u>216,600</u>		<u>216,600</u>	<u>215,700</u>	<u>900</u>
Bilingual education:					
Salaries of teachers	107,660	16,000	123,660	123,660	
General supplies	900		900	113	787
Textbooks	300		300		300
Total bilingual education	<u>108,860</u>	<u>16,000</u>	<u>124,860</u>	<u>123,773</u>	<u>1,087</u>
Other instructional:					
School sponsored co-curricular activities:					
Salaries	220,031		220,031	220,031	
General supplies	18,400		18,400	18,364	36
Other objects	1,200		1,200	1,150	50
School sponsored athletics and community service programs:					
Salaries	478,256		478,256	478,256	
Other purchased services	146,043		146,043	132,348	13,695
General supplies	85,085		85,085	57,117	27,968
Other expenditures	25,949		25,949	25,669	280
Total other instructional programs	<u>974,964</u>		<u>974,964</u>	<u>932,935</u>	<u>42,029</u>
Total - instruction	<u>16,456,547</u>	<u>192,790</u>	<u>16,649,337</u>	<u>16,399,829</u>	<u>249,508</u>
Undistributed expenditures:					
Instruction:					
Tuition - charter schools					
Tuition to private schools for the handicapped and other LEAs-special, within the State	2,578,374	(403,426)	2,174,948	2,063,377	111,571
Tuition to private schools outside the State	45,000		45,000	45,000	
Tuition - County voc. reg.	304,000	95,000	399,000	389,100	9,900
Tuition - County voc. sp.	29,534	6,720	36,254	36,250	4
Tuition - State facilities		32,306	32,306	32,306	
Total undistributed expenditures - instruction	<u>2,956,908</u>	<u>(269,400)</u>	<u>2,687,508</u>	<u>2,566,033</u>	<u>121,475</u>
Attendance and social work services:					
Salaries	33,008		33,008	33,008	
Total attendance and social work services	<u>33,008</u>		<u>33,008</u>	<u>33,008</u>	



**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Health services:					
Salaries	\$ 200,984	\$	\$ 200,984	\$ 199,284	\$ 1,700
Purchased professional services	9,100		9,100	8,499	601
General supplies	2,776		2,776	2,544	232
Miscellaneous expenditures	1,760		1,760	1,239	521
Total health services	<u>214,620</u>		<u>214,620</u>	<u>211,566</u>	<u>3,054</u>
Related services:					
Salaries of professional staff	608,449		608,449	602,541	5,908
Purchased professional services	269,679	(14,000)	255,679	213,777	41,902
General supplies	5,395		5,395	4,291	1,104
Total related services	<u>883,523</u>	<u>(14,000)</u>	<u>869,523</u>	<u>820,609</u>	<u>48,914</u>
Extraordinary services:					
Salaries of professional staff					
Purchased professional services					
General Supplies					
Total extraordinary services					
Other support services - students - regular:					
Salaries of other professional staff	631,355		631,355	631,355	
Secretarial salaries	124,018		124,018	121,390	2,628
Other salaries	46,895		46,895	46,895	
Other purchased professional services					
Other purchased services	2,150		2,150	2,061	89
Supplies	2,240		2,240	2,148	92
Total other support services - students- regular	<u>806,658</u>		<u>806,658</u>	<u>803,849</u>	<u>2,809</u>
Other support services - students - special services:					
Salaries of other professional staff	713,226		713,226	713,226	
Secretarial salaries	108,260		108,260	84,341	23,919
Purchased professional services	73,915		73,915	63,183	10,732
General supplies	2,640		2,640	2,333	307
Other expenses	3,788		3,788	2,553	1,235
Total other support services - students - special services	<u>901,829</u>		<u>901,829</u>	<u>865,636</u>	<u>36,193</u>
Improvement of instruction services/ other support services-instructional staff:					
Salaries of supervisors of instruction	201,911		201,911	201,911	
Salaries of other professional staff	48,098		48,098	48,098	
Other salaries	160,610		160,610	160,610	
Salaries of secretarial assistants	131,879		131,879	95,547	36,332
Purchased professional services	4,000		4,000	3,950	50
Travel					
General supplies	2,380		2,380	1,114	1,266
Miscellaneous	2,360		2,360	562	1,798
Total improvement of instruction services/ other support services-instructional staff	<u>551,238</u>		<u>551,238</u>	<u>511,792</u>	<u>39,446</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Educational media services/school library:					
Salaries	\$ 296,544	\$	\$ 296,544	\$ 296,544	\$
Other purchased services	63,605		63,605	56,770	6,835
Supplies and materials	27,201		27,201	20,333	6,868
Total educational media services/school library	<u>387,350</u>		<u>387,350</u>	<u>373,647</u>	<u>13,703</u>
Instruction staff training:					
Salaries of supervisors of instruction	16,532		16,532	16,532	
Salaries of other professional services	5,360		5,360	4,920	440
Secretarial salaries	14,401		14,401	13,372	1,029
Purchased professional services	4,000		4,000	2,650	1,350
Other purchased services	6,143		6,143	4,031	2,112
General supplies					
Other expenses	320		320	283	37
Total instruction staff training	<u>46,756</u>		<u>46,756</u>	<u>41,788</u>	<u>4,968</u>
Support services general administration:					
Salaries	425,790		425,790	419,471	6,319
Legal services	142,304	75,000	217,304	214,441	2,863
Other purchased professional services	38,285		38,285	37,510	775
Technical services					
Communications/telephone	93,613	(10,000)	83,613	55,622	27,991
Other purchased services	144,230		144,230	130,636	13,594
Supplies and materials	6,095		6,095	5,979	116
Miscellaneous expenditures	32,480		32,480	32,442	38
Total support services general administration	<u>882,797</u>	<u>65,000</u>	<u>947,797</u>	<u>896,101</u>	<u>51,696</u>
Support services school administration:					
Salaries of principals/asst. principals	1,010,194		1,010,194	965,655	44,539
Salaries of secretarial assistants	398,095		398,095	383,974	14,121
Travel	7,067		7,067	5,427	1,640
General supplies	34,123		34,123	30,815	3,308
Miscellaneous expenditures	17,117		17,117	12,898	4,219
Total support services school administration	<u>1,466,596</u>		<u>1,466,596</u>	<u>1,398,769</u>	<u>67,827</u>
Operation and maintenance of plant services:					
Salaries	1,553,189		1,553,189	1,540,847	12,342
Purchased professional and technical services	130,974	(10,000)	120,974	101,529	19,445
Cleaning, repair and maintenance services	149,602	(17,000)	132,602	111,946	20,656
Rental of Board Office					
Insurance	69,459		69,459	67,626	1,833
Other purchased property, water	33,000	17,000	50,000	50,000	
General supplies	120,667	15,000	135,667	111,283	24,384
Energy	391,229	2,000	393,229	356,380	36,849
Miscellaneous expenditures	14,614		14,614	10,815	3,799
Total operation and maintenance of plant services	<u>2,462,734</u>	<u>7,000</u>	<u>2,469,734</u>	<u>2,350,426</u>	<u>119,308</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Student transportation services:					
Other transportation salaries	\$ 74,529	\$ 7,000	\$ 81,529	\$ 81,529	\$
Other salaries	162,422		162,422	159,553	2,869
Contracted services other	57,780	(1,000)	56,780	35,263	21,517
Contracted services spec. ed.	707,233	348,400	1,055,633	998,958	56,675
Cleaning, repair and maintenance services	11,410	13,800	25,210	24,118	1,092
Miscellaneous transport services	14,625	(2,800)	11,825	11,796	29
Miscellaneous expenditures	1,453		1,453	1,430	23
Supplies and materials	27,595		27,595	23,019	4,576
Total student transportation services	<u>1,057,047</u>	<u>365,400</u>	<u>1,422,447</u>	<u>1,335,666</u>	<u>86,781</u>
Business and other support services:					
Salaries	710,705		710,705	696,248	14,457
Purchased professional services	196,532		196,532	190,165	6,367
Other purchased services	15,300		15,300	15,017	283
Supplies and materials	183,376		183,376	171,057	12,319
Miscellaneous expenditures					
Total business and other support services	<u>1,105,913</u>	<u></u>	<u>1,105,913</u>	<u>1,072,487</u>	<u>33,426</u>
Employee benefits:					
Social Security contribution	442,575	21,050	463,625	463,625	
Other retirement compensation	494,113	(28,950)	465,163	457,728	7,435
Workers' Compensation	192,300		192,300	189,653	2,647
Health benefits	5,929,008	(383,840)	5,545,168	4,824,766	720,402
Tuition	90,000	42,900	132,900	132,900	
Other employee benefits	25,800	2,050	27,850	27,742	108
Total employee benefits	<u>7,173,796</u>	<u>(346,790)</u>	<u>6,827,006</u>	<u>6,096,414</u>	<u>730,592</u>
Transfer to food service					
On-Behalf TPAF Pension Contributions (Non-budgeted)				3,277,737	(3,277,737)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,173,549	(1,173,549)
Total undistributed expenditures	<u>20,930,773</u>	<u>(192,790)</u>	<u>20,737,983</u>	<u>23,829,077</u>	<u>(3,091,094)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>37,387,320</u>	<u></u>	<u>37,387,320</u>	<u>40,228,906</u>	<u>(2,841,586)</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
<b>CAPITAL OUTLAY:</b>					
Equipment					
Undistributed expenditures:					
Instruction - Buses, Special Education	\$ 51,490	\$	\$ 51,490	\$ 51,327	\$ 163
Instruction - Capital Reserve					
School administration equipment	84,000		84,000	72,299	11,701
Operation and maintenance of plant services	105,230		105,230	93,647	11,583
Media Center equipment					
High school and athletic equipment	<u>18,603</u>		<u>18,603</u>	<u>9,918</u>	<u>8,685</u>
Total equipment	<u>259,323</u>		<u>259,323</u>	<u>227,191</u>	<u>32,132</u>
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)				<u>85,320</u>	<u>(85,320)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>259,323</u>		<u>259,323</u>	<u>312,511</u>	<u>(53,188)</u>
<b>SPECIAL SCHOOLS:</b>					
Summer school - instruction:					
Salaries					
General supplies					
Total summer school - instruction					
Total special schools					
Total expenditures	<u>\$ 37,646,643</u>	<u>\$</u>	<u>\$ 37,646,643</u>	<u>\$ 40,541,417</u>	<u>\$ (2,894,774)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (1,565,118)	\$	\$ (1,565,118)	\$ 781,078	\$ 2,346,196
Other financial sources (uses):					
Operating transfers out:					
Transfer to Capital Projects					
Capital leases (Non-budgeted)				<u>85,320</u>	<u>85,320</u>
Excess (deficiency) of revenues and other financial sources over (under) expenditures and other financing uses	(1,565,118)		(1,565,118)	866,398	2,431,516
Fund balances, July 1	<u>2,674,007</u>		<u>2,674,007</u>	<u>2,674,007</u>	
Fund balances, June 30	<u>\$ 1,108,889</u>	<u>\$</u>	<u>\$ 1,108,889</u>	<u>\$ 3,540,405</u>	<u>\$ 2,431,516</u>
<b>Recapitulation</b>					
Restricted Fund Balance:					
Capital Reserve				\$ 500,093	
Reserved Excess Surplus - Designated for subsequent year's tax relief				426,403	
Reserve for Excess Surplus				972,541	
Committed Fund Balance:					
Year-end Encumbrances				632,675	
Assigned Fund Balance:					
Designated for subsequent year's tax relief				288,597	
Unassigned fund balance				<u>720,096</u>	
				3,540,405	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(90,721)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,449,684</u>	

**NEW PROVIDENCE SCHOOL DISTRICT  
Budgetary Comparison Schedule  
Special Revenue Fund  
for the Fiscal Year ended June 30, 2017**

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>					
State sources	\$ 81,220	\$ 19,637	\$ 100,857	\$ 75,551	\$ (25,306)
Federal sources	408,079	289,817	697,896	686,934	(10,962)
Local sources	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ 489,299</u>	<u>\$ 309,454</u>	<u>\$ 798,753</u>	<u>\$ 762,485</u>	<u>\$ (36,268)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 35,506	\$ 50,594	\$ 86,100	\$ 76,873	\$ 9,227
Purchased prof. & tech. services	422,715	166,812	589,527	590,671	-1,144
General supplies and equipment	23,436	51,491	74,927	69,682	5,245
Textbooks	<u>7,642</u>	<u>40,557</u>	<u>48,199</u>	<u>25,259</u>	<u>22,940</u>
Total instruction	<u>489,299</u>	<u>309,454</u>	<u>798,753</u>	<u>762,485</u>	<u>36,268</u>
Support services:					
Salaries of other professional staff					
Salaries of secretarial & clerical asst.					
Personal services-employee benefits					
Instructional equipment	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total support services	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>489,299</u>	<u>309,454</u>	<u>798,753</u>	<u>762,485</u>	<u>36,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**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, 2017**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources /Inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 41,322,495	[C-2]	\$ 762,485
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				1,741
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		90,787		
State Aid Payment recognized for budgetary purposes, not recognized for GAAP statements		<u>(90,721)</u>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	\$ <u>41,322,561</u>	[B-2]	\$ <u>764,226</u>
<b>Uses/Outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 40,541,417	[C-2]	\$ 762,485
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.				<u>1,741</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ <u>40,541,417</u>	[B-2]	\$ <u>764,226</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
PART III**



**NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)  
LAST TWO FISCAL YEARS**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.0508760670%	0.052275837%
District's proportionate share of the net pension liability	\$ 14,952,825	\$ 11,734,878
District's covered-employee payroll	\$ 3,743,132	\$ 3,525,748
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.03%	30.05%
Plan fiduciary net position as a percentage of the total pension liability	40.14%	47.93%

**NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)  
LAST TWO FISCAL YEARS**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Contractually required contribution	\$ 448,520	\$ 449,432
Contributions in relation to the contractually required contribution	<u>448,520</u>	<u>449,432</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,743,132	\$ 3,525,748
Contributions as a percentage of covered-employee payroll	11.98%	12.75%

**NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS PENSION ANNUITY FUND (TPAF)  
LAST TWO FISCAL YEARS**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
District's proportion of the net pension liability	0.1614559080%	0.1585036970%
District's proportionate share of the net pension liability	\$ -	\$ -
District's covered-employee payroll	\$ 16,495,068	\$ 16,504,330
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS**

Changes in benefit terms : None

Changes in Assumptions: The discount rate changed from the rate as of June 30, 2015 to the rate as of June 30, 2016, in accordance with GASB Statement No. 68

Method and assumptions used in calculations of employer's actuarially determined contributions: The actuarially determined contributions are calculated as of July 1 preceding the fiscal year in which the contributions are reported. Unless otherwise noted above, the following actuarial methods and assumptions were used to determine rates in the schedule of employer contributions.

Contributions: Contributions reported on L-2 represent actual contributions by the District including contributions to the Non-Contributory Group Insurance Premium Fund.

	<u>PERS</u>	<u>TPAF</u>
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, open	Level Dollar, open
Remaining amortization period	30 years	30 years
Asset valuation method	Five-year average of market values	20% of the difference between the expected Actuarial Value and market value is recognized each year
Inflation	3.08%	2.50%
Projected salary increase		
Through 2026	1.65 - 4.15% based on age	Varies based on experience
Thereafter	2.65 - 5.15% based on age	Varies based on experience
Projected COLAs	N/A*	N/A*
Investment rate of return	7.65%	7.65%

**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, 2017**

	<u>Nonpublic Exam and Class.</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Hand. Correct. Speech</u>	<u>Nonpublic Handicapped Suppl. Inst.</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Nursing Services</u>	<u>Nonpublic Auxiliary Services</u>
<b>REVENUES:</b>							
State sources	\$ 5,301	\$ 9,730	\$ 6,844	\$ 6,905	\$ 4,246	\$ 12,969	\$ 16,572
Federal sources							
Local sources							
<b>Total revenues</b>	<u>\$ 5,301</u>	<u>\$ 9,730</u>	<u>\$ 6,844</u>	<u>\$ 6,905</u>	<u>\$ 4,246</u>	<u>\$ 12,969</u>	<u>\$ 16,572</u>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$
Purchased prof. & tech. services	5,301		6,844	6,905		12,969	16,572
General supplies and equipment					4,246		
Textbooks		<u>9,730</u>					
<b>Total instruction</b>	<u>5,301</u>	<u>9,730</u>	<u>6,844</u>	<u>6,905</u>	<u>4,246</u>	<u>12,969</u>	<u>16,572</u>
Support services:							
Salaries of other professional staff							
Salaries of secretarial & clerical asst.							
Personal services-employee benefits							
Instructional equipment							
<b>Total support services</b>							
<b>Total expenditures</b>	<u>\$ 5,301</u>	<u>\$ 9,730</u>	<u>\$ 6,844</u>	<u>\$ 6,905</u>	<u>\$ 4,246</u>	<u>\$ 12,969</u>	<u>\$ 16,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<u>Nonpublic Transportation</u>	<u>Nonpublic Home Ins.</u>	<u>Nonpublic Security Aid</u>	<u>Title I Part A</u>	<u>Title II Part A</u>	<u>Title III</u>	<u>IDEA-Part B - Basic Reg. Prog.</u>	<u>IDEA-Part Pre- School</u>	<u>2017</u>
\$ 3,976	\$ 551	\$ 8,457	\$ 152,616	\$ 39,398	\$ 4,997	\$ 471,642	\$ 18,281	\$ 75,551
								686,934
<u>\$ 3,976</u>	<u>\$ 551</u>	<u>\$ 8,457</u>	<u>\$ 152,616</u>	<u>\$ 39,398</u>	<u>\$ 4,997</u>	<u>\$ 471,642</u>	<u>\$ 18,281</u>	<u>\$ 762,485</u>
\$ 3,976	\$ 551	\$ 8,457	\$ 76,873	\$ 36,385	\$ 1,695	\$ 466,510	\$ 18,281	\$ 76,873
			6,225	3,013	3,302	5,132		590,671
			53,989					69,682
			15,529					25,259
<u>3,976</u>	<u>551</u>	<u>8,457</u>	<u>152,616</u>	<u>39,398</u>	<u>4,997</u>	<u>471,642</u>	<u>18,281</u>	<u>762,485</u>
<u>\$ 3,976</u>	<u>\$ 551</u>	<u>\$ 8,457</u>	<u>\$ 152,616</u>	<u>\$ 39,398</u>	<u>\$ 4,997</u>	<u>\$ 471,642</u>	<u>\$ 18,281</u>	<u>\$ 762,485</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**CAPITAL PROJECTS FUND**

NEW PROVIDENCE SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 for the Fiscal Year ended June 30, 2017

<u>Issue/Project Title</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Improvements, Renovations and Additions to the School District Facilities and the Acquisition of Equipment	7/15/1999	\$ 4,400,000	\$ 4,400,000	\$ 0	\$ 0
Improvements, Renovations and Additions to the School District Facilities and the Acquisition of Equipment	02/15/2006	14,841,910	14,841,910	0	0
Improvements, Renovations and Additions to the School District Facilities and the Acquisition of Equipment	01/11/2017	<u>15,942,718</u>	<u>0</u>	<u>2,280,770</u>	<u>13,661,948</u>
		\$ <u>35,184,628</u>	\$ <u>19,241,910</u>	\$ <u>2,280,770</u>	\$ <u>13,661,948</u>

**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, 2017**

Revenues and Other Financing Sources	
State Sources	\$
Bond Proceeds and transfers	15,885,000
Interest income	57,653
Miscellaneous	65
Transfer from capital reserve	
Transfer from capital outlay	
Total Revenues	<u>15,942,718</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	1,010,824
Land and Improvements	
Construction Services	1,253,784
Equipment Purchases	16,162
Total Expenditures	<u>2,280,770</u>
Excess (deficiency) of revenues over (under) expenditures	13,661,948
Fund balance - beginning	<u>0</u>
Fund balance - ending	<u>\$ 13,661,948</u>

**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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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	<u>4,400,000</u>	<u>                    </u>	<u>4,400,000</u>	<u>4,400,000</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services				
Land and Improvements				
Construction Services	4,400,000		4,400,000	4,400,000
Equipment Purchases				
Total Expenditures	<u>4,400,000</u>	<u>0</u>	<u>4,400,000</u>	<u>4,400,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Additional project information:</b>				
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			
<b>Percentage Increase over Original</b>				
Authorized Cost	N/A			
Percentage Completion	100%			
Original target completion date	05/31/2001			
Revised target completion date	05/31/2001			

**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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
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	<u>14,841,910</u>	<u>                    </u>	<u>14,841,910</u>	<u>14,841,910</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services				
Land and Improvements				
Construction Services	14,841,910		14,841,910	14,841,910
Equipment Purchases				
Total Expenditures	<u>14,841,910</u>	<u>                    </u>	<u>14,841,910</u>	<u>14,841,910</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>                    </u>	\$ <u>                    </u>	\$ <u>                    </u>	\$ <u>                    </u>
<b>Additional project information:</b>				
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			
<b>Percentage Increase over Original</b>				
Authorized Cost	9.01%			
Percentage Completion	100.00%			
Original target completion date	Dec. 2007			
Revised target completion date	Dec. 2011			

**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, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SCC Grant	\$	\$	\$ 0	\$
Bond Proceeds and transfers		15,885,000	15,885,000	15,885,000
Interest income		57,653	57,653	57,653
Miscellaneous		65	65	65
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues	<u>0</u>	<u>15,942,718</u>	<u>15,942,718</u>	<u>15,942,718</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services		1,010,824	1,010,824	1,010,824
Land and Improvements				
Construction Services		1,253,784	1,253,784	1,253,784
Equipment Purchases		16,162	16,162	16,162
Total Expenditures	<u>0</u>	<u>2,280,770</u>	<u>2,280,770</u>	<u>2,280,770</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>0</u>	\$ <u>13,661,948</u>	\$ <u>13,661,948</u>	\$ <u>13,661,948</u>
<b>Additional project information:</b>				
Project Number		N/A		
Grant Date		N/A		
Bond Authorization Date		01/11/2017		
Bonds Authorized		15,885,000		
Bonds Issued		15,885,000		
Original Authorized Cost		15,885,000		
Additional Authorized Cost		57,718		
Revised Authorized Cost		15,942,718		
<b>Percentage Increase over Original</b>				
Authorized Cost		0.36%		
Percentage Completion		14.31%		
Original target completion date		Dec. 2017		
Revised target completion date		Dec. 2017		



**PROPRIETARY FUNDS**

**ENTERPRISE FUNDS**

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Net Position**  
**June 30, 2017**

	<b>Food Service Fund</b>
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 163,256
Accounts receivable:	
State	
Federal	
Other	1,105
Inventory	5,355
Total current assets	169,716
Fixed assets:	
Equipment	260,005
Accumulated depreciation	(139,643)
Total fixed assets	120,362
Total assets	\$ 290,078
<b>LIABILITIES AND NET POSITION:</b>	
Current liabilities:	
Accounts payable	\$ 18,275
Total current liabilities	18,275
Net position:	
Unrestricted	271,803
Total net position	271,803
Total liabilities and net position	\$ 290,078

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**for the Fiscal Year ended June 30, 2017**

	<u>Food Service Fund</u>
<b>OPERATING REVENUES:</b>	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program and adult sales	\$ <u>773,495</u>
Total-daily sales-reimbursable programs	<u>773,495</u>
Daily sales non-reimbursable programs:	
Special functions	<u>4,034</u>
Total operating revenue	<u><u>777,529</u></u>
<b>OPERATING EXPENSES:</b>	
Labor costs	320,407
Cost of sales	419,795
Direct expenses	16,524
Depreciation	<u>23,259</u>
Total operating expenses	<u><u>779,985</u></u>
Operating loss	<u>(2,456)</u>
Non-operating revenues:	
State sources:	
State school lunch program	
Federal sources:	
National school lunch program	
Food distribution program	
Interest Income	<u>1,100</u>
Total non-operating revenues	<u><u>1,100</u></u>
Net income before operating transfers	(1,356)
Operating transfers:	
Operating transfers in - General fund	<u>(1,356)</u>
Change in net position	<u>(1,356)</u>
Net position - July 1	<u>273,159</u>
Net position - June 30	<u><u>\$ 271,803</u></u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**for the Fiscal Year ended June 30, 2017**

	<u>Food Service Fund</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 779,679
Payments to employees	(320,407)
Payments to suppliers	(441,645)
Net cash provided by operating activities	<u>17,627</u>
<b>Cash flows from non-capital financing activities:</b>	
State sources	
Federal sources	
Food distribution program	<u>                    </u>
Net cash provided by non-capital financing activities	<u>                    </u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(8,562)
Net cash (used for) capital and related financing activities	<u>(8,562)</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	1,100
Net cash provided by investing activities	<u>1,100</u>
Net increase in cash and cash equivalents	10,165
Balances - July 1	<u>153,091</u>
Balances - June 30	\$ <u><u>163,256</u></u>
<b>Reconciliation of operating income to net cash (used for) provided by operating activities:</b>	
Operating loss	\$ <u>(2,456)</u>
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Decrease in accounts receivable	2,150
Increase in inventories	(288)
Decrease in accounts payable	(5,038)
Depreciation	23,259
Total adjustments	<u>20,083</u>
Net cash provided by operating activities	\$ <u><u>17,627</u></u>

**FIDUCIARY FUNDS**

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2017**

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund	<u>Agency</u>		<u>Total</u>
			Student Activity	Payroll	2016
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 154,459	\$ 235,080	\$ 146,523	\$ 240,802	\$ 776,864
Total assets	<u>\$ 154,459</u>	<u>\$ 235,080</u>	<u>\$ 146,523</u>	<u>\$ 240,802</u>	<u>\$ 776,864</u>
<b>LIABILITIES AND NET POSITION:</b>					
Liabilities:					
Payroll deductions & withholdings	\$	\$	\$	\$ 240,802	\$ 240,802
Due to student groups	<u>                    </u>	<u>                    </u>	<u>146,523</u>	<u>                    </u>	<u>146,523</u>
Total liabilities	<u>                    </u>	<u>                    </u>	<u>146,523</u>	<u>240,802</u>	<u>387,325</u>
Net position					
Held in trust for unemployment claims and other purposes		235,080			235,080
Reserved for scholarships	<u>154,459</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>154,459</u>
Total liabilities and net position	<u>\$ 154,459</u>	<u>\$ 235,080</u>	<u>\$ 146,523</u>	<u>\$ 240,802</u>	<u>\$ 776,864</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Combining Statement of Changes in Fiduciary Net Position**  
**for the Fiscal Year ended June 30, 2017**

	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	Class of 1960 Scholarship Fund
<b>ADDITIONS:</b>						
Local sources:						
Interest on investments	\$ 81	\$ 66	\$ 207	\$ 103	\$ 138	\$ 618
Contributions						3,286
Total operating revenues	<u>81</u>	<u>66</u>	<u>207</u>	<u>103</u>	<u>138</u>	<u>3,904</u>
<b>DEDUCTIONS:</b>						
Unemployment Claims Paid						
Special Services						
Scholarship payments	500	500	1,000	150		1,000
Total operating expenses	<u>500</u>	<u>500</u>	<u>1,000</u>	<u>150</u>		<u>1,000</u>
Transfers in (out)						
Operating income (loss)	<u>(419)</u>	<u>(434)</u>	<u>(793)</u>	<u>(47)</u>	<u>138</u>	<u>2,904</u>
Net income (loss)	(419)	(434)	(793)	(47)	138	2,904
Net position, July 1	<u>8,624</u>	<u>7,185</u>	<u>21,920</u>	<u>10,597</u>	<u>14,037</u>	<u>62,361</u>
Net position, June 30	<u>\$ 8,205</u>	<u>\$ 6,751</u>	<u>\$ 21,127</u>	<u>\$ 10,550</u>	<u>\$ 14,175</u>	<u>\$ 65,265</u>



<u>John O'Neill Memorial Scholarship Fund</u>	<u>Class of 1962 Louis DiParisi, Jr. Memorial Scholarship Fund</u>	<u>Anna Delmore Memorial Scholarship Fund</u>	<u>Private Purpose Scholarship Funds Total</u>	<u>Unemployment Compensation Trust Fund</u>	<u>2016</u>
\$ 135	\$ 107	\$ 37	\$ 1,492	\$ 1,229	\$ 2,721
<u>400</u>			<u>3,686</u>		<u>3,686</u>
<u>535</u>	<u>107</u>	<u>37</u>	<u>5,178</u>	<u>1,229</u>	<u>6,407</u>
				34,187	34,187
<u>500</u>	<u>2,000</u>	<u>1,500</u>	<u>7,150</u>		<u>7,150</u>
<u>500</u>	<u>2,000</u>	<u>1,500</u>	<u>7,150</u>	<u>34,187</u>	<u>41,337</u>
<u>35</u>	<u>(1,893)</u>	<u>(1,463)</u>	<u>(1,972)</u>	<u>(32,958)</u>	<u>(34,930)</u>
35	(1,893)	(1,463)	(1,972)	(32,958)	(34,930)
<u>13,986</u>	<u>12,598</u>	<u>5,123</u>	<u>156,431</u>	<u>268,038</u>	<u>424,469</u>
<u>\$ 14,021</u>	<u>\$ 10,705</u>	<u>\$ 3,660</u>	<u>\$ 154,459</u>	<u>\$ 235,080</u>	<u>\$ 389,539</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Student Activity Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2017**

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2017</u>
<b>ELEMENTARY SCHOOLS:</b>				
A. W. Roberts	\$ 13,559	\$ 18,331	\$ (16,017)	\$ 15,873
Salt Brook	<u>10,603</u>	<u>19,498</u>	<u>(14,446)</u>	<u>15,655</u>
Total elementary schools	<u>\$ 24,162</u>	<u>\$ 37,829</u>	<u>\$ (30,463)</u>	<u>\$ 31,528</u>
<b>MIDDLE SCHOOL:</b>				
Middle School	\$ <u>12,803</u>	\$ <u>31,385</u>	\$ <u>(35,480)</u>	\$ <u>8,708</u>
Total middle school	<u>\$ 12,803</u>	<u>\$ 31,385</u>	<u>\$ (35,480)</u>	<u>\$ 8,708</u>
<b>HIGH SCHOOL:</b>				
New Providence	\$ <u>125,306</u>	\$ <u>364,383</u>	\$ <u>(383,402)</u>	\$ <u>106,287</u>
Total high school	<u>\$ 125,306</u>	<u>\$ 364,383</u>	<u>\$ (383,402)</u>	<u>\$ 106,287</u>
Total all schools	<u>\$ 162,271</u>	<u>\$ 433,597</u>	<u>\$ (449,345)</u>	<u>\$ 146,523</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Fiduciary Fund**  
**Payroll Agency Fund Schedule of Receipts and Disbursements**  
**for the Fiscal Year ended June 30, 2017**

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2017</u>
<b>PAYROLL AGENCY FUND:</b>				
Gross payroll, deductions and withholdings (Payroll Agency Account)	\$ 186,183	\$ 24,844,158	\$ (24,789,539)	\$ 240,802
Accrued salaries and wages (Net Payroll Account)	<u>-</u>	<u>13,399,244</u>	<u>(13,399,244)</u>	<u>-</u>
Total payroll agency fund	<u>\$ 186,183</u>	<u>\$ 38,243,402</u>	<u>\$ (38,188,783)</u>	<u>\$ 240,802</u>

**LONG-TERM DEBT**

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Long Term Debt**  
**Schedule of Serial Bonds**  
**June 30, 2017**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate (%)
			Date	Amount	
School Bonds,	2/15/06	\$ 10,375,000	08/15/2016	530,000	4.100
School Bonds, Series 2006 2nd	12/15/06	\$ 3,240,000	8/15/16	\$ 170,000	4.000
			8/15/17	180,000	4.000
School Bonds, Series 2008	8/22/08	\$ 3,010,000	7/15/16	\$ 435,000	5.000
Refunding School Bonds, Series 2014	9/17/14	\$ 7,615,000	8/15/16	\$ 10,000	2.000
			8/15/17	565,000	3.000
			8/15/18	780,000	3.000
			8/15/19	815,000	4.000
			8/15/20	855,000	4.000
			8/15/21	870,000	4.000
			8/15/22	930,000	4.000
			8/15/23	935,000	3.000
			8/15/24	920,000	3.000
			8/15/25	925,000	4.000
School Bonds, Series 2017	1/11/17	\$ 15,885,000	8/15/17	\$ 500,000	3.000
			8/15/18	525,000	3.125
			8/15/19	550,000	3.250
			8/15/20	575,000	3.250
			8/15/21	625,000	3.250
			8/15/22	650,000	3.250
			8/15/23	675,000	3.250
			8/15/24	760,000	3.250
			8/15/25	800,000	3.250
			8/15/26	825,000	3.250
			8/15/27	850,000	3.250
			8/15/28	875,000	3.250
			8/15/29	900,000	3.250
			8/15/30	925,000	3.250
			8/15/31	975,000	3.250
			8/15/32	975,000	3.375
			8/15/33	975,000	3.375
			8/15/34	975,000	3.375
			8/15/35	975,000	3.375
			8/15/36	975,000	3.375

Exhibit I-1

Balance, July 1, 2016	Issued	Retired	Balance, June 30, 2017
\$ 530,000	\$ -	\$ (530,000)	\$ -
<u>530,000</u>	<u>-</u>	<u>(530,000)</u>	<u>0</u>
170,000	-	(170,000)	-
<u>180,000</u>	<u>-</u>	<u>-</u>	<u>180,000</u>
<u>350,000</u>	<u>-</u>	<u>(170,000)</u>	<u>180,000</u>
435,000	-	(435,000)	-
<u>435,000</u>	<u>-</u>	<u>(435,000)</u>	<u>0</u>
10,000	-	(10,000)	-
565,000	-	-	565,000
780,000	-	-	780,000
815,000	-	-	815,000
855,000	-	-	855,000
870,000	-	-	870,000
930,000	-	-	930,000
935,000	-	-	935,000
920,000	-	-	920,000
925,000	-	-	925,000
<u>7,605,000</u>	<u>-</u>	<u>(10,000)</u>	<u>7,595,000</u>
-	500,000	-	500,000
-	525,000	-	525,000
-	550,000	-	550,000
-	575,000	-	575,000
-	625,000	-	625,000
-	650,000	-	650,000
-	675,000	-	675,000
-	760,000	-	760,000
-	800,000	-	800,000
-	825,000	-	825,000
-	850,000	-	850,000
-	875,000	-	875,000
-	900,000	-	900,000
-	925,000	-	925,000
-	975,000	-	975,000
-	975,000	-	975,000
-	975,000	-	975,000
-	975,000	-	975,000
-	975,000	-	975,000
<u>0</u>	<u>15,885,000</u>	<u>0</u>	<u>15,885,000</u>
<u>\$ 8,920,000</u>	<u>\$ 15,885,000</u>	<u>\$ (1,145,000)</u>	<u>\$ 23,660,000</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Long Term Debt**  
**Schedule of Obligations Under Capital Leases**  
**for the Fiscal Year ended June 30, 2017**

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2016</u>	<u>Issued Current Year</u>	<u>Retired/Paid Current Year</u>	<u>Amount Outstanding June 30, 2017</u>
Apple Computer Equipment	\$ 109,060	\$ 36,878	\$	\$ 36,878	\$
Canon Copiers	161,232	80,616		40,308	40,308
Apple Computer Equipment	72,934	35,373		35,373	
Apple Computer Equipment	85,320	<u>          </u>	<u>85,320</u>	<u>42,660</u>	<u>42,660</u>
		<u>\$ 152,867</u>	<u>\$ 85,320</u>	<u>\$ 155,219</u>	<u>\$ 82,968</u>

**NEW PROVIDENCE SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**for the Fiscal Year ended June 30, 2017**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 1,012,409	\$	\$ 1,012,409	\$ 1,012,409	\$
State sources:					
Debt Service Type II Aid	<u>436,832</u>	<u>                    </u>	<u>436,832</u>	<u>436,832</u>	<u>                    </u>
Total revenues	<u>\$ 1,449,241</u>	<u>\$</u>	<u>\$ 1,449,241</u>	<u>\$ 1,449,241</u>	<u>\$</u>
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	\$ 304,241	<u>                    </u>	304,241	\$ 304,240	\$ (1)
Redemption of principal	<u>1,145,000</u>	<u>                    </u>	<u>1,145,000</u>	<u>1,145,000</u>	<u>                    </u>
Total regular debt service	<u>1,449,241</u>	<u>                    </u>	<u>1,449,241</u>	<u>1,449,240</u>	<u>(1)</u>
Total expenditures	<u>1,449,241</u>	<u>                    </u>	<u>1,449,241</u>	<u>1,449,240</u>	<u>(1)</u>
Excess (deficiency) of revenues over (under) expenditures				1	1
Other Financing Sources (uses) Operating Transfers	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess (Deficiency) of Revenue & other financing sources over (under) expenditures and other financing sources	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>1</u>	<u>1</u>
Fund balances, July 1	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balances, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1</u>	<u>\$ 1</u>
Recapitulation of Excess (Deficiency) of Revenue Over (Under) Expenditures					
Budgeted Fund Balance	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>



**STATISTICAL SECTION  
(Unaudited)**

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

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
Governmental activities				
Invested in capital assets, net of related debt	\$ 6,493,378	\$ 6,585,446	\$ 6,501,130	\$ (6,858,943)
Restricted	938,156	451,947	640,863	15,606,408
Unrestricted	1,057,581	(8,399,198)	(8,528,831)	(10,068,983)
Total governmental activities net position	<u>\$ 8,489,115</u>	<u>\$ (1,361,805)</u>	<u>\$ (1,386,838)</u>	<u>\$ (1,321,518)</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 146,883	\$ 151,844	\$ 135,059	\$ 120,362
Restricted	-	-	-	-
Unrestricted	171,378	137,929	138,100	151,441
Total business-type activities net position	<u>\$ 318,261</u>	<u>\$ 289,773</u>	<u>\$ 273,159</u>	<u>\$ 271,803</u>
District-wide				
Invested in capital assets, net of related debt	\$ 6,640,261	\$ 6,737,290	\$ 6,636,189	\$ (6,738,581)
Restricted	938,156	451,947	640,863	15,606,408
Unrestricted	1,228,959	(8,261,269)	(8,390,731)	(9,917,542)
Total district net position	<u>\$ 8,807,376</u>	<u>\$ (1,072,032)</u>	<u>\$ (1,113,679)</u>	<u>\$ (1,049,715)</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
<b>Expenses</b>				
Governmental activities				
Instruction				
Regular	\$ 12,859,042	\$ 13,122,201	\$ 13,232,521	\$ 13,732,314
Special education	2,254,729	2,327,478	2,481,345	2,585,876
Other special education	331,131	293,590	292,636	339,473
Vocational	-	-	-	-
Other instruction	845,087	973,365	861,353	932,935
Nonpublic school programs	-	-	-	-
Adult/continuing education programs	-	-	-	-
Support Services:				
Tuition	2,505,200	2,466,291	2,638,139	2,566,033
Student & instruction related services	3,517,719	3,536,076	3,570,885	3,661,895
School administrative services	1,397,300	1,411,511	1,377,108	1,398,769
General & business administrative services	9,650,286	11,557,805	11,851,219	13,643,633
Plant operations and maintenance	2,139,359	2,189,103	2,223,541	2,195,207
Pupil transportation	999,670	910,256	1,058,768	1,335,666
Unallocated depreciation	-	-	-	974,257
Special Schools	-	-	-	-
Charter Schools	-	-	-	-
Interest on long-term debt	481,537	395,516	353,610	304,240
Unallocated depreciation	1,145,407	1,118,929	1,064,016	-
Total governmental activities expenses	<u>38,126,467</u>	<u>40,302,121</u>	<u>41,005,141</u>	<u>43,670,298</u>
Business-type activities:				
Food service	796,956	761,197	772,120	779,985
Child Care	-	-	-	-
Total business-type activities expense	<u>796,956</u>	<u>761,197</u>	<u>772,120</u>	<u>779,985</u>
Total district expenses	<u>\$ 38,923,423</u>	<u>\$ 41,063,318</u>	<u>\$ 41,777,261</u>	<u>\$ 44,450,283</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction (tuition)	\$ 239,857	\$ 143,328	\$ 104,632	\$ 86,506
Pupil transportation	-	-	-	-
Business and other support services	-	-	-	-
Operating grants and contributions	629,969	616,777	721,265	764,226
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>869,826</u>	<u>760,105</u>	<u>825,897</u>	<u>850,732</u>
Business-type activities:				
Charges for services				
Food service	688,532	732,136	754,858	777,529
Child care	-	-	-	-
Operating grants and contributions	108,584	573	648	1,100
Capital grants and contributions	-	-	-	-
Total business type activities program revenues	<u>797,116</u>	<u>732,709</u>	<u>755,506</u>	<u>778,629</u>
Total district program revenues	<u>\$ 1,666,942</u>	<u>\$ 1,492,814</u>	<u>\$ 1,581,403</u>	<u>\$ 1,629,361</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (37,256,641)	\$ (39,542,016)	\$ (40,179,244)	\$ (42,819,566)
Business-type activities	160	(28,488)	(16,614)	(1,356)
Total district-wide net expense	<u>\$ (37,256,481)</u>	<u>\$ (39,570,504)</u>	<u>\$ (40,195,858)</u>	<u>\$ (42,820,922)</u>

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

Exhibit J-2

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes levied for general purposes, net	\$ 31,441,208	\$ 32,479,298	\$ 33,241,004	\$ 34,643,702
Taxes levied for debt service	1,194,140	1,197,638	1,324,897	1,012,409
Federal and State aid not restricted	4,484,398	4,910,899	5,430,312	6,217,067
Investment earnings	17,086	15,558	18,867	86,028
Special item - Appraisal of capital asset adjustment	40,742	107,272	15,602	144,039
Miscellaneous income	178,071	190,350	126,424	783,808
Special item - Loss on disposal of fixed assets	(19,905)	(1,647)	(2,895)	(2,167)
Special item - Series 2008 refunding bond cost		80,000	-	-
<b>Total governmental activities</b>	<b><u>37,335,740</u></b>	<b><u>38,979,368</u></b>	<b><u>40,154,211</u></b>	<b><u>42,884,886</u></b>
Business-type activities:				
Investment earnings	-	-	-	-
Transfers	-	-	-	-
<b>Total business-type activities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total district-wide</b>	<b><u>\$ 37,335,740</u></b>	<b><u>\$ 38,979,368</u></b>	<b><u>\$ 40,154,211</u></b>	<b><u>\$ 42,884,886</u></b>
<b>Change in Net Position</b>				
Governmental activities	\$ 79,099	\$ (562,648)	\$ (25,033)	\$ 65,320
Business-type activities	160	(28,488)	(16,614)	(1,356)
<b>Total district</b>	<b><u>\$ 79,259</u></b>	<b><u>\$ (591,136)</u></b>	<b><u>\$ (41,647)</u></b>	<b><u>\$ 63,964</u></b>

Source: CAFR Schedule A-2

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

	Fiscal Year Ending June 30,			
	2014	2015	2016	2017
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Restricted	938,156	406,525	595,441	1,899,037
Committed	1,039,022	382,128	915,022	632,675
Assigned	276,424	562,513	481,055	288,597
Unassigned	581,535	607,799	591,702	629,375
Total general fund	<u>\$ 2,835,137</u>	<u>\$ 1,958,965</u>	<u>\$ 2,583,220</u>	<u>\$ 3,449,684</u>
All Other Governmental Funds				
Committed, Capital Projects Fund	\$ -	\$ -	\$ -	\$ 10,911,451
Unassigned, reported in:				
Special revenue fund				
Capital projects fund				2,750,497
Debt service fund				45,423
Permanent fund				
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,707,371</u>

Source: CAFR Schedule B-1

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

	2008	2009	2010	2011
<b>Revenues</b>				
Tax levy	\$ 28,575,940	\$ 29,741,203	\$ 30,630,043	\$ 31,927,528
Tuition charges	90,490	88,018	82,411	81,658
Interest earnings	309,275	30,707	70,714	61,166
Miscellaneous	347,163	141,046	199,532	162,051
Grants			46,704	60,331
State sources	5,455,226	4,301,873	3,980,715	3,123,778
Federal sources	478,493	472,914	740,930	682,870
<b>Total revenue</b>	<b>35,256,587</b>	<b>34,775,761</b>	<b>35,751,049</b>	<b>36,099,382</b>
<b>Expenditures</b>				
Current expense:				
Instruction	14,801,272	15,170,767	15,492,477	15,165,894
Undistributed expenditures	18,919,486	18,263,195	19,206,989	19,093,423
Special Schools	11,524	-	-	-
Capital outlay	7,087,551	2,651,896	125,919	279,118
Debt service	1,396,105	1,465,556	1,435,613	1,492,100
<b>Total expenditures</b>	<b>42,215,938</b>	<b>37,551,414</b>	<b>36,260,998</b>	<b>36,030,535</b>
Excess (Deficiency) of revenues over (under) expenditures	(6,959,351)	(2,775,653)	(509,949)	68,847
<b>Other Financing sources (uses)</b>				
Capital leases (non-budgeted)	292,384	-	-	236,186
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	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>292,384</b>	<b>-</b>	<b>-</b>	<b>236,186</b>
<b>Net change in fund balances</b>	<b>\$ (6,666,967)</b>	<b>\$ (2,775,653)</b>	<b>\$ (509,949)</b>	<b>\$ 305,033</b>
Debt service as a percentage of noncapital expenditures	4.0%	4.2%	4.0%	4.2%

Source: CAFR Schedule B-2



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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
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
2012	63,568	170,110	42,682	62,613	338,973
2013	66,418	167,212	42,625	56,340	332,595
2014	17,086	239,857	41,411	136,660	435,014
2015	15,558	143,328	30,430	159,920	349,236
2016	19,757	104,632	30,439	95,985	250,813
2017	28,375	86,506	29,656	754,087	898,624

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 <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>
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
2012	13,434,100	1,053,509,800	0	0	131,942,885	64,632,580	35,711,600	1,299,230,965	0	3,173,583	1,302,404,548	2.471
2013	12,628,100	1,054,894,600	0	0	126,216,485	59,403,400	35,058,600	1,288,201,185	0	2,611,227	1,290,812,412	2.521
2014	11,987,300	1,057,175,800	0	0	122,738,085	59,432,300	35,058,600	1,286,392,085	0	2,238,010	1,288,630,095	2.575
2015	11,011,900	1,066,460,900	0	0	120,491,592	57,157,500	35,058,600	1,290,180,492	0	2,345,779	1,292,526,271	2.642
2016	10,671,200	1,072,696,100	0	0	120,542,792	57,710,000	50,807,100	1,312,427,192	0	2,347,370	1,314,774,562	2.667
2017	10,003,600	1,083,203,100	0	0	140,168,392	57,382,400	59,769,800	1,350,527,292	0	2,311,203	1,352,838,495	2.695

Source: District Records & Municipal Tax Assessor

115

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

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

Exhibit J-7

Unaudited

Fiscal Year Ended June 30,	New Providence Board of Education			Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Borough of New Providence	Union County	Union County Open Space	Municipal Open Space	Municipal Library	
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
2012	2.377	0.094	2.471	0.872	0.867	0.029	0.002	0.065	4.306
2013	2.427	0.094	2.521	0.892	0.933	0.029	0.002	0.065	4.442
2014	2.480	0.095	2.575	0.910	0.984	0.029	0.002	0.064	4.564
2015	2.542	0.099	2.642	0.926	0.973	0.028	0.003	0.062	4.634
2016	2.582	0.085	2.667	0.938	0.998	0.028	0.005	0.063	4.699
2017	2.591	0.104	2.695	0.950	1.023	0.029	0.006	0.063	4.766

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.

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

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Redwood-ERC NP LLC	\$ 24,680,700	1	1.88%	\$ -		
Tower Spring Gardens One 2015, LLC	15,795,700	2	1.20%	9,601,100	7	0.74%
N. Providence, LLC	14,272,800	3	1.09%	10,369,100	6	0.80%
41 Spring Street, LLC	13,886,100	4	1.06%	17,143,400	2	1.32%
The B.O.C. Group, Inc.	13,265,400	5	1.01%	32,788,200	1	2.53%
C. R. Bard, Inc.	11,500,000	6	0.87%	15,877,900	3	1.22%
121 Chanlon Venture LLC	8,500,000	7	0.65%	-		
Murray Hill Gardens, LLC 35 Ethan Dr	7,978,400	8	0.61%	-		
Murray Hill Gardens, LLC 36 Ethan Dr.	7,615,700	9	0.58%	-		
BAC Center of Excellence	6,029,400	10	0.46%	-		
Martindale-Hubbel, Inc. (Reed Publishing)	-		0.00%	14,678,385	4	1.13%
535 Mountain Ave. Realty, LLC (K-Line)	-		0.00%	11,352,600	5	0.88%
Murray Hill Apartments	-		0.00%	8,700,000	8	0.67%
Lucent Technologies, Inc.	-		0.00%	8,178,300	9	0.63%
Mack Cali Realty Corp.	-		0.00%	6,621,800	10	0.51%
<b>Total</b>	<b>\$ 123,524,200</b>		<b>9.40%</b>	<b>\$ 135,310,785</b>		<b>10.43%</b>

Source: District CAFR & Municipal Tax Assessor

**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	
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%	-
2012	31,916,359	31,916,359	100.00%	-
2013	32,399,731	32,399,731	100.00%	-
2014	32,635,348	32,635,348	100.00%	-
2015	33,676,936	33,676,936	100.00%	-
2016	34,565,901	34,565,901	100.00%	-
2017	35,656,111	35,656,111	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.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	16,550,000	-	219,288	-	-	-	16,769,288	0.31%	51,645
2009	15,765,000	-	146,192	-	-	-	15,911,192	0.31%	49,285
2010	14,955,000	-	73,096	-	-	-	15,028,096	0.33%	49,897
2011	14,055,000	-	177,140	-	-	-	14,232,140	0.37%	52,297
2012	13,125,000	-	118,094	-	-	-	13,243,094	0.41%	53,638
2013	12,150,000	-	285,167	-	-	-	12,435,167	0.44%	54,382
2014	11,145,000	-	180,976	-	-	-	11,325,976	0.51%	57,306
2015	10,015,000	-	228,496	-	-	-	10,243,496	0.59%	60,089
2016	8,920,000	-	152,867	-	-	-	9,072,867	N/A	N/A
2017	23,660,000	-	82,968	-	-	-	23,742,968	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.

<sup>a</sup> Information is based on Union County figures not Municipality figures.

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2007	17,205,000	-	17,205,000	1.32%	50,683
2008	16,550,000	-	16,550,000	1.28%	51,645
2009	15,765,000	-	15,765,000	1.22%	49,285
2010	14,955,000	-	14,955,000	1.16%	49,897
2011	14,055,000	-	14,055,000	1.08%	52,297
2012	13,125,000	-	13,125,000	1.01%	53,638
2013	12,150,000	-	12,150,000	0.94%	54,382
2014	11,145,000	-	11,145,000	0.86%	57,306
2015	10,095,000	-	10,095,000	0.78%	60,089
2016	8,920,000	-	8,920,000	0.68%	N/A
2017	23,660,000	-	23,660,000	1.80%	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, 2017  
Unaudited**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
New Providence Borough	21,950,322	100%	21,950,322
<b>Other debt</b>			
Union County	582,041,233	3.897%	<u>22,683,311</u>
Subtotal, overlapping debt			44,633,633
<b>New Providence School District Direct Debt</b>	23,660,000	100%	<u>23,660,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 68,293,633</u></u>

**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 value. 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.

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

Exhibit J-13

Legal Debt Margin Calculation for Calendar Year

	Equalized valuation basis
2016	\$ 2,558,836,405
2015	\$ 2,479,209,247
2014	\$ 2,404,471,187
[A]	\$ 7,442,516,839
Average equalized valuation of taxable property	[A/3] \$ 2,480,838,946
Debt limit (4 % of average)	[B] 99,233,578 <sup>a</sup>
Net bonded school debt	[C] 23,660,000
Legal debt margin	[B-C] \$ 75,573,578

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 95,349,080	\$ 100,991,646	\$ 103,522,414	\$ 103,442,096	\$ 102,030,310	\$ 100,849,042	\$ 100,185,750	\$ 98,608,797	\$ 98,248,486	\$ 99,233,578
Total net debt applicable to limit	16,550,000	15,765,000	14,955,000	14,055,000	13,125,000	12,150,000	11,145,000	10,095,000	8,920,000	23,660,000
Legal debt margin	\$ 78,799,080	\$ 85,226,646	\$ 88,567,414	\$ 89,387,096	\$ 88,905,310	\$ 88,699,042	\$ 89,040,750	\$ 88,513,797	\$ 89,328,486	\$ 75,573,578
Total net debt applicable to the limit as a percentage of debt limit	17.36%	15.61%	14.45%	13.59%	12.86%	12.05%	11.12%	10.24%	9.08%	23.84%

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

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



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

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2008	11,864	-	52,871	3.9%
2009	12,037	-	50,238	6.8%
2010	12,196	-	51,388	6.9%
2011	12,236	-	53,506	6.9%
2012	12,293	-	54,649	6.9%
2013	12,357	-	54,889	4.7%
2014	12,421	-	57,306	4.2%
2015	12,469	-	60,089	3.7%
2016	12,758	-	N/A	3.4%
2017	N/A	-	N/A	N/A

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development  
\*Estimates supplied by U. S. Census Bureau

<sup>b</sup> Personal income could not be compiled based on available data.

<sup>c</sup> Per Capita income based on Union County figures.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

**New Providence School District  
Principal Employers  
Year 2017 and Nine Years Ago  
Unaudited**

Employer	1998			2017		
	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	-	-	-	-
	<u>3,409</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

Source: Borough of New Providence Records

Note: Applicable information was not available for 2017 and 2008.

Note: Percentage of total employment numbers not available for 1998.

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	152.4	156.6	154	150	148.5	149.5	150.5	153.5	152	153.7
Supplemental (Special Education)	26.5	20.1	18.5	17.6	16.9	19	20	23	24	25
Vocational	1	1	1	1	1	1	1	1	1	1
Support Services										
Certificated:										
Educational Support (Includes Special Ed)	30.2	29.2	29.9	29.5	30.3	30.3	31.3	28.3	30.3	30.5
General administrative services	2	2	2	2	1.8	2	2	2	2	2
Business administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	10	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Non-Certificated:										
Teacher Aides	15	15	15	15	14.5	16	18.5	20	21	23
Technicians	2	2	2	2	2	2	2	2	2	2
Clerical/Secretarial	23.2	23.2	23.2	22.2	21.8	21.8	21.8	22	21	21
Service Workers (Includes Aides)	24.1	24.8	24.8	22.8	24.3	24.3	24.3	23	22	20.5
Skilled Crafts (Includes Maintenance)	8	8	8	8	7	7	7	7	7	7
Total	<u>295.4</u>	<u>293.4</u>	<u>289.9</u>	<u>281.6</u>	<u>279.6</u>	<u>284.4</u>	<u>289.9</u>	<u>293.3</u>	<u>293.8</u>	<u>297.2</u>

Source: CSI Personnel System

New Providence School District  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2008	2,245	33,087,005	14,738		210.1	1:10			2,207	2,108		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%
2012	2,258	34,121,350	15,111	1.35%	199.3	1:11	1:16	1:9	2,229	2,141	1.00%	96.10%
2013	2,305	35,573,051	15,433	2.13%	199.8	1:12	1:12	1:10	2,269	2,160	1.79%	95.20%
2014	2,369	36,090,830	15,235	-1.29%	202.8	1:12	1:12	1:11	2,335	2,247	2.89%	96.25%
2015	2,378	38,050,251	16,001	5.03%	205.8	1:12	1:12	1:11	2,342	2,254	0.32%	96.25%
2016	2,410	38,027,095	15,779	-1.39%	207.3	1:12	1:12	1:11	2,383	2,297	1.75%	96.38%
2017	2,409	40,228,906	16,699	5.83%	209.2	1:14	1:12	1:11	2,388	2,292	0.20%	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 special revenue, debt service and capital outlay; Exhibit B-2.
- b Teaching staff includes full-time and part-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Allen W. Roberts (1962)										
Square Feet	72,114	72,114	72,114	72,114	72,114	72,114	72,114	72,114	72,114	72,114
Functional Capacity (students)	575	575	575	575	575	575	575	562	562	562
Enrollment	601	616	620	630	617	652	649	663	637	657
Salt Brook (1968)										
Square Feet	92,920	92,920	92,920	92,920	92,920	92,920	92,920	92,920	92,920	92,920
Functional Capacity (students)	579	579	579	579	579	579	579	570	570	570
Enrollment	639	620	628	615	649	643	662	638	669	649
<b><u>High School/Middle School</u></b>										
New Providence HS/MS (1957)										
Square Feet	180,892	180,892	180,892	180,892	180,892	180,892	180,892	180,892	180,892	180,892
Functional Capacity (students)	1,041	1,041	1,041	1,041	1,041	1,041	1,041	1,039	1,039	1,039
Enrollment	959	963	958	961	948	971	1,021	1,040	1,025	1,019
<b><u>Other</u></b>										
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 Buildings at June 30, 2015										
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)	2013	2014	2015	2016	2017
Allen W. Roberts School	N/A	\$ 118,981	\$ 120,387	\$ 124,507	\$ 120,520	\$ 129,474
Salt Brook School	N/A	153,307	155,118	158,967	176,026	152,981
Middle/High School	N/A	298,495	302,023	301,017	314,727	303,332
Total School Facilities		<u>570,783</u>	<u>577,528</u>	<u>584,491</u>	<u>611,274</u>	<u>585,786</u>
Other Facilities		<u>9,045</u>	<u>9,152</u>	<u>7,643</u>	<u>8,006</u>	<u>7,946</u>
Grand Total		<u>\$ 579,828</u>	<u>\$ 586,680</u>	<u>\$ 592,134</u>	<u>\$ 619,280</u>	<u>\$ 593,732</u>

**NEW PROVIDENCE SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR FISCAL YEAR ENDED JUNE 30,2017  
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
Multi-Peril Policy - Utica National Insurance Group		
Property, Blanket Building & Contents, replacement costs Boiler & Machinery (Actual values 89,629,200)	80,666,281	1,000
Comprehensive General Liability (includes B.O.E. liability)	1,000,000	7,500 *
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 Insurance Group	In Accordance with statutory requirements.	
Athletic Accident - Zurich American 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
Cyber Liability - Hiscox Insurance Co.	1,000,000	5,000

Source: District Records

**SINGLE AUDIT SECTION**



# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-Mail: [dgd@dgdepas.com](mailto:dgd@dgdepas.com)

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA

**EXHIBIT K-1**

## **INDEPENDENT AUDITOR'S 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, 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the government 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, (the "Board") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated November 29, 2017.

### **Internal Control Over Financial Reporting**

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

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

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

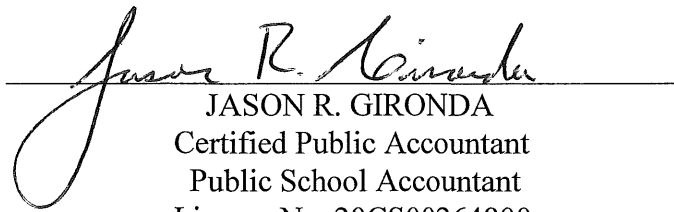
### **Compliance and Other Matters**

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

### **Purpose of this Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
Certified Public Accountants

  
JASON R. GIRONDA  
Certified Public Accountant  
Public School Accountant  
License No. 20CS00264800

Bayonne, New Jersey  
November 29, 2017

**DONOHUE, GIRONDA, DORIA & TOMKINS, LLC**  
*Certified Public Accountants*

---

---

Robert A. Gironda, CPA  
Robert G. Doria, CPA (N.J. & N.Y.)  
Frederick J. Tomkins, CPA, RMA  
Matthew A. Donohue, CPA

310 Broadway  
Bayonne, NJ 07002  
(201) 437-9000  
Fax: (201) 437-1432  
E-Mail: dgd@dgdepas.com

Linda P. Kish, CPA, RMA  
Mark W. Bednarz, CPA, RMA  
Jason R. Gironda, CPA

**EXHIBIT K-2**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY  
NEW JERSEY OMB CIRCULAR 15-08**

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

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the New Providence School District, in the County of Union, State of New Jersey's (the "Board") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board's major state programs for the year ended June 30, 2017. The Board's major state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Board's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government*

*Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and *New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and New Jersey OMB's Circular 15-08, 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 state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

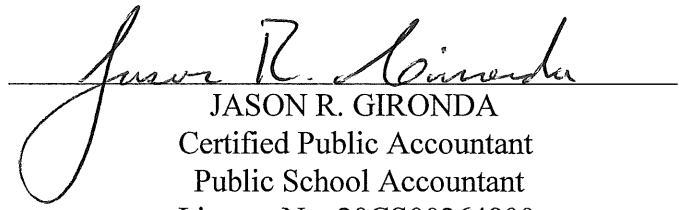
Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB's Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control 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 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 state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

  
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
Certified Public Accountants

  
JASON R. GIRONDA  
Certified Public Accountant  
Public School Accountant  
License No. 20CS00264800

Bayonne, New Jersey  
November 29, 2017

NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2016
					FROM	TO	
<b>U.S. DEPARTMENT OF EDUCATION</b>							
<b>PASSED-THROUGH STATE</b>							
<b>DEPARTMENT OF EDUCATION:</b>							
Special Revenue Fund:							
Title I-A, Grants to Local Ed. Agencies							
Title I-A, Grants to Local Ed. Agencies	84.010A	S010A150030	N/A	136,700	07/01/15	06/30/16	\$ (61,736)
Title I-A, Grants to Local Ed. Agencies	84.010A	S010A160030	N/A	152,616	07/01/16	06/30/17	
Total Title I-A, Grants to Local Ed. Agencies							(61,736)
Title II-A, Improv. Teacher Quality							
Title II-A, Improv. Teacher Quality	84.367A	S367A150029	N/A	38,795	07/01/13	06/30/14	2,738
Title II-A, Improv. Teacher Quality	84.367A	S367A150029	N/A	31,619	07/01/15	06/30/16	(4,598)
Title II-A, Improv. Teacher Quality	84.367A	S367A160029	N/A	39,398	07/01/16	06/30/17	
Total Title II-A, Improv. Teacher Quality							(1,860)
Title III, English Language Acquisition							
Title III, English Language Acquisition	84.365A	S365A150030	N/A	9,143	07/01/15	06/30/16	(2,413)
Title III, English Language Acquisition	84.365A	S365A160030	N/A	4,997	07/01/16	06/30/17	
Total Title III, English Language Acquisition							(2,413)
Special Education Cluster (IDEA)							
IDEA Pre-School	84.027	H027A150100	N/A	18,590	07/01/15	06/30/16	(3,624)
IDEA Pre-School	84.027	H027A160100	N/A	18,281	07/01/16	06/30/17	
IDEA B Flow-Through Entitlements	84.027	H027A150100	N/A	473,983	07/01/15	06/30/16	(52,680)
IDEA B Flow-Through Entitlements	84.027	H027A160100	N/A	471,642	07/01/16	06/30/17	
Total Special Education Cluster (IDEA)							(56,304)
Total Special Revenue Fund							(122,313)
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>							<b>\$ (122,313)</b>

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 EXPEN- TURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017		
					ACCOUNTS RECEIVABLE	DEFERRED REVENUE	DUE TO GRANTOR
\$	\$ 60,228	\$	\$	\$	\$ (1,508)	\$	\$
	127,459	152,616			(25,157)		
	187,687	152,616			(26,665)		
				2,738			
	4,598						
	37,477	39,398			(1,921)		
	42,075	39,398		2,738	(1,921)		
	2,413						
	3,249	4,997			(1,748)		
	5,662	4,997			(1,748)		
	3,624						
	18,278	18,281			(3)		
	52,680						
	394,700	471,642			(76,942)		
	469,282	489,923			(76,945)		
	704,706	686,934		2,738	(107,279)		
\$	\$ 704,706	\$ 686,934	\$	\$ 2,738	\$ (107,279)	\$	\$

NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2016			CARRYOVER/ (WALKOVER) AMOUNT
			FROM	TO	BUDGETARY RECEIVABLE	DEFERRED REVENUE (ACCTS. REC.)	DUE TO GRANTOR	
<b>STATE DEPARTMENT OF EDUCATION</b>								
General Fund:								
Extraordinary Aid	16-495-034-5120-044	340,341	7/01/15	6/30/16	\$	\$ (340,341)	\$	\$
Extraordinary Aid	17-495-034-5120-044	379,860	7/01/16	6/30/17				
Total Extraordinary Aid						(340,341)		
Special Education Categorical Aid	17-495-034-5120-089	790,389	7/01/16	6/30/17				
Transportation Aid	16-495-034-5120-014	43,738	7/01/15	6/30/16	(43,738)			
Transportation Aid	17-495-034-5120-014	49,252	7/01/16	6/30/17				
Security Aid	16-495-034-5120-084	34,546	7/01/15	6/30/16	(34,546)			
Security Aid	17-495-034-5120-084	39,922	7/01/16	6/30/17				
Per Pupil Growth Aid	16-495-034-5120-097	22,920	7/01/15	6/30/16	(12,503)			
Per Pupil Growth Aid	17-495-034-5120-097	22,920	7/01/16	6/30/17				
PARCC Readiness Aid	17-495-034-5120-098	22,920	7/01/16	6/30/17				
Professional Learning Community Aid	17-495-034-5120-101	23,620	7/01/16	6/30/17				
Reimbursed TPAF Social Security Contributions	16-495-034-5094-003	1,203,878	7/01/15	6/30/16		(58,750)		
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	1,173,549	7/01/16	6/30/17				
On-behalf TPAF Pension Contribution	17-495-034-5094-002	1,723,105	7/01/16	6/30/17				
On-behalf TPAF Non-Contributory Group Insurance	17-495-034-5094-004	62,432	7/01/16	6/30/17				
On-behalf TPAF Post Retirement Medical Contributions	17-495-034-5094-001	1,487,758	7/01/16	6/30/17				
On-behalf TPAF Long Term Disability Insurance	17-495-034-5094-004	4,442	7/01/16	6/30/17				
Total General Fund					(90,787)	(399,091)		
Special Revenue Fund:								
New Jersey Non-public Aid:								
Textbook Aid	16-100-034-5120-064	9,479	7/01/15	6/30/16			106	
Textbook Aid	17-100-034-5120-064	9,799	7/01/16	6/30/17				
Total Textbook Aid							106	
Nursing Services Aid	16-100-034-5120-070	14,940	7/01/15	6/30/16			1,186	
Nursing Services Aid	17-100-034-5120-070	15,300	7/01/16	6/30/17				
Total Nursing Services Aid							1,186	
Auxiliary Services (Chapter 192):								
Compensatory Education	16-100-034-5120-067	36,379	7/01/15	6/30/16			17,090	
Compensatory Education	17-100-034-5120-067	25,978	7/01/16	6/30/17				
English as a Second Language	17-100-034-5120-067	2,741	7/01/16	6/30/17				
Home Instruction	15-100-034-5120-067	293	7/01/14	6/30/15		(293)		
Home Instruction	17-100-034-5120-067	550	7/01/16	6/30/17				
Transportation	17-100-034-5120-067	3,976	7/01/16	6/30/17				
Total Auxiliary Services (Chapter 192)						(293)	17,090	
Handicapped Services (Chapter 193):								
Corrective Speech	16-100-034-5120-066	8,695	7/01/15	6/30/16			1,337	
Corrective Speech	17-100-034-5120-066	8,835	7/01/16	6/30/17				
Examination and Classification	16-100-034-5120-066	10,737	7/01/15	6/30/16			683	
Examination and Classification	17-100-034-5120-066	9,187	7/01/16	6/30/17				
Supplementary Instruction	16-100-034-5120-066	8,168	7/01/15	6/30/16			3,044	
Supplementary Instruction	17-100-034-5120-066	9,416	7/01/16	6/30/17				
Total Handicapped Services (Chapter 193)							5,064	
Technology Initiative	16-100-034-5120-373	4,316	7/01/15	6/30/16			110	
Technology Initiative	17-100-034-5120-373	4,420	7/01/16	6/30/17				
Total Technology Initiative							110	
Security Aid	16-100-034-5120-509	4,150	7/01/15	6/30/16			15	
Security Aid	17-100-034-5120-509	8,500	7/01/16	6/30/17				
Total Security Aid							15	
Total Special Revenue Fund						(293)	23,571	
Debt Service Fund:								
Debt Service Aid	17-100-034-5120-017	436,832	7/01/16	6/30/17				
TOTAL STATE FINANCIAL ASSISTANCE					\$ (90,787)	\$ (399,384)	\$ 23,571	\$
Less:								
On-behalf TPAF Pension Contribution								
On-behalf TPAF Non-Contributory Group Insurance								
On-behalf TPAF Long Term Disability Insurance								
On-Behalf TPAF Post Retirement Medical Contributions								
TOTAL STATE FINANCIAL ASSISTANCE SUBJECT TO SINGLE AUDIT								

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, 2017			MEMO	
				(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
\$ 340,341	\$ 379,860			\$ (379,860)				\$ 379,860
<u>340,341</u>	<u>379,860</u>			<u>(379,860)</u>				<u>379,860</u>
790,389	790,389							790,389
43,738								
	49,252						(49,252)	49,252
34,546								
	39,922						(39,922)	39,922
12,503								
21,373	22,920						(1,547)	22,920
22,920	22,920							22,920
23,620	23,620							23,620
58,750								
1,114,777	1,173,549			(58,772)				1,173,549
1,723,105	1,723,105							1,723,105
62,432	62,432							62,432
1,487,758	1,487,758							1,487,758
4,442	4,442							4,442
<u>5,740,694</u>	<u>5,780,169</u>			<u>(438,632)</u>			<u>(90,721)</u>	<u>5,780,169</u>
			106					
9,799	9,730					69		9,730
<u>9,799</u>	<u>9,730</u>		<u>106</u>			<u>69</u>		<u>9,730</u>
			1,186					
15,300	12,969					2,331		12,969
<u>15,300</u>	<u>12,969</u>		<u>1,186</u>			<u>2,331</u>		<u>12,969</u>
			17,090					
25,978	16,572					9,406		16,572
2,741						2,741		
293								
	550			(550)				
3,976	3,976							3,976
<u>32,988</u>	<u>21,098</u>		<u>17,090</u>	<u>(550)</u>		<u>12,147</u>		<u>20,548</u>
			1,337					
8,835	6,844					1,991		6,844
			683					
9,187	5,301					3,886		5,301
			3,044					
9,416	6,905					2,511		6,905
<u>27,438</u>	<u>19,050</u>		<u>5,064</u>			<u>8,388</u>		<u>19,050</u>
			110					
4,420	4,246					174		4,246
<u>4,420</u>	<u>4,246</u>		<u>110</u>			<u>174</u>		<u>4,246</u>
			15					
8,500	8,457					43		8,457
<u>8,500</u>	<u>8,457</u>		<u>15</u>			<u>43</u>		<u>8,457</u>
			23,571	(550)		23,152		75,000
<u>98,445</u>	<u>75,550</u>		<u>23,571</u>	<u>(550)</u>		<u>23,152</u>		<u>75,000</u>
<u>436,832</u>	<u>436,832</u>							<u>436,832</u>
\$ <u>6,275,971</u>	\$ <u>6,292,551</u>	\$	\$ <u>23,571</u>	\$ <u>(439,182)</u>	\$	\$ <u>23,152</u>	\$ <u>(90,721)</u>	\$ <u>6,292,001</u>
	(1,723,105)							
	(62,432)							
	(4,442)							
	(1,487,758)							
	<u>\$ 3,014,814</u>							

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
AWARDS AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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

**NEW PROVIDENCE SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
AWARDS AND FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**  
**(Continued)**

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.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$66 for the general fund and (\$1,741) 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$5,780,235	\$5,780,235
Special Revenue Fund	684,597	77,286	761,883
Capital Projects			
Debt Service Fund	<u>                    </u>	<u>436,832</u>	<u>436,832</u>
Total Awards and Financial Assistance	<u>\$684,597</u>	<u>\$6,294,353</u>	<u>\$6,978,950</u>

**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**

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, 2017. 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, 2017.

**NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section 1 - Summary of Auditors' Results*

**Financial Statement Section**

A) Type of Auditors Report Issued:	_____	Unmodified
B) Internal Control over Financial Reporting:		
1) Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
2) Significant deficiency(ies) identified?	_____ Yes	_____ <u>X</u> None reported
C) Noncompliance material to basic financial statements noted?	_____ Yes	_____ <u>X</u> No

**Federal Awards Section**

NOT APPLICABLE

**NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section 1 - Summary of Auditors' Results*

**State Awards Section**

- J) Dollar threshold used to distinguish between Type A and Type B Programs. \$750,000
- K) Auditee qualified as low-risk auditee?  X  Yes   No
- L) Internal Control over major programs:
- 1) Material weakness(es) identified?   Yes  X  No
- 2) Significant deficiency(ies) identified?   Yes  X  None reported
- M) Type of auditor's report on compliance for major programs: Unmodified
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08 as applicable?   Yes  X  No

O) Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
17-495-034-5120-044	Extraordinary Aid
17-100-034-5120-017	Debt Service Aid

**NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section II - Financial Statement Findings*

*(This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts and grant agreements, and abuse related to the financial statements for which Government Auditing Standards requires reporting.)*

**NONE**

**NEW PROVIDENCE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Section III – State Financial Assistance Findings and Questioned Costs*

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable.

**STATE FINANCIAL ASSISTANCE**

**NONE**

**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, 2017**

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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. (¶.511 (a)(b)) and NJOMB's Circular 15-08, as applicable.

**STATUS OF PRIOR YEAR FINDINGS**

**BASIC FINANCIAL STATEMENT**

No matters were reported in prior year

**FEDERAL AWARDS**

No matters were reported in prior year

**STATE FINANCIAL ASSISTANCE**

No matters were reported in prior year