

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

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

For the Fiscal Year Ended June 30, 2018

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, 2018**

NEW PROVIDENCE SCHOOL DISTRICT

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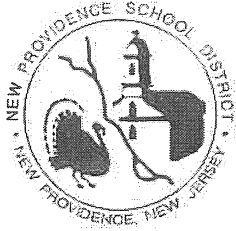
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INTRODUCTORY SECTION



NEW PROVIDENCE SCHOOL DISTRICT

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Assistant Superintendent
of Educational Services
908-464-9050 (ext. 4222)

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School Business Administrator/
Board Secretary
908-464-9050 (ext. 4223)

JOHN M. RICHTER, JR.
Director of Curriculum
Instruction, and Supervision
908-464-9050 (ext. 4221)

February 15, 2019

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, 2018, 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 2017-2018 fiscal year with an enrollment of 2,406 students, which is thirty students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years.

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
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%
2018	2,406	-1.2%

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 - Environmental Sustainability
 - Project Lead the Way - Aerospace Engineering
 - Architecture and Engineering Design
 - Honors Calculus

Middle School

- Junior Engineering
- Revised Art, Music, and Drama electives

Elementary Schools

- General Music K-6
- Science K-5
- Development of Revised K-6 Gifted and Talented Program
- Development of K-6 STEM Curriculum

District

- Google Level 1 Certification for curriculum and instructional leaders
- 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, including iPad and Google Applications

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, 2018.

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, 2018, the District's outstanding debt included \$22,415,000 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.

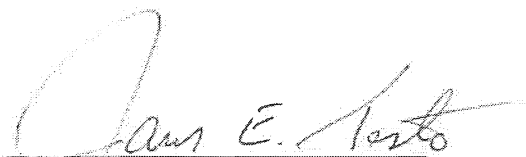
10) OTHER INFORMATION:

A) **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Donohue, Gironde, 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.

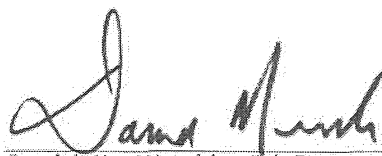
11) ACKNOWLEDGMENTS:

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
Schools

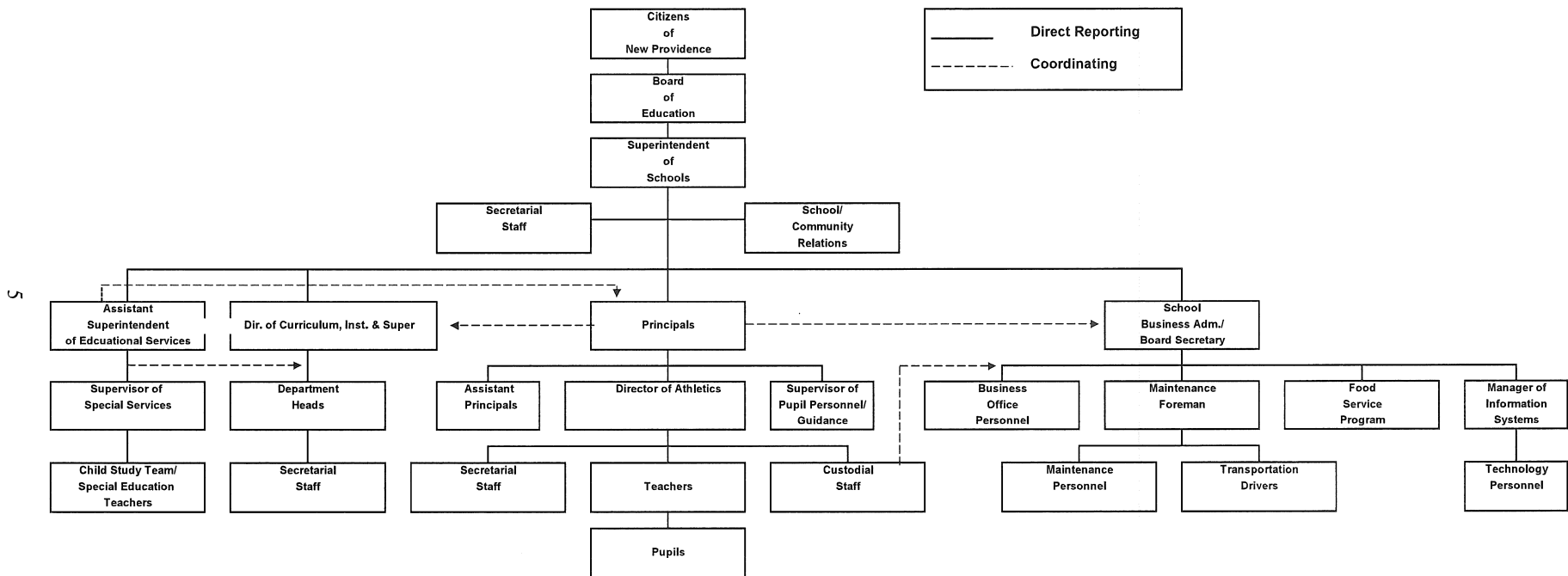


David M. Miceli, Ed.D.
Superintendent of

New Providence Public Schools

Organizational Chart

(Unit Control)



**NEW PROVIDENCE BOARD OF EDUCATION
NEW PROVIDENCE, NEW JERSEY**

ROSTER OF OFFICIALS
JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Adam M. Smith, President *	2021
Bernadette Cuccaro	2019
William H. Dibble, Vice President	2018
Robert S. Dinerman *	2021
Ira W. Krauss	2020
Mary Misiukiewicz	2020
Joseph F. Walsh	2019

* Re-elected in November 2018 to new 3-year term expiring 2021

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
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OFFICIAL DEPOSITORY

Investors Savings Bank
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New Providence, NJ 07974

FINANCIAL SECTION

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Robert G. Doria, CPA (N.J. & N.Y.)
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Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA
Mauricio Canto, CPA, RMA

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, 2018, 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, 2018, 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, Budgetary Comparison Information, and Pension and Post-Retirement Medical Benefits Information on pages 11 through 20, 83 through 91 and 92 through 96 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.

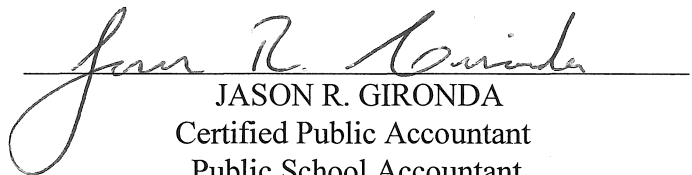
The combining and individual fund financial statements, long-term debt schedules, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare 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 February 15, 2019, 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, DORIA & TOMKINS, LLC
Certified Public Accountants


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

Bayonne, New Jersey
February 15, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018. 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 2018 are as follows:

- Total net position is (\$1,462,243). Net position for governmental activities is (\$1,751,862). Net position of the business-type activity, which represents food service, is \$289,619. This reflects a decrease in net position in the amount of \$412,528.
- General revenues accounted for \$52,452,711 in revenue or 97.0 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 \$1,619,617 or 3.0 percent of total revenues of \$54,072,328. General revenues including property taxes of \$36,947,048 were used to offset the net expenses after program revenues.
- The School District had \$54,484,856 in expenses; only \$1,619,617 of these expenses were 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 \$624,037. Revenue, in the amount of \$1,300,000 was reserved for tax relief in the 2018/2019 school year and \$957,923 will be reserved for tax relief in the 2019/2020 school year, as required by the State of New Jersey.

A review of the fiscal year 2017 financial highlights are as follows:

- Total net position is (\$1,049,715). Net position for governmental activities are (\$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 \$63,694.

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

- 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 of 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.

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, 2018**

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 2018?” 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, 2018**

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 2018.

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total assets equal \$33,700,966. Total assets for Governmental Activities is \$33,395,417. Total assets for Business Type Activities is \$305,549. The totals for 2017 are presented for comparative purposes.

Table 1
Net Position

	Governmental Activities 2018	Business-type Activities 2018	Total 2018	Total 2017
<u>Assets:</u>				
Current and Other Assets	\$ 6,915,645	\$182,037	\$ 7,097,682	\$17,912,164
Capital Assets, Net	26,479,772	123,512	26,603,284	17,004,387
Total Assets	33,395,417	305,549	33,700,966	34,916,551
<u>Deferred Outflows of Resources:</u>				
Pension Resources	4,205,106		4,205,106	4,868,473
<u>Liabilities:</u>				
Current and Other Liabilities	2,531,813	15,930	2,547,743	2,424,072
Long-Term Liabilities	21,735,143		21,735,143	23,166,335
Net Pension Liabilities	12,373,928		12,373,928	14,952,825
Total Liabilities	36,640,884	15,930	36,656,814	40,543,232
<u>Deferred Inflows of Resources:</u>				
Pension Resources	2,711,501		2,711,501	291,507
<u>Net Position:</u>				
Invested in Capital Assets- Net of Related Debt	4,040,654	123,512	4,164,166	(6,738,581)
Restricted	4,618,825		4,618,825	15,606,408
Unrestricted	(10,411,341)	166,107	(10,245,234)	(9,917,542)
Total Net Position	(\$ 1,751,862)	\$289,619	(\$1,462,243)	(\$1,049,715)

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Table 2 reflects the change in net position for fiscal year 2018 and 2017.

Table 2
Change in Net Position

	Governmental Activities 2018	Business-type Activities 2018	Total 2018	Total 2017
Revenues:				
Program Revenues:				
Charges for Services	\$ 78,982	\$823,782	\$ 902,764	\$ 864,035
Operating Grants(Local, State, Fed)	714,170	2,683	716,853	765,326
Total Program Revenues	793,152	826,465	1,619,617	1,629,361
General Revenues:				
Property Taxes	36,947,048		36,947,048	35,656,111
State and Federal Aid and Grants	15,227,360		15,227,360	6,217,067
Interest	137,915		137,915	86,028
Special Items Capital Assets/Re-class	-0-		-0-	144,039
Special Items Fixed Assets/Disposal	(6,853)		(6,853)	(2,167)
Miscellaneous	147,241		147,241	783,808
Total General Revenues	52,452,711		52,452,711	42,884,886
Total Revenues	53,245,863	826,465	54,072,328	44,514,247
Function/Program Expenses:				
Instruction	18,154,149		18,154,149	17,590,598
Support Services:				
Tuition, Students and Instructional Staff	6,199,318		6,199,318	6,227,928
School Administrative Services	1,442,372		1,442,372	1,398,769
General and Business Admin. Svcs.	21,752,416		21,752,416	13,643,633
Operation and Maintenance of Plant	2,350,526		2,350,526	2,195,207
Pupil Transportation	1,301,539		1,301,539	1,335,666
Unallocated Depreciation	1,642,856		1,642,856	974,257
Interest on Long-Term Debt	833,031		833,031	304,240
Food Service		808,649	808,649	779,985
Total Expenses	53,676,207	808,649	54,484,856	44,450,283
(Decrease) increase in Net Position	(430,344)	17,816	(412,528)	63,964
Net Position – beginning of the year	(1,321,518)	271,803	(1,049,715)	(1,113,679)
Net Position – end of the year	<u>(\$1,751,862)</u>	<u>289,619</u>	<u>(\$1,462,243)</u>	<u>(\$1,049,715)</u>

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The total decrease in Net Position for Governmental Activities is \$430,344. The total increase in Net Position for Business-Type Activities is \$17,816. The total decrease in Net Position is \$412,528.

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

	<u>Total Cost of Service 2017-2018</u>	<u>Percent of Total</u>	<u>Total Cost of Service 2016 - 2017</u>	<u>Percent of Total</u>
Instruction	\$18,154,149	33.82%	\$17,590,598	41.48%
Support Services:				
Tuition, Students				
and Instructional Staff	6,199,318	11.55%	6,227,928	14.89%
School Administrative Services	1,442,372	2.69%	1,398,769	3.50%
General and Business Admin. Svcs.	21,752,416	40.53%	13,643,633	28.68%
Operation and Maintenance of Plant	2,350,526	4.38%	2,195,207	5.43%
Pupil Transportation	1,301,539	2.42%	1,335,666	2.26%
Unallocated Depreciation	1,642,856	3.06%	974,257	2.78%
Interest on Long-Term Debt	<u>833,031</u>	<u>1.55%</u>	<u>304,240</u>	<u>0.98%</u>
 Total Expenses	 <u>\$53,676,207</u>	 <u>100.00%</u>	 <u>\$43,670,298</u>	 <u>100.00%</u>

The Governmental Activities in the above schedule demonstrate that \$18,154,149 are identified as Instruction. Additionally, Tuition, Students and Instructional Staff Activities are \$6,199,318. Combined resources from Instruction, Tuition Students and Instructional Staff total \$24,353,467.

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, 2018**

Business-Type Activity

Table 3b.
Business Activities

	Total Cost of <u>Service</u> <u>2017-2018</u>	Percent of <u>Total</u>	Total Cost of <u>Service</u> <u>2016-2017</u>	Percent of <u>Total</u>
Revenue				
Charges for Services	\$823,782	99.68%	\$777,529	99.86%
Operating Grants	<u>2,683</u>	<u>00.32%</u>	<u>1,100</u>	<u>00.14%</u>
Total Revenue	<u>\$826,465</u>	<u>100.00%</u>	<u>\$778,629</u>	<u>100.00%</u>
Function/Program Expenses				
Food Service – Operating	\$808,649	100.00%	\$779,985	100.00%
Total Expenses	<u>\$808,649</u>	<u>100.00%</u>	<u>\$779,985</u>	<u>100.00%</u>
Increase in Net Position	<u>\$17,816</u>		<u>(\$1,356)</u>	

The business-type activity of the New Providence School District is the food service operation. This program had revenues of \$826,465 and expenses of \$808,649 for fiscal year 2018. For fiscal year 2018, the food service operation realized an increase in net position of \$17,816.

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, 2018**

Sources of Revenue

The local tax revenue has been stable for several years. For all governmental activities, state revenues support approximately 16.05%. The community, as a whole, 82.52% of the support and Federal revenue accounts for 1.43% of the total cost of programs for New Providence School District students.

Table 4

Fiscal Year Ended June 30	<u>Sources of Revenue</u>				<u>Total</u>
	Local Tax Levy	Other Local Revenue	State Revenue	Federal Revenue	
2017	\$35,656,111	\$943,521	\$6,292,618	\$701,496	\$43,593,746
2018	\$36,947,048	\$353,048	\$7,252,409	\$646,045	\$45,198,550

The total 2018 revenue from all sources is \$45,195,550.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$45,198,550 and expenditures of \$56,141,852.

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 2018, 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 \$42,410,691 compared to the final budgeted estimates of \$36,890,367. 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, as well as additional special education aid.

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the New Providence School District has \$26,479,772 at net cost invested in capital assets, for governmental activities. This amount represents a net increase of \$9,595,747 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, 2018, 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.

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.

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, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Assets:			
Cash and cash equivalents	\$ 3,513,711	\$ 171,878	\$ 3,685,589
Deposits			
Receivables, net	607,266	4,474	611,740
Inventory		5,685	5,685
Restricted assets:			
Restricted cash and cash equivalents	2,294,575		2,294,575
Capital reserve account - cash	500,093		500,093
Capital assets, net of depreciation	<u>26,479,772</u>	<u>123,512</u>	<u>26,603,284</u>
Total assets	<u>33,395,417</u>	<u>305,549</u>	<u>33,700,966</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension resources	<u>4,205,106</u>		<u>4,205,106</u>
LIABILITIES			
Accounts payable - General	\$ 520,422	\$ 15,930	\$ 536,352
Accounts payable - related to pension	549,039		549,039
Cash Deficiency	61,922		61,922
Intergovernmental payable:			
Federal	320		320
State	22,766		22,766
Accrued liability for insurance claims			
Deferred revenue	48,226		48,226
Non-current liabilities:			
Due within one year	1,329,118		1,329,118
Due beyond one year	21,735,143		21,735,143
Net pension liability	<u>12,373,928</u>		<u>12,373,928</u>
Total liabilities	<u>36,640,884</u>	<u>15,930</u>	<u>36,656,814</u>
DEFERRED INFLOWS OF RESOURCES			
Pension resources	<u>2,711,501</u>		<u>2,711,501</u>
NET POSITION			
Invested in capital assets, net of related debt	4,040,654	123,512	4,164,166
Restricted for:			
Capital projects	2,688,360		2,688,360
Debt Service	1		1
Other Purposes	1,930,464		1,930,464
Unrestricted	<u>(10,411,341)</u>	<u>166,107</u>	<u>(10,245,234)</u>
Total net position	<u>\$ (1,751,862)</u>	<u>\$ 289,619</u>	<u>\$ (1,462,243)</u>

See accompanying notes to financial statements.

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Activities
for the Fiscal Year ended June 30, 2018

Functions/Programs	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 14,236,542	\$ 78,982	\$ 714,170	\$
Special Education	2,636,119			
Other special instruction	297,663			
Other instruction	983,825			
Support services:				
Tuition	2,477,479			
Student & instruction related services	3,721,839			
School administrative services	1,442,372			
General and business administrative services	21,752,416			
Plant operation and maintenance	2,350,526			
Pupil transportation	1,301,539			
Unallocated depreciation	1,642,856			
Special schools				
Interest on Long Term Debt	833,031			
Total governmental activities	53,676,207	78,982	714,170	
Business-type activities:				
Food service	808,649	823,782	2,683	
Total business-type activities	808,649	823,782	2,683	
Total primary government	\$ 54,484,856	\$ 902,764	\$ 716,853	\$

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 - 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
\$ (13,443,390)	\$	\$ (13,443,390)
(2,636,119)		(2,636,119)
(297,663)		(297,663)
(983,825)		(983,825)
(2,477,479)		(2,477,479)
(3,721,839)		(3,721,839)
(1,442,372)		(1,442,372)
(21,752,416)		(21,752,416)
(2,350,526)		(2,350,526)
(1,301,539)		(1,301,539)
(1,642,856)		(1,642,856)
<u>(833,031)</u>		<u>(833,031)</u>
<u>(52,883,055)</u>		<u>(52,883,055)</u>
	<u>17,816</u>	<u>17,816</u>
	<u>17,816</u>	<u>17,816</u>
<u>\$ (52,883,055)</u>	<u>\$ 17,816</u>	<u>\$ (52,865,239)</u>
35,448,844		35,448,844
1,498,204		1,498,204
15,227,360		15,227,360
137,915		137,915
(6,853)		(6,853)
147,241		147,241
<u>52,452,711</u>		<u>52,452,711</u>
(430,344)	17,816	(412,528)
<u>(1,321,518)</u>	<u>271,803</u>	<u>(1,049,715)</u>
<u>\$ (1,751,862)</u>	<u>\$ 289,619</u>	<u>\$ (1,462,243)</u>

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	<u>Governmental Fund Types</u>				Total Governmental Funds
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
ASSETS:					
Assets:					
Cash and cash equivalents	\$ 3,513,710	\$	\$ 2,294,575	\$ 1	\$ 5,808,286
Deposits					
Accounts receivable:					
Federal		145,743			145,743
State	406,236				406,236
Other	55,287				55,287
Capital reserve account - Restricted cash	500,093				500,093
Total assets	<u>\$ 4,475,326</u>	<u>\$ 145,743</u>	<u>\$ 2,294,575</u>	<u>\$ 1</u>	<u>\$ 6,915,645</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable - General	\$ 396,295	\$ 17,819	\$ 106,308	\$	\$ 520,422
Cash Deficiency		61,922			61,922
Intergovernmental payable:					
Federal		320			320
State		22,766			22,766
Accrued liability for insurance claims					
Deferred revenue	5,310	42,916			48,226
Total liabilities	<u>401,605</u>	<u>145,743</u>	<u>106,308</u>	<u></u>	<u>653,656</u>
Fund balances:					
Restricted:					
Capital reserve	500,093				500,093
Reserved excess surplus - Designated for subsequent year's tax relief	972,541				972,541
Reserve for excess surplus	957,923				957,923
Committed:					
Year-end encumbrances	689,040		1,353,649		2,042,689
Assigned:					
Designated for subsequent year's tax relief	327,459				327,459
Unassigned	626,665		834,618	1	1,461,284
Total fund balances	<u>4,073,721</u>	<u></u>	<u>2,188,267</u>	<u>1</u>	<u>6,261,989</u>
Total liabilities and fund balances	<u>\$ 4,475,326</u>	<u>\$ 145,743</u>	<u>\$ 2,294,575</u>	<u>\$ 1</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$54,897,164 and the accumulated depreciation is \$28,417,392. (See Note 4)

26,479,772

Deferred outflows of pension resources 4,205,106
Accounts payable for pension (549,039)

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)

(23,064,261)

Net pension liability (12,373,928)
Deferred inflows of pension resources (2,711,501)

Net position of governmental activities \$ (1,751,862)

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
for the Fiscal Year ended June 30, 2018

	<u>Governmental Fund Types</u>				Total Governmental Funds
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
REVENUES:					
Local sources:					
Local tax levy	\$ 35,448,844	\$	\$	\$ 1,498,204	\$ 36,947,048
Tuition	78,982				78,982
Interest on investments	83,777		54,138		137,915
Miscellaneous	147,241				147,241
Grants		-11,090			-11,090
Total revenues-local sources	<u>35,758,844</u>	<u>-11,090</u>	<u>54,138</u>	<u>1,498,204</u>	<u>37,300,096</u>
State sources	6,638,789	79,215		534,405	7,252,409
Federal sources		646,045			646,045
Total revenues	<u>42,397,633</u>	<u>714,170</u>	<u>54,138</u>	<u>2,032,609</u>	<u>45,198,550</u>
EXPENDITURES:					
Current expense:					
Instruction	16,985,004	714,170			17,699,174
Undistributed expenditures	24,664,216				24,664,216
Capital outlay	172,612		11,527,819		11,700,431
Special schools					
Debt service				2,078,031	2,078,031
Claims paid					
Grants					
Total expenditures	<u>41,821,832</u>	<u>714,170</u>	<u>11,527,819</u>	<u>2,078,031</u>	<u>56,141,852</u>
Excess (deficiency) of revenues over (under) expenditures	<u>575,801</u>		<u>(11,473,681)</u>	<u>(45,422)</u>	<u>(10,943,302)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds					
Operating transfers					
Capital leases (Nonbudgeted)	48,236				48,236
Cancellation of State Construction Grant receivable					
Total other financing sources (uses)	<u>48,236</u>				<u>48,236</u>
Net changes in fund balance	<u>624,037</u>		<u>(11,473,681)</u>	<u>(45,422)</u>	<u>(10,895,066)</u>
Fund balances, July 1	<u>3,449,684</u>		<u>13,661,948</u>	<u>45,423</u>	<u>17,157,055</u>
Fund balances, June 30	<u>\$ 4,073,721</u>	<u>\$</u>	<u>\$ 2,188,267</u>	<u>\$ 1</u>	<u>\$ 6,261,989</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, 2018

Total net change in fund balances - governmental funds (from B-2) \$ (10,895,066)

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	\$ (2,097,831)	
	Capital Outlays	<u>11,700,431</u>	9,602,600

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	1,245,000	
	Issuance of Capital Leases	(48,236)	
	Payments of Capital Leases Payable	<u>107,086</u>	1,303,850

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

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	126,192	
	Additional PERS pension expense recognized	(561,067)	
	Additional on-behalf TPAF pension expense	(4,979,978)	
	Additional on-behalf TPAF pension contribution	4,979,978	
	Additional on-behalf OPEB expense	(3,074,188)	
	Additional on-behalf OPEB contribution	<u>3,074,188</u>	(434,875)

Special item - Appraisal of capital assets adjustments

Special item - Loss on Disposal of fixed assets

(6,853)

Change in net position of governmental activities

\$ (430,344)

PROPRIETARY FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2018

		Business-type Activities - Enterprise Funds
		<u>Food</u> <u>Service</u>
ASSETS:		
Assets:		
Cash and cash equivalents	\$	171,878
Accounts receivable:		
State		
Federal		
Other		4,474
Inventories		<u>5,685</u>
Total current assets		182,037
Fixed Assets:		
Equipment		288,255
Accumulated depreciation		<u>(164,743)</u>
Total fixed assets		<u>123,512</u>
Total assets	\$	<u><u>305,549</u></u>
 LIABILITIES AND NET POSITION:		
Liabilities:		
Accounts payable	\$	<u>15,930</u>
Total current liabilities		<u>15,930</u>
 NET POSITION:		
Unrestricted		<u>289,619</u>
Total net position		<u>289,619</u>
Total liabilities and net position	\$	<u><u>305,549</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, 2018

	Business-type Activities - Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services	
Daily sales - reimbursable programs	\$ 810,845
Daily sales - non-reimbursable programs	12,937
Total operating revenues	823,782
OPERATING EXPENSES:	
Labor costs	324,974
Costs of sales	435,157
Direct expenses	23,418
Depreciation	25,100
Total operating expenses	808,649
Operating gain	15,133
NON-OPERATING REVENUES:	
State sources:	
State school lunch program	
Federal sources:	
Nutrition reimbursements	
Food distribution program	
Interest Income	2,683
Total non-operating revenues	2,683
Net income before operating transfers	17,816
Operating transfers:	
Operating transfers in - General fund	
Change in net position	17,816
Total net position, July 1	271,803
Total net position, June 30	\$ 289,619

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year ended June 30, 2018

	Business-type Activities - Enterprise Fund
	Food Service
Cash flows from operating activities:	
Receipts from customers	\$ 820,413
Payments to employees	(324,974)
Payments to suppliers	(461,250)
Net cash provided by operating activities	34,189
 Cash flows from noncapital financing activities:	
State sources	
Federal sources	
Food distribution program	
Net cash provided by non-capital financing activities	
 Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(28,250)
Net cash (used for) capital and related financing activities	(28,250)
 Cash flows from investing activities:	
Interest on investments	2,683
Net cash provided by investing activities	2,683
 Net increase in cash and cash equivalents	8,622
 Cash and cash equivalents, July 1	163,256
 Cash and cash equivalents, June 30	\$ 171,878
 Reconciliation of operating gain to net cash (used for) provided by operating activities:	
 Operating gain	\$ 15,133
 Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Increase in accounts receivable	(3,369)
Increase in inventories	(330)
Decrease in accounts payable	(2,345)
Depreciation	25,100
Total adjustments	19,056
 Net cash provided by operating activities	\$ 34,189

FIDUCIARY FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund	<u>Agency</u>	
			<u>Student Activity</u>	<u>Payroll</u>
ASSETS:				
Cash and cash equivalents	\$ <u>152,851</u>	\$ <u>297,197</u>	\$ <u>119,761</u>	\$ <u>215,951</u>
Total assets	\$ <u><u>152,851</u></u>	\$ <u><u>297,197</u></u>	\$ <u><u>119,761</u></u>	\$ <u><u>215,951</u></u>
 LIABILITIES AND NET POSITION:				
Liabilities:				
Payroll deductions & withholdings	\$ _____	\$ _____	\$ _____	\$ 215,951
Due to student groups	_____	_____	<u>119,761</u>	_____
Total liabilities	_____	_____	<u>119,761</u>	<u>215,951</u>
Net position				
Held in trust for unemployment claims and other purposes		297,197		
Reserved for scholarships	<u>152,851</u>	_____	_____	_____
Total liabilities and net position	\$ <u><u>152,851</u></u>	\$ <u><u>297,197</u></u>	\$ <u><u>119,761</u></u>	\$ <u><u>215,951</u></u>

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
for the Fiscal Year ended June 30, 2018

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Plan Member	\$	\$ 77,262
Donations	<u>3,982</u>	
Total contributions	<u>3,982</u>	<u>77,262</u>
Investment earnings:		
Interest	<u>1,560</u>	<u>2,904</u>
Total additions	<u>5,542</u>	<u>80,166</u>
DEDUCTIONS:		
Unemployment Claims Paid		18,049
Scholarship payments	<u>7,150</u>	
Total deductions	<u>7,150</u>	<u>18,049</u>
Change in net position	<u>(1,608)</u>	<u>62,117</u>
Net position - July 1	<u>154,459</u>	<u>235,080</u>
Net position - June 30	\$ <u><u>152,851</u></u>	\$ <u><u>297,197</u></u>

NOTES TO FINANCIAL STATEMENTS

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018**

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, 2018, of 2,406 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, 2018**

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, 2018**

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, 2018**

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, 2018**

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
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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, 2018**

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, 2018**

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, 2018**

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, 2018**

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, 2018**

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>2017 - 2018</u>
Total Revenues (Budgetary Basis)	\$ 723,694
Adjustments:	
Add: Prior Year Encumbrances	33,393
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes	0
Less: Current Year Encumbrances	(42,917)
State Aid Payment Recognized for Budgetary Purposes not Recognized for GAAP Statements	<u>(0)</u>
Total Revenues (GAAP Basis)	<u>\$ 714,170</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, 2018**

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 2017-2018 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, 2018**

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, 2018.

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, 2018**

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. Deferred revenue in the current year is \$42,916.

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, 2018**

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 New 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, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017 audited excess surplus that will be appropriated in the 2018-2019 original budget certified for taxes.

Restricted – Reserve for Excess Surplus – This reserve was created to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2019-2020 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, 2018**

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, 2018**

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

As of June 30, 2018, the District’s cash and cash equivalents are summarized as follows:

<u>Category</u>	<u>Amount</u>
Insured - FDIC	\$ 250,000
Insured - GUDPA	<u>4,659,520</u>
	<u>\$ 4,909,520</u>

Reconciliation to District-Wide Statement of
Net Position:

Unrestricted Cash	\$ 3,623,667
Restricted Cash	-0-
Restricted Cash - Capital Reserve Account	500,093
Fiduciary Funds (Not Included in District-Wide Statement)	<u>785,760</u>
	<u>\$ 4,909,520</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, 2018**

NOTE 3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follow:

Beginning Balance, July 1, 2017	\$ 93
Interest Earnings	-0-
Deposits	500,000
Withdrawals	<u>-0-</u>
Ending Balance, June 30, 2018	<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, 2018**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Adjustments	Additions	Disposals	Balance at June 30, 2018
Governmental Activities:					
Land	\$ 1,306,892	\$	\$	\$	\$ 1,306,892
Land Improvements	182,601				182,601
Buildings & Improvements	34,501,337	2,280,770	11,527,819		48,309,926
Construction in Progress	2,280,770	(2,280,770)			
Machinery, Equipment & Vehicles	<u>5,328,917</u>	_____	<u>172,612</u>	<u>(403,784)</u>	<u>5,097,745</u>
Totals at Historical Cost	<u>43,600,517</u>	_____	<u>11,700,431</u>	<u>(403,784)</u>	<u>54,897,164</u>
Less Accumulated Deprec.					
Land Improvements	(180,851)		(125)		(180,976)
Buildings & Improv.	(22,170,076)		(1,650,795)		(23,820,871)
Machinery, Equipment & Vehicles	<u>(4,365,565)</u>	_____	<u>(446,911)</u>	<u>396,931</u>	<u>(4,415,545)</u>
Total Accumulated Deprec.	<u>(26,716,492)</u>	_____	<u>*(2,097,831)</u>	<u>396,931</u>	<u>(28,417,392)</u>
Governmental Activities					
Capital Assets, Net	<u>\$16,884,025</u>	**\$ _____	<u>\$9,602,600</u>	<u>(\$ 6,853)</u>	<u>\$26,479,772</u>
Business-type Activities:					
Machinery & Equipment	\$ 260,005	\$ _____	\$28,250	\$ _____	\$288,255
Totals at Historical Cost	260,005		28,250		288,255
Less Accumulated Deprec.					
Machinery & Equipment	<u>(139,643)</u>	_____	<u>(25,100)</u>	_____	<u>(164,743)</u>
Total Accumulated Deprec.	<u>(139,643)</u>	_____	<u>(25,100)</u>	_____	<u>(164,743)</u>
Business-type Activities					
Capital Assets, Net	<u>\$ 120,362</u>	\$ _____	<u>\$ 3,150</u>	\$ _____	<u>\$123,512</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

* Depreciation expense was charged to Governmental Activities as follows:

Instruction:		
Regular	\$ 454,975	
Total Instruction	<u>454,975</u>	
Support Services:		
Unallocated Depreciation	1,642,856	
Total Support Services	<u>1,642,856</u>	
Total Depreciation Expense	<u>\$2,097,831</u>	

** The adjustment represents reclassifications.

NOTE 5. LONG-TERM DEBT

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

Governmental Activities

	<u>Balance, June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>	<u>Amounts Due Within One Year</u>	<u>Long-Term Portion</u>
Compensated absences payable	\$ 751,335	\$ 29,001	(\$155,193)	\$ 625,143	\$ -	\$ 625,143
Bonds payable	23,660,000		(1,245,000)	22,415,000	1,305,000	22,110,000
Capital leases payable	<u>82,968</u>	<u>48,236</u>	<u>(107,086)</u>	<u>24,118</u>	<u>24,118</u>	<u>-0-</u>
	<u>\$24,494,303</u>	<u>\$ 77,237</u>	<u>(\$1,507,279)</u>	<u>\$23,064,261</u>	<u>\$1,329,118</u>	<u>\$21,735,143</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, 2018**

NOTE 5. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued):

The Series 2006 2nd Series Bonds maturing on and after August 15, 2018 are redeemable at the option of the Board of Education in whole or in part on any date on or after August 15, 2017 upon notice as required herein at par, plus in each case unpaid accrued interest to the date fixed for redemption, if any. There are no serial bonds outstanding as of June 30, 2017. The last principal and interest payment was made during the 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 \$3,240,000 School Bonds, Series 2006 2nd, 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 2014 Bonds are not subject to redemption prior to maturity. Principal on the 2014 Bonds will be payable annually on August 15th of each year, commencing August 15, 2015. Interest will be payable semi-annually on February 15th and August 15th 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 2014</u>	
	<u>Principal</u>	<u>Interest</u>
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	<u>925,000</u>	<u>18,500</u>
	<u>\$ 7,030,000</u>	<u>\$ 1,046,475</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

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 15th of each year, commencing August 15, 2017. Interest will be payable semi-annually on February 15th and August 15th 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>
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>\$15,385,000</u>	<u>\$ 5,431,724</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5. LONG-TERM DEBT (Continued)

B. Capital Leases Payable:

The District is leasing computer and copier equipment with an original cost of \$294,788 under capital leases. All capital leases are for terms of two 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, 2018.

<u>Year</u>	<u>Amount</u>
2019	<u>\$ 24,118</u>
Total Minimum Lease Payments	\$ 24,118
Less: Amount Representing Interest	<u> -0-</u>
Present Value of Net Minimum Lease Payments	<u>\$ 24,118</u>

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Description of Plans and Benefits Provided

Substantially 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.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) - 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 defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits. 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.

Teachers' Pension and Annuity Fund (TPAF) - 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 defined benefit pension 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.

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:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service or under the disability provision. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for PERS and TPAF:

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each 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 with 25 years or more of service credit 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. With PERS, tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) - established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

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

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33% with an unfunded actuarial accrued liability of \$90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41% and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10% and \$23.3 billion, respectively.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Funding Status and Funding Progress (continued)

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 % and (b) projected salary increases applied through the year 2026 of 1.65-5.15 % based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contribution by the State of New Jersey contingent upon the Annual Appropriations Act. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate for PERS and TPAF 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 for PERS and TPAF was 7.34% in fiscal year 2018. The final phase-in of the additional incremental member contribution rate took place on July 1, 2018, reaching 7.5%. The member contribution for DCRP was 5.5% the fiscal year 2018.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Employer and Employee 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.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2018, 2017 and 2016 the District paid the required contributions to PERS of \$492,436, \$448,520 and \$449,432, respectively.

During the year ended June 30, 2018 the District paid the required contributions to DCRP of \$3,342.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, Omnibus 2017 (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the government-wide financial statements (accrual basis) as an expense.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

Reimbursed TPAF Social Security Contributions

In accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,240,317 during the year ended June 30, 2018, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been recognized in the government-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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 outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer paid member contributions are determined separately for each individual employer of the State and local groups of the plan. To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

PERS Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2018 the District reported in the statement of net position (accrual basis) a liability of \$12,373,928 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, District's PERS proportion was .0532%, which was an increase of 0.0027% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$1,053,503 for PERS. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Differences between expected and accrual experience	\$ 291,363	\$ -
Changes in assumptions	2,492,920	2,483,781
Net differences between projected and actual investment earnings on pension plan investments	84,258	
Changes in proportion	787,526	227,720
District contributions subsequent to measurement date	549,039	-
	<hr/>	<hr/>
Total	<u>\$ 4,205,106</u>	<u>\$ 2,711,501</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

\$549,039 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, 2019. 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,	
2019	\$ 407,323
2020	563,408
2021	230,991
2022	(100,743)
2023	(156,413)
	\$ 944,566

Actuarial Assumptions

The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases: Through 2026	1.65 – 4.15%
Thereafter	2.65 – 5.15% Based on age
Investment rate of return	7.00%

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation was based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

PERS 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 was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 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 employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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, 2017, 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:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of PERS net pension liability	\$ 15,350,698	\$ 12,373,928	\$ 9,893,910

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

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.

Payable to the pension plan

At June 30, 2018 the District reported accounts payable to the PERS of \$549,039 for the required actuarially determined contribution to PERS for the year ended June 30, 2018.

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

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the 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 non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

At June 30, 2018 the State's net pension liability for TPAF associated with the District was \$107,029,709. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. At June 30, 2017 the State's proportionate share of the TPAF net pension liability associated with the District was .1587%, which was a decrease of 0.0035% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018 the District recognized in the government-wide statement of activities (accrual basis) pension expense of \$7,414,476 for TPAF. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue an expense in accordance with GASB No. 85.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

Actuarial Assumptions

The total TPAF pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases: 2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) 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.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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 (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, 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 employers will be made based on the contribution rate in the most recent fiscal year. 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, 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, 2018**

NOTE 6. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

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

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

The following presents the State's proportionate share of the net pension liability attributable to the District as of June 30, 2017, calculated using the discount rate as disclosed above as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
States proportionate share of the TPAF net pension liability attributable to the District	\$ 127,154,652	\$ 107,029,709	\$ 90,450,694

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to State's proportionate share of the net pension liability attributable to the District was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74 Financial Reporting for *Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit Other Post-Employment Benefit (OPEB) plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member’s employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on Jun 28, 2011 will be required to pay a percentage of the cost of their health coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Description and Benefits Provided (continued)

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

Plan Membership

At June 30, 2016, the total plan membership for the State of New Jersey consisted of the following:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	<u>142,331</u>
Total	<u><u>366,078</u></u>

Measurement Focus and Basis of Accounting

The financial statements of the post-retirement health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the unfunded actuarial accrued liability for OPEB is \$69.3 billion which is made up of \$25.5 billion for State active and retired members and \$43.8 billion for education employees and retired members that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c.384 and P.L. 1990, c.6 required the TPAF and the 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. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contributions (continued)

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides employer-paid health benefits to members of PERS and ABP who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in fiscal year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2018, 2017 and 2016 were \$23,401,314, \$22,995,817 and \$22,143,983, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 75.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefits Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows or resources, collective deferred inflows of resources and collective OPEB expense excluding the attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability, attributable to the District.

Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the government-wide statement of activities (accrual basis) OPEB expense of \$4,646,578. This amount has been included in the government-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 75.

At June 30, 2018 the State's proportionate share of the OPEB liability attributable to the District is \$73,862,523. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 2017, the State's share of the OPEB liability attributable to the District was .1377% which was a decrease of -0.0001% from its proportion measured as of June 30, 2016 of .1378%.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The OPEB liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate: 2.50%

	TPAF/ABP	PERS	PFRS
Salary Increases: Through 2026	1.55 – 4.55% based on years of service	2.15 – 4.15% based on age	2.10 – 8.98% based on age
Thereafter	2.00 – 5.45% based on years of service	3.15 – 5.15% based on age	3.10 – 9.98% based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

The discount rate for June 30, 2017 and 2016, was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/ Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Change in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2016 measurement date	\$ 79,718,689
Changes reconized for the fiscal year:	
Service cost	3,337,071
Interest on the total OPEB liability	2,343,773
Changes in assumptions	(9,889,193)
Gross benefit payments	(1,710,813)
Contributions from the member	62,996
Net changes	<u>(5,856,166)</u>
Balance, June 30, 2017 measurement date	<u>\$ 73,862,523</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016 to 3.58% in 2017.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7. POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District as of June 30, 2017, calculated using the discount rate disclosed above, as well as the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	At 1% Decrease (2.58%)	At Current Discount Rate (3.58%)	At 1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 87,680,144	\$ 73,862,523	\$ 62,902,255

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District as of June 30, 2017, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1% point lower or 1% point higher than the current rate:

	1 % Decrease	Healthcare Cost Trend Rate	1% Increase
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 60,744,785	\$ 73,862,523	\$ 91,282,725

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8. 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.

NOTE 9. 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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10. 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:

<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	\$ -	\$ 77,262	\$2,904	\$ 18,049	\$297,197
2015-2016	-	-	1,229	34,187	235,080
2014-2015	-	32,166	812	52,756	268,080

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2018. There were no significant interfund transfers during the year ended June 30, 2018.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 12. INVENTORY

Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food	\$ 3,264
Supplies	<u>2,421</u>
	<u>\$ 5,685</u>

NOTE 13. FUND BALANCE APPROPRIATED

General Fund - Of the \$4,073,721 General Fund fund balance at June 30, 2018, \$1,930,464 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$972,541 of the total restricted excess surplus has been appropriated and included as anticipated revenue for the year ended June 30, 2019); \$500,093 has been restricted in the Capital Reserve Account; \$689,040 is committed for year-end encumbrances; \$327,459 is assigned and designated for subsequent year's tax relief; and \$626,665 is unassigned.

Debt Service Fund – The \$1 Debt Service Fund fund balance at June 30, 2018 is unassigned.

Capital Projects Fund – Of the \$2,188,267 Capital Projects Fund fund balance at June 30, 2018, \$1,353,649 is committed for year-end encumbrances and \$834,618 is unassigned.

NOTE 14. 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, 2018 is \$957,923. This amount will be reserved for tax relief in the 2020 school year.

NOTE 15. 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, 2018

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 35,448,844	\$	\$ 35,448,844	\$ 35,448,844	\$
Tuition	72,500		72,500	78,982	6,482
Interest on investments	20,000		20,000	83,777	63,777
Miscellaneous	150,000		150,000	147,241	(2,759)
Total revenues - local sources	<u>35,691,344</u>		<u>35,691,344</u>	<u>35,758,844</u>	<u>67,500</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	898,181	107,792
Bilingual education					
Security aid	39,922		39,922	39,922	
Aid for adult and post-graduate					
Academic Achievement Reward					
Other unrestricted state aid	319,460		319,460	413,082	93,622
On-Behalf TPAF Contributions (Non-budgeted)					
Pension contribution				2,434,498	2,434,498
Post-retirement medical contributions				1,572,390	1,572,390
Long term disability insurance premium				4,205	4,205
Reimbursed TPAF Social Security Contributions (Non-budgeted)				1,240,317	1,240,317
Total - State sources	<u>1,199,023</u>		<u>1,199,023</u>	<u>6,651,847</u>	<u>5,452,824</u>
Total revenues	<u>\$ 36,890,367</u>	<u>\$</u>	<u>\$ 36,890,367</u>	<u>\$ 42,410,691</u>	<u>\$ 5,520,324</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	\$ 421,244	\$	\$ 421,244	\$ 421,244	\$
Grades 1-5	4,603,965		4,603,965	4,599,815	4,150
Grades 6-8	2,880,916		2,880,916	2,874,841	6,075
Grades 9-12	4,172,530		4,172,530	4,166,980	5,550
Total regular programs - Instruction	<u>12,078,655</u>		<u>12,078,655</u>	<u>12,062,880</u>	<u>15,775</u>
Regular education home instruction:					
Salaries of teachers	10,000	11,500	21,500	15,924	5,576
Purchases professional - Education services	27,475	27,700	55,175	45,716	9,459
General supplies	404		404		404
Textbooks	200		200		200
Total regular education home instruction	<u>38,079</u>	<u>39,200</u>	<u>77,279</u>	<u>61,640</u>	<u>15,639</u>
Regular programs - undistributed instruction:					
Other salaries for instruction	21,256		21,256	21,256	
Other purchased services	103,448		103,448	98,369	5,079
General supplies	963,906		963,906	796,886	167,020
Textbooks	47,990		47,990	25,432	22,558
Miscellaneous	4,880		4,880	934	3,946
Total regular programs - undistributed instruction	<u>1,141,480</u>		<u>1,141,480</u>	<u>942,877</u>	<u>198,603</u>
Total regular programs	<u>13,258,214</u>	<u>39,200</u>	<u>13,297,414</u>	<u>13,067,397</u>	<u>230,017</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2018

	<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	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Learning & language disability:					
(Formerly perceptually impaired)					
Salaries of teachers	388,365		388,365	384,244	4,121
Other salaries for instruction	134,778		134,778	133,569	1,209
General supplies	4,880		4,880	4,594	286
Textbooks	3,000		3,000	735	2,265
Total learning & language disability	<u>531,023</u>		<u>531,023</u>	<u>523,142</u>	<u>7,881</u>
Resource room:					
Salaries of teachers	1,519,548	51,500	1,571,048	1,571,048	
Other salaries for instruction	339,890		339,890	323,945	15,945
General supplies	6,239		6,239	3,970	2,269
Textbooks	6,814		6,814	1,638	5,176
Total resource room	<u>1,872,491</u>	<u>51,500</u>	<u>1,923,991</u>	<u>1,900,601</u>	<u>23,390</u>
Preschool handicapped:					
Salaries of teachers	182,847	(34,000)	148,847	141,324	7,523
Other salaries for instruction	68,799		68,799	63,161	5,638
General supplies	2,006		2,006	1,891	115
Total preschool handicapped	<u>253,652</u>	<u>(34,000)</u>	<u>219,652</u>	<u>206,376</u>	<u>13,276</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>2,663,686</u>	<u>17,500</u>	<u>2,681,186</u>	<u>2,636,119</u>	<u>45,067</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2018

	<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	\$ 208,264	\$	\$ 208,264	\$ 207,696	\$ 568
General supplies	800		800	728	72
Textbooks	900		900		900
Total basic skills/remedial	<u>209,964</u>	<u></u>	<u>209,964</u>	<u>208,424</u>	<u>1,540</u>
Bilingual education:					
Salaries of teachers	129,325	(17,500)	111,825	89,239	22,586
General supplies	900		900		900
Textbooks	300		300		300
Total bilingual education	<u>130,525</u>	<u>(17,500)</u>	<u>113,025</u>	<u>89,239</u>	<u>23,786</u>
Other instructional:					
School sponsored co-curricular activities:					
Salaries	241,817		241,817	240,843	974
General supplies	21,111		21,111	20,047	1,064
Other objects	5,040		5,040	4,932	108
School sponsored athletics and community service programs:					
Salaries	494,751		494,751	494,751	
Other purchased services	158,218		158,218	133,916	24,302
General supplies	86,971		86,971	62,187	24,784
Other expenditures	27,720		27,720	27,149	571
Total other instructional programs	<u>1,035,628</u>	<u></u>	<u>1,035,628</u>	<u>983,825</u>	<u>51,803</u>
 Total - instruction	 <u>17,298,017</u>	 <u>39,200</u>	 <u>17,337,217</u>	 <u>16,985,004</u>	 <u>352,213</u>
Undistributed expenditures:					
Instruction:					
Tuition - charter schools					
Tuition to private schools for the handicapped and other LEAs-special, within the State	2,620,706	(254,000)	2,366,706	1,985,525	381,181
Tuition to private schools outside the State					
Tuition - County voc. reg.	340,200	109,800	450,000	450,000	
Tuition - County voc. sp.	57,488		57,488	41,954	15,534
Tuition - State facilities					
Total undistributed expenditures - instruction	<u>3,018,394</u>	<u>(144,200)</u>	<u>2,874,194</u>	<u>2,477,479</u>	<u>396,715</u>
Attendance and social work services:					
Salaries	33,258		33,258	32,746	512
Total attendance and social work services	<u>33,258</u>	<u></u>	<u>33,258</u>	<u>32,746</u>	<u>512</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2018

	<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	\$ 201,750	\$	\$ 201,750	\$ 200,184	\$ 1,566
Purchased professional services	9,200		9,200	8,683	517
General supplies	2,750		2,750	2,499	251
Miscellaneous expenditures	1,760		1,760	1,500	260
Total health services	<u>215,460</u>		<u>215,460</u>	<u>212,866</u>	<u>2,594</u>
Related services:					
Salaries of professional staff	626,805		626,805	620,134	6,671
Purchased professional services	207,352	36,000	243,352	186,264	57,088
General supplies	3,922		3,922	3,915	7
Other expenses	2,900		2,900	2,881	19
Total related services	<u>840,979</u>	<u>36,000</u>	<u>876,979</u>	<u>813,194</u>	<u>63,785</u>
Extraordinary services:					
Salaries of professional staff					
Purchased professional services	63,000		63,000	56,100	6,900
General Supplies					
Total extraordinary services	<u>63,000</u>		<u>63,000</u>	<u>56,100</u>	<u>6,900</u>
Other support services - students - regular:					
Salaries of other professional staff	642,613		642,613	642,613	
Secretarial salaries	127,519		127,519	123,380	4,139
Other salaries	48,559		48,559	48,559	
Other purchased professional services					
Other purchased services	4,350		4,350	3,824	526
Supplies	2,240		2,240	1,984	256
Total other support services - students-regular	<u>825,281</u>		<u>825,281</u>	<u>820,360</u>	<u>4,921</u>
Other support services - students - special services:					
Salaries of other professional staff	779,687		779,687	779,686	1
Secretarial salaries	49,599		49,599	45,962	3,637
Unused vacation payment to retired staff		188	188	188	
Purchased professional services	73,030	(29,500)	43,530	38,120	5,410
General supplies	2,859		2,859	2,460	399
Other expenses	4,928		4,928	3,998	930
Total other support services - students - special services	<u>910,103</u>	<u>(29,312)</u>	<u>880,791</u>	<u>870,414</u>	<u>10,377</u>
Improvement of instruction services/ other support services-instructional staff:					
Salaries of supervisors of instruction	183,023		183,023	183,023	
Salaries of other professional staff	48,098		48,098	41,992	6,106
Other salaries	152,992		152,992	149,494	3,498
Salaries of secretarial assistants	126,521	(1,200)	125,321	125,321	
Unused vacation payment to retired staff		1,505	1,505	1,505	
Purchased professional services	4,050		4,050	4,050	
Travel					
General supplies	2,325		2,325	1,148	1,177
Miscellaneous	3,007		3,007	1,745	1,262
Total improvement of instruction services/ other support services-instructional staff	<u>520,016</u>	<u>305</u>	<u>520,321</u>	<u>508,278</u>	<u>12,043</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2018

	<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	\$ 302,394	\$	\$ 302,394	\$ 301,699	\$ 695
Other purchased services	62,379		62,379	60,013	2,366
Supplies and materials	27,916		27,916	18,014	9,902
Total educational media services/school library	<u>392,689</u>		<u>392,689</u>	<u>379,726</u>	<u>12,963</u>
Instruction staff training:					
Salaries of supervisors of instruction	14,400		14,400	12,240	2,160
Salaries of other professional services	5,784		5,784	5,146	638
Secretarial salaries	5,306	(681)	4,625	4,145	480
Unused vacation payment to retired staff		188	188	188	
Purchased professional services	4,000		4,000	940	3,060
Other purchased services	5,990		5,990	5,212	778
General supplies					
Other expenses	320		320	284	36
Total instruction staff training	<u>35,800</u>	<u>(493)</u>	<u>35,307</u>	<u>28,155</u>	<u>7,152</u>
Support services general administration:					
Salaries	420,532		420,532	392,487	28,045
Legal services	127,859		127,859	85,496	42,363
Other purchased professional services	37,930		37,930	31,930	6,000
Technical services					
Communications/telephone	97,843		97,843	83,417	14,426
Other purchased services	154,693		154,693	152,943	1,750
Supplies and materials	5,920		5,920	5,816	104
Miscellaneous expenditures	22,675		22,675	19,034	3,641
Total support services general administration	<u>867,452</u>		<u>867,452</u>	<u>771,123</u>	<u>96,329</u>
Support services school administration:					
Salaries of principals/asst. principals	1,004,737		1,004,737	1,004,737	
Salaries of secretarial assistants	435,904	(5,152)	430,752	379,293	51,459
Unused vacation payment to retired staff		5,152	5,152	5,151	1
Travel	7,217	1,860	9,077	7,523	1,554
General supplies	33,483	(1,860)	31,623	29,720	1,903
Miscellaneous expenditures	18,629		18,629	15,948	2,681
Total support services school administration	<u>1,499,970</u>		<u>1,499,970</u>	<u>1,442,372</u>	<u>57,598</u>
Operation and maintenance of plant services:					
Salaries	1,405,498	(2,275)	1,403,223	1,400,289	2,934
Salaries of non-instructional aides	145,136		145,136	131,561	13,575
Unused vacation payment to retired staff		2,275	2,275	2,274	1
Purchased professional and technical services	149,610		149,610	123,986	25,624
Cleaning, repair and maintenance services	159,283	20,100	179,383	153,152	26,231
Insurance	73,195		73,195	70,174	3,021
Other purchased property, water	37,000	12,000	49,000	48,843	157
General supplies	132,397	24,000	156,397	150,548	5,849
Energy	364,034	15,000	379,034	359,676	19,358
Miscellaneous expenditures	17,316		17,316	17,109	207
Total operation and maintenance of plant services	<u>2,483,469</u>	<u>71,100</u>	<u>2,554,569</u>	<u>2,457,612</u>	<u>96,957</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2018

	<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	\$ 79,188	\$ 21,300	\$ 100,488	\$ 98,974	\$ 1,514
Other salaries	145,355		145,355	144,413	942
Contracted services other	49,674	(8,100)	41,574	6,075	35,499
Contracted services spec. ed.	1,051,879	(30,100)	1,021,779	992,210	29,569
Cleaning, repair and maintenance services	9,640	9,800	19,440	17,275	2,165
Miscellaneous transport services	12,025	(100)	11,925	11,852	73
Miscellaneous expenditures	1,400	100	1,500	1,496	4
Supplies and materials	28,601	7,100	35,701	29,244	6,457
Total student transportation services	<u>1,377,762</u>	<u></u>	<u>1,377,762</u>	<u>1,301,539</u>	<u>76,223</u>
Business and other support services:					
Salaries	765,556	(2,576)	762,980	725,962	37,018
Unused vacation payment to retired staff		2,576	2,576	2,575	1
Purchased professional services	218,986	(4,500)	214,486	211,162	3,324
Other purchased services	15,353		15,353	14,788	565
Supplies and materials	202,404	4,500	206,904	186,417	20,487
Miscellaneous expenditures					
Total business and other support services	<u>1,202,299</u>	<u></u>	<u>1,202,299</u>	<u>1,140,904</u>	<u>61,395</u>
Employee benefits:					
Social Security contribution	421,265	38,000	459,265	459,265	
Other retirement compensation	509,354		509,354	507,453	1,901
Workers' Compensation	180,000	(6,000)	174,000	172,557	1,443
Health benefits	5,261,824	(162,300)	5,099,524	4,713,481	386,043
Tuition	90,000	17,300	107,300	107,212	88
Unused vacation payment to retired staff	15,000	140,400	155,400	139,271	16,129
Other employee benefits	800		800	699	101
Total employee benefits	<u>6,478,243</u>	<u>27,400</u>	<u>6,505,643</u>	<u>6,099,938</u>	<u>405,705</u>
Transfer to food service					
On-Behalf TPAF Contributions (Non-budgeted)					
Pension contribution				2,434,498	(2,434,498)
Post-retirement medical contributions				1,572,390	(1,572,390)
Long term disability insurance premium				4,205	(4,205)
Reimbursed TPAF Social Security Contributions (Non-budgeted)				<u>1,240,317</u>	<u>(1,240,317)</u>
Total undistributed expenditures	<u>20,764,175</u>	<u>(39,200)</u>	<u>20,724,975</u>	<u>24,664,216</u>	<u>67,647</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>38,062,192</u>	<u></u>	<u>38,062,192</u>	<u>41,649,220</u>	<u>419,860</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2018

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
CAPITAL OUTLAY:					
Equipment					
Undistributed expenditures:					
Instruction - Buses, Special Education	\$	\$	\$	\$	\$
Instruction - Capital Reserve					
School administration equipment	76,736		76,736	60,225	16,511
Operation and maintenance of plant services	67,447		67,447	45,104	22,343
Media Center equipment					
High school and athletic equipment	<u>31,667</u>		<u>31,667</u>	<u>19,047</u>	<u>12,620</u>
Total equipment	<u>175,850</u>		<u>175,850</u>	<u>124,376</u>	<u>51,474</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)				48,236	(48,236)
TOTAL CAPITAL OUTLAY	<u>175,850</u>		<u>175,850</u>	<u>172,612</u>	<u>3,238</u>
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries					
General supplies					
Total summer school - instruction					
Total special schools					
Total expenditures	<u>\$ 38,238,042</u>	<u>\$</u>	<u>\$ 38,238,042</u>	<u>\$ 41,821,832</u>	<u>\$ 423,098</u>
Excess (deficiency) of revenues					
over (under) expenditures	\$ (1,347,675)	\$	\$ (1,347,675)	\$ 588,859	\$ 1,936,534
Other financial sources (uses):					
Operating transfers out:					
Transfer to Capital Projects					
Capital leases (Non-budgeted)				48,236	48,236
Excess (deficiency) of revenues and other financial sources					
over (under) expenditures and other financing uses	(1,347,675)		(1,347,675)	637,095	1,984,770
Fund balances, July 1	<u>3,540,405</u>		<u>3,540,405</u>	<u>3,540,405</u>	
Fund balances, June 30	<u>\$ 2,192,730</u>	<u>\$</u>	<u>\$ 2,192,730</u>	<u>\$ 4,177,500</u>	<u>\$ 1,984,770</u>
Recapitulation					
Restricted Fund Balance:					
Capital Reserve				\$ 500,093	
Reserved Excess Surplus - Designated for subsequent year's tax relief				972,541	
Reserve for Excess Surplus				957,923	
Committed Fund Balance:					
Year-end Encumbrances				689,040	
Assigned Fund Balance:					
Designated for subsequent year's tax relief				327,459	
Unassigned fund balance				<u>730,444</u>	
				4,177,500	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(103,779)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 4,073,721</u>	

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year ended June 30, 2018

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
State sources	\$ 73,072	\$ 28,906	\$ 101,978	\$ 79,215	\$ (22,763)
Federal sources	505,977	158,741	664,718	644,479	(20,239)
Local sources	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 579,049</u>	<u>\$ 187,647</u>	<u>\$ 766,696</u>	<u>\$ 723,694</u>	<u>\$ (43,002)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 58,652	\$ 36,212	\$ 94,864	\$ 84,839	\$ 10,025
Purchased prof. & tech. services	448,560	148,250	596,810	574,039	22,771
General supplies and equipment	52,758	14,485	67,243	57,274	9,969
Textbooks	<u>19,079</u>	<u>-11,300</u>	<u>7,779</u>	<u>7,542</u>	<u>237</u>
Total instruction	<u>579,049</u>	<u>187,647</u>	<u>766,696</u>	<u>723,694</u>	<u>43,002</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>579,049</u>	<u>187,647</u>	<u>766,696</u>	<u>723,694</u>	<u>43,002</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, 2018

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

		<u>General Fund</u>			<u>Special Revenue Fund</u>
Sources /Inflows of resources					
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 42,410,691		[C-2]	\$ 723,694
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized					(9,524)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		90,721			
State Aid Payment recognized for budgetary purposes, not recognized for GAAP statements		<u>(103,779)</u>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 42,397,633</u>		[B-2]	<u>\$ 714,170</u>
Uses/Outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 41,821,832		[C-2]	\$ 723,694
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>(9,524)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 41,821,832</u>		[B-2]	<u>\$ 714,170</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 FIVE FISCAL YEARS**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.0531562623%	0.0504870791%	0.052275837%	0.049894129%	0.048599194%
District's proportionate share of the net pension liability	\$ 12,373,928	\$ 14,952,825	\$ 11,734,878	\$ 9,341,545	\$ 9,288,272
District's covered-employee payroll	\$ 3,830,708	\$ 3,743,132	\$ 3,525,748	\$ 3,450,671	\$ 3,353,342
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.96%	25.03%	30.05%	36.94%	36.10%
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Contractually required contribution	\$ 492,436	\$ 448,520	\$ 449,432	\$ 411,320	\$ 366,185
Contributions in relation to the contractually required contribution	<u>492,436</u>	<u>448,520</u>	<u>449,432</u>	<u>411,320</u>	<u>366,185</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,830,708	\$ 3,743,132	\$ 3,525,748	\$ 3,450,671	\$ 3,353,342
Contributions as a percentage of covered-employee payroll	12.85%	11.98%	12.75%	11.92%	10.92%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.000%	0.000%	0.000%	0.000%	0.000%
State's proportion of the net pension liability associated with the District	0.1587421913%	0.1621999908%	0.158503697%	0.1604503759%	0.1616725767%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>107,029,709</u>	<u>127,596,840</u>	<u>100,181,105</u>	<u>85,755,504</u>	<u>81,708,049</u>
Total proportionate share of the net pension liability associated with the District	<u>\$ 107,029,709</u>	<u>\$ 127,596,840</u>	<u>\$ 100,181,105</u>	<u>\$ 85,755,504</u>	<u>\$ 81,708,049</u>
District proportion share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

Note: The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

NEW PROVIDENCE SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE STATE PROPORTIONATE SHARE ATTRIBUTABLE TO THE DISTRICT
 OF OPEB LIABILITY AND RELATED RATIOS
 STATE HEALTH BENEFITS LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN
 LAST FISCAL YEAR*

	<u>June 30, 2018</u>
OPEB liability, July 1	\$ 79,718,689
Changes reconized for the fiscal year:	
Service cost	3,337,071
Interest on the total OPEB liability	2,343,773
Changes in assumptions	(9,889,193)
Gross benefit payments	(1,710,813)
Contributions from the member	62,996
Net changes	<u>(5,856,166)</u>
OPEB liability, June 30	<u>\$ 73,862,523</u>
District's proportionate share of OPEB liability	\$ -
State's proportionate share of OPEB liability	<u>73,862,523</u>
Total OPEB liability	<u>\$ 73,862,523</u>
District's covered employee payroll	\$ 20,238,200
Total OPEB Liability as a percentage of covered employee payroll	0.000%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a 10-year trend is compiled, the District will only present information for those years for which information is available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NEW PROVIDENCE SCHOOL DISTRICT
Notes to the Required Supplementary Information
for the Fiscal Year ended June 30, 2018

	Public Employees' Retirement System (PERS)	Teachers Pension and Annuity Fund (TPAF)	State Health Benefit Local Education Retired Employees OPEB Plan
Change in benefits	None	None	None
Changes in assumptions:			
Discount rate:			
As of June 30, 2017	5.00%	4.25%	2.85%
As of June 30, 2016	3.98%	3.22%	3.58%
Municipal bond rate:			
As of June 30, 2017	3.58%	3.58%	3.58%
As of June 30, 2016	2.85%	2.85%	2.85%
Inflation rate:			
As of June 30, 2017	2.25%	2.25%	2.50%
As of June 30, 2016	3.08%	2.50%	
Long-term expected rate of return on pension plan investments:			
As of June 30, 2017	7.00%	7.00%	Not Applicable
As of June 30, 2016	7.65%	7.65%	Not Applicable

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, 2018

	<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>
REVENUES:							
State sources	\$ 14,190	\$ 7,542	\$ 5,268	\$ 7,771	\$ 4,799	\$ 9,908	\$ 15,149
Federal sources							
Local sources							
Total revenues	<u>\$ 14,190</u>	<u>\$ 7,542</u>	<u>\$ 5,268</u>	<u>\$ 7,771</u>	<u>\$ 4,799</u>	<u>\$ 9,908</u>	<u>\$ 15,149</u>
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$		\$	\$	\$	\$	\$
Purchased prof. & tech. services	14,190		5,268	7,771		9,908	15,149
General supplies and equipment					4,799		
Textbooks		<u>7,542</u>					
Total instruction	<u>14,190</u>	<u>7,542</u>	<u>5,268</u>	<u>7,771</u>	<u>4,799</u>	<u>9,908</u>	<u>15,149</u>
Support services:							
Salaries of other professional staff							
Salaries of secretarial & clerical asst.							
Personal services-employee benefits							
Instructional equipment							
Total support services							
Total expenditures	<u>\$ 14,190</u>	<u>\$ 7,542</u>	<u>\$ 5,268</u>	<u>\$ 7,771</u>	<u>\$ 4,799</u>	<u>\$ 9,908</u>	<u>\$ 15,149</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 E.S.L.</u>	<u>Nonpublic Security Aid</u>	<u>Title I Part A</u>	<u>Title II Part A</u>	<u>Title IV</u>	<u>Title III</u>	<u>IDEA-Part B - Basic Reg. Prog.</u>	<u>IDEA-Part Pre- School</u>	<u>2018</u>
\$ 3,932	\$ 271	\$ 10,385	\$ 136,618	\$ 21,440	\$ 9,219	\$ 4,688	\$ 454,354	\$ 18,160	\$ 79,215
									644,479
<u>\$ 3,932</u>	<u>\$ 271</u>	<u>\$ 10,385</u>	<u>\$ 136,618</u>	<u>\$ 21,440</u>	<u>\$ 9,219</u>	<u>\$ 4,688</u>	<u>\$ 454,354</u>	<u>\$ 18,160</u>	<u>\$ 723,694</u>
\$ 3,932	\$ 271	\$ 10,385	\$ 83,921	\$ 19,855	\$ 9,219	\$ 918	\$ 450,160	\$ 18,160	\$ 84,839
			7,481	1,585		2,290	4,194		574,039
			45,216			1,480			57,274
									7,542
<u>3,932</u>	<u>271</u>	<u>10,385</u>	<u>136,618</u>	<u>21,440</u>	<u>9,219</u>	<u>4,688</u>	<u>454,354</u>	<u>18,160</u>	<u>723,694</u>
<u>\$ 3,932</u>	<u>\$ 271</u>	<u>\$ 10,385</u>	<u>\$ 136,618</u>	<u>\$ 21,440</u>	<u>\$ 9,219</u>	<u>\$ 4,688</u>	<u>\$ 454,354</u>	<u>\$ 18,160</u>	<u>\$ 723,694</u>
<u>\$</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, 2018

<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>15,996,856</u>	<u>2,280,770</u>	<u>11,527,819</u>	<u>2,188,267</u>
		<u>\$ 35,238,766</u>	<u>\$ 21,522,680</u>	<u>\$ 11,527,819</u>	<u>\$ 2,188,267</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, 2018

Revenues and Other Financing Sources	
State Sources	\$
Bond Proceeds and transfers	-
Interest income	54,138
Miscellaneous	
Transfer from capital reserve	
Transfer from capital outlay	
Total Revenues	<u>54,138</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	252,296
Land and Improvements	
Construction Services	11,237,648
Equipment Purchases	<u>37,875</u>
Total Expenditures	<u>11,527,819</u>
Excess (deficiency) of revenues over (under) expenditures	(11,473,681)
Fund balance - beginning	<u>13,661,948</u>
Fund balance - ending	<u>\$ 2,188,267</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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond Proceeds and transfers	4,400,000		4,400,000	4,400,000
Contribution from private source				
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues	4,400,000	_____	4,400,000	4,400,000
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and Improvements				
Construction Services	4,400,000		4,400,000	4,400,000
Equipment Purchases				
Total Expenditures	4,400,000	0	4,400,000	4,400,000
Excess (deficiency) of revenues over (under) expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Additional project information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	07/15/1999			
Bonds Authorized	4,400,000			
Bonds Issued	4,400,000			
Original Authorized Cost	4,400,000			
Additional Authorized Cost	N/A			
Revised Authorized Cost	4,400,000			
Percentage Increase over Original Authorized Cost	N/A			
Percentage Completion	100%			
Original target completion date	05/31/2001			
Revised target completion date	05/31/2001			

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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$	\$
Bond Proceeds and transfers	13,615,000		13,615,000	13,615,000
Interest income	830,495		830,495	830,495
Contribution from private source				
Transfer from capital reserve	396,415		396,415	396,415
Transfer from capital outlay				
Total revenues	<u>14,841,910</u>	<u> </u>	<u>14,841,910</u>	<u>14,841,910</u>
Expenditures and Other Financing Uses				
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>
Additional project information:				
Project Number	3560-50-5-1000			
Grant Date	07/29/2005			
Bond Authorization Date	12/15/2006			
Bonds Authorized	13,615,000			
Bonds Issued	13,615,000			
Original Authorized Cost	13,615,000			
Additional Authorized Cost	1,226,910			
Revised Authorized Cost	14,841,910			
Percentage Increase over Original				
Authorized Cost	9.01%			
Percentage Completion	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, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$	\$	\$ 0	\$
Bond Proceeds and transfers	15,885,000		15,885,000	15,885,000
Interest income	57,653	54,138	111,791	111,791
Miscellaneous	65		65	65
Transfer from capital reserve				
Transfer from capital outlay				
Total revenues	<u>15,942,718</u>	<u>54,138</u>	<u>15,996,856</u>	<u>15,996,856</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	1,010,824	252,296	1,263,120	1,263,120
Land and Improvements				
Construction Services	1,253,784	11,237,648	12,491,432	12,491,432
Equipment Purchases	16,162	37,875	54,037	54,037
Total Expenditures	<u>2,280,770</u>	<u>11,527,819</u>	<u>13,808,589</u>	<u>13,808,589</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>13,661,948</u>	\$ <u>(11,473,681)</u>	\$ <u>2,188,267</u>	\$ <u>2,188,267</u>
Additional project information:				
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		111,856		
Revised Authorized Cost		15,996,856		
Percentage Increase over Original				
Authorized Cost		0.70%		
Percentage Completion		86.32%		
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, 2018

	<u>Food Service Fund</u>
ASSETS:	
Current assets:	
Cash and cash equivalents	\$ 171,878
Accounts receivable:	
State	
Federal	
Other	4,474
Inventory	<u>5,685</u>
Total current assets	<u>182,037</u>
Fixed assets:	
Equipment	288,255
Accumulated depreciation	<u>(164,743)</u>
Total fixed assets	<u>123,512</u>
Total assets	<u>\$ 305,549</u>
LIABILITIES AND NET POSITION:	
Current liabilities:	
Accounts payable	\$ <u>15,930</u>
Total current liabilities	<u>15,930</u>
Net position:	
Unrestricted	<u>289,619</u>
Total net position	<u>289,619</u>
Total liabilities and net position	<u>\$ 305,549</u>

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
for the Fiscal Year ended June 30, 2018

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program and adult sales	\$ 810,845
Total-daily sales-reimbursable programs	<u>810,845</u>
Daily sales non-reimbursable programs:	
Special functions	<u>12,937</u>
Total operating revenue	<u>823,782</u>
OPERATING EXPENSES:	
Labor costs	324,974
Cost of sales	435,157
Direct expenses	23,418
Depreciation	<u>25,100</u>
Total operating expenses	<u>808,649</u>
Operating gain	<u>15,133</u>
Non-operating revenues:	
State sources:	
State school lunch program	
Federal sources:	
National school lunch program	
Food distribution program	
Interest Income	<u>2,683</u>
Total non-operating revenues	<u>2,683</u>
Net income before operating transfers	17,816
Operating transfers:	
Operating transfers in - General fund	
Change in net position	<u>17,816</u>
Net position - July 1	<u>271,803</u>
Net position - June 30	<u>\$ 289,619</u>

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2018

	<u>Food Service Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 820,413
Payments to employees	(324,974)
Payments to suppliers	(461,250)
Net cash provided by operating activities	<u>34,189</u>
Cash flows from non-capital financing activities:	
State sources	
Federal sources	
Food distribution program	<u> </u>
Net cash provided by non-capital financing activities	<u> </u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(28,250)
Net cash (used for) capital and related financing activities	<u>(28,250)</u>
Cash flows from investing activities:	
Interest on investments	<u>2,683</u>
Net cash provided by investing activities	<u>2,683</u>
Net increase in cash and cash equivalents	8,622
Balances - July 1	<u>163,256</u>
Balances - June 30	\$ <u><u>171,878</u></u>
Reconciliation of operating gain to net cash (used for) provided by operating activities:	
Operating gain	\$ <u>15,133</u>
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Increase in accounts receivable	(3,369)
Increase in inventories	(330)
Decrease in accounts payable	(2,345)
Depreciation	<u>25,100</u>
Total adjustments	<u>19,056</u>
Net cash provided by operating activities	\$ <u><u>34,189</u></u>

FIDUCIARY FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
 Fiduciary Fund
 Combining Statement of Fiduciary Net Position
 June 30, 2018

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund	Agency		Total
			Student Activity	Payroll	2018
ASSETS:					
Cash and cash equivalents	\$ <u>152,851</u>	\$ <u>297,197</u>	\$ <u>119,761</u>	\$ <u>215,951</u>	\$ <u>785,760</u>
Total assets	\$ <u><u>152,851</u></u>	\$ <u><u>297,197</u></u>	\$ <u><u>119,761</u></u>	\$ <u><u>215,951</u></u>	\$ <u><u>785,760</u></u>
LIABILITIES AND NET POSITION:					
Liabilities:					
Payroll deductions & withholdings	\$	\$	\$	\$ 215,951	\$ 215,951
Due to student groups	<u> </u>	<u> </u>	<u>119,761</u>	<u> </u>	<u>119,761</u>
Total liabilities	<u> </u>	<u> </u>	<u>119,761</u>	<u>215,951</u>	<u>335,712</u>
Net position					
Held in trust for unemployment claims and other purposes		297,197			297,197
Reserved for scholarships	<u>152,851</u>	<u> </u>	<u> </u>	<u> </u>	<u>152,851</u>
Total liabilities and net position	\$ <u><u>152,851</u></u>	\$ <u><u>297,197</u></u>	\$ <u><u>119,761</u></u>	\$ <u><u>215,951</u></u>	\$ <u><u>785,760</u></u>

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Changes in Fiduciary Net Position
for the Fiscal Year ended June 30, 2018

	Private Purpose Scholarship Funds					Class of 1960 Scholarship Fund
	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	
ADDITIONS:						
Local sources:						
Interest on investments	\$ 79	\$ 64	\$ 206	\$ 106	\$ 145	\$ 676
Contributions						<u>3,682</u>
Total operating revenues	<u>79</u>	<u>64</u>	<u>206</u>	<u>106</u>	<u>145</u>	<u>4,358</u>
DEDUCTIONS:						
Unemployment Claims Paid						
Special Services						
Scholarship payments	<u>500</u>	<u>500</u>	<u>1,000</u>	<u>150</u>		<u>1,000</u>
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>(421)</u>	<u>(436)</u>	<u>(794)</u>	<u>(44)</u>	<u>145</u>	<u>3,358</u>
Net income (loss)	(421)	(436)	(794)	(44)	145	3,358
Net position, July 1	<u>8,205</u>	<u>6,751</u>	<u>21,127</u>	<u>10,550</u>	<u>14,175</u>	<u>65,265</u>
Net position, June 30	<u>\$ 7,784</u>	<u>\$ 6,315</u>	<u>\$ 20,333</u>	<u>\$ 10,506</u>	<u>\$ 14,320</u>	<u>\$ 68,623</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>2018</u>
\$ 171	\$ 90	\$ 23	\$ 1,560	\$ 2,904	\$ 4,464
<u>300</u>			<u>3,982</u>	<u>77,262</u>	<u>81,244</u>
<u>471</u>	<u>90</u>	<u>23</u>	<u>5,542</u>	<u>80,166</u>	<u>85,708</u>
				18,049	18,049
<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>18,049</u>	<u>25,199</u>
<u>(29)</u>	<u>(1,910)</u>	<u>(1,477)</u>	<u>(1,608)</u>	<u>62,117</u>	<u>60,509</u>
(29)	(1,910)	(1,477)	(1,608)	62,117	60,509
<u>14,021</u>	<u>10,705</u>	<u>3,660</u>	<u>154,459</u>	<u>235,080</u>	<u>389,539</u>
<u>\$ 13,992</u>	<u>\$ 8,795</u>	<u>\$ 2,183</u>	<u>\$ 152,851</u>	<u>\$ 297,197</u>	<u>\$ 450,048</u>

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2018

	<u>Balance,</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2018</u>
ELEMENTARY SCHOOLS:				
A.W. Roberts	\$ 15,873	\$ 19,405	\$ (20,631)	\$ 14,647
Salt Brook	<u>15,655</u>	<u>28,331</u>	<u>(21,505)</u>	<u>22,481</u>
Total elementary schools	<u>\$ 31,528</u>	<u>\$ 47,736</u>	<u>\$ (42,136)</u>	<u>\$ 37,128</u>
MIDDLE SCHOOL:				
Middle School	\$ <u>8,708</u>	\$ <u>37,260</u>	\$ <u>(41,714)</u>	\$ <u>4,254</u>
Total middle school	<u>\$ 8,708</u>	<u>\$ 37,260</u>	<u>\$ (41,714)</u>	<u>\$ 4,254</u>
HIGH SCHOOL:				
New Providence	\$ <u>106,287</u>	\$ <u>385,975</u>	\$ <u>(413,883)</u>	\$ <u>78,379</u>
Total high school	<u>\$ 106,287</u>	<u>\$ 385,975</u>	<u>\$ (413,883)</u>	<u>\$ 78,379</u>
Total all schools	<u>\$ 146,523</u>	<u>\$ 470,971</u>	<u>\$ (497,733)</u>	<u>\$ 119,761</u>

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2018

	<u>Balance,</u> <u>July 1, 2017</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2018</u>
PAYROLL AGENCY FUND:				
Gross payroll, deductions and withholdings (Payroll Agency Account)	\$ 240,802	\$ 25,883,259	\$ (25,908,110)	\$ 215,951
Accrued salaries and wages (Net Payroll Account)	<u>-</u>	<u>14,098,681</u>	<u>(14,098,681)</u>	<u>-</u>
Total payroll agency fund	<u>\$ 240,802</u>	<u>\$ 39,981,940</u>	<u>\$ (40,006,791)</u>	<u>\$ 215,951</u>

LONG-TERM DEBT

NEW PROVIDENCE SCHOOL DISTRICT
 Long Term Debt
 Schedule of Serial Bonds
 June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate (%)
			Date	Amount	
School Bonds, Series 2006 2nd	12/15/06	\$ 3,240,000	8/15/17	\$ 180,000	4.000
Refunding School Bonds, Series 2014	9/17/14	\$ 7,615,000	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, 2017	Issued	Retired	Balance, June 30, 2018
\$ 180,000	\$ -	\$ (180,000)	\$ -
<u>180,000</u>	<u>-</u>	<u>(180,000)</u>	<u>0</u>
\$ 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
<u>925,000</u>	<u>-</u>	<u>-</u>	<u>925,000</u>
<u>7,595,000</u>	<u>-</u>	<u>(565,000)</u>	<u>7,030,000</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>975,000</u>	<u>-</u>	<u>-</u>	<u>975,000</u>
<u>15,885,000</u>	<u>-</u>	<u>(500,000)</u>	<u>15,385,000</u>
\$ <u>23,660,000</u>	\$ <u>-</u>	\$ <u>(1,245,000)</u>	\$ <u>22,415,000</u>

NEW PROVIDENCE SCHOOL DISTRICT
Long Term Debt
Schedule of Obligations Under Capital Leases
for the Fiscal Year ended June 30, 2018

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2017</u>	<u>Issued Current Year</u>	<u>Retired/Paid Current Year</u>	<u>Amount Outstanding June 30, 2018</u>
Canon Copiers	\$ 161,232	\$ 40,308	\$	\$ 40,308	\$
Apple Computer Equipment	85,320	42,660		42,660	
Apple Computer Equipment	48,236	<u> </u>	<u>48,236</u>	<u>24,118</u>	<u>24,118</u>
		<u>\$ 82,968</u>	<u>\$ 48,236</u>	<u>\$ 107,086</u>	<u>\$ 24,118</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
for the Fiscal Year ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,498,204	\$	\$ 1,498,204	\$ 1,498,204	\$
State sources:					
Debt Service Type II Aid	<u>534,405</u>	<u> </u>	<u>534,405</u>	<u>534,405</u>	<u> </u>
Total revenues	\$ <u>2,032,609</u>	\$ <u> </u>	\$ <u>2,032,609</u>	\$ <u>2,032,609</u>	\$ <u> </u>
EXPENDITURES:					
Regular debt service:					
Interest	\$ 833,031	<u> </u>	833,031	\$ 833,031	\$
Redemption of principal	<u>1,245,000</u>	<u> </u>	<u>1,245,000</u>	<u>1,245,000</u>	<u> </u>
Total regular debt service	<u>2,078,031</u>	<u> </u>	<u>2,078,031</u>	<u>2,078,031</u>	<u> </u>
Total expenditures	<u>2,078,031</u>	<u> </u>	<u>2,078,031</u>	<u>2,078,031</u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	(45,422)	<u> </u>	(45,422)	(45,422)	<u> </u>
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>(45,422)</u>	<u> </u>	<u>(45,422)</u>	<u>(45,422)</u>	<u> </u>
Fund balances, July 1	<u>45,423</u>	<u> </u>	<u>45,423</u>	<u>45,423</u>	<u> </u>
Fund balances, June 30	\$ <u>1</u>	\$ <u> </u>	\$ <u>1</u>	\$ <u>1</u>	\$ <u> </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,			2018
	2015	2016	2017	
Governmental activities				
Invested in capital assets, net of related debt	\$ 6,585,446	\$ 6,501,130	\$ (6,858,943)	\$ 4,040,654
Restricted	451,947	640,863	15,606,408	4,618,825
Unrestricted	(8,399,198)	(8,528,831)	(10,068,983)	(10,411,341)
Total governmental activities net position	<u>\$ (1,361,805)</u>	<u>\$ (1,386,838)</u>	<u>\$ (1,321,518)</u>	<u>\$ (1,751,862)</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 151,844	\$ 135,059	\$ 120,362	\$ 123,512
Restricted	-	-	-	-
Unrestricted	137,929	138,100	151,441	166,107
Total business-type activities net position	<u>\$ 289,773</u>	<u>\$ 273,159</u>	<u>\$ 271,803</u>	<u>\$ 289,619</u>
District-wide				
Invested in capital assets, net of related debt	\$ 6,737,290	\$ 6,636,189	\$ (6,738,581)	\$ 4,164,166
Restricted	451,947	640,863	15,606,408	4,618,825
Unrestricted	(8,261,269)	(8,390,731)	(9,917,542)	(10,245,234)
Total district net position	<u>\$ (1,072,032)</u>	<u>\$ (1,113,679)</u>	<u>\$ (1,049,715)</u>	<u>\$ (1,462,243)</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,			
	2015	2016	2017	2018
Expenses				
Governmental activities				
Instruction				
Regular	\$ 13,122,201	\$ 13,232,521	\$ 13,732,314	\$ 14,236,542
Special education	2,327,478	2,481,345	2,585,876	2,636,119
Other special education	293,590	292,636	339,473	297,663
Vocational	-	-	-	-
Other instruction	973,365	861,353	932,935	983,825
Nonpublic school programs	-	-	-	-
Adult/continuing education programs	-	-	-	-
Support Services:				
Tuition	2,466,291	2,638,139	2,566,033	2,477,479
Student & instruction related services	3,536,076	3,570,885	3,661,895	3,721,839
School administrative services	1,411,511	1,377,108	1,398,769	1,442,372
General & business administrative services	11,557,805	11,851,219	13,643,633	21,752,416
Plant operations and maintenance	2,189,103	2,223,541	2,195,207	2,350,526
Pupil transportation	910,256	1,058,768	1,335,666	1,301,539
Unallocated depreciation	-	-	974,257	1,642,856
Special Schools	-	-	-	-
Charter Schools	-	-	-	-
Interest on long-term debt	395,516	353,610	304,240	833,031
Unallocated depreciation	1,118,929	1,064,016	-	-
Total governmental activities expenses	<u>40,302,121</u>	<u>41,005,141</u>	<u>43,670,298</u>	<u>53,676,207</u>
Business-type activities:				
Food service	761,197	772,120	779,985	808,649
Child Care	-	-	-	-
Total business-type activities expense	<u>761,197</u>	<u>772,120</u>	<u>779,985</u>	<u>808,649</u>
Total district expenses	<u>\$ 41,063,318</u>	<u>\$ 41,777,261</u>	<u>\$ 44,450,283</u>	<u>\$ 54,484,856</u>
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction (tuition)	\$ 143,328	\$ 104,632	\$ 86,506	\$ 78,982
Pupil transportation	-	-	-	-
Business and other support services	-	-	-	-
Operating grants and contributions	616,777	721,265	764,226	714,170
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>760,105</u>	<u>825,897</u>	<u>850,732</u>	<u>793,152</u>
Business-type activities:				
Charges for services				
Food service	732,136	754,858	777,529	823,782
Operating grants and contributions	573	648	1,100	2,683
Capital grants and contributions	-	-	-	-
Total business type activities program revenues	<u>732,709</u>	<u>755,506</u>	<u>778,629</u>	<u>826,465</u>
Total district program revenues	<u>\$ 1,492,814</u>	<u>\$ 1,581,403</u>	<u>\$ 1,629,361</u>	<u>\$ 1,619,617</u>
Net (Expense)/Revenue				
Governmental activities	\$ (39,542,016)	\$ (40,179,244)	\$ (42,819,566)	\$ (52,883,055)
Business-type activities	(28,488)	(16,614)	(1,356)	17,816
Total district-wide net expense	<u>\$ (39,570,504)</u>	<u>\$ (40,195,858)</u>	<u>\$ (42,820,922)</u>	<u>\$ (52,865,239)</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,			
	2015	2016	2017	2018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes levied for general purposes, net	\$ 32,479,298	\$ 33,241,004	\$ 34,643,702	\$ 35,448,844
Taxes levied for debt service	1,197,638	1,324,897	1,012,409	1,498,204
Federal and State aid not restricted	4,910,899	5,430,312	6,217,067	15,227,360
Investment earnings	15,558	18,867	86,028	137,915
Special item - Appraisal of capital asset adjustment	107,272	15,602	144,039	-
Miscellaneous income	190,350	126,424	783,808	147,241
Special item - Loss on disposal of fixed assets	(1,647)	(2,895)	(2,167)	(6,853)
Special item - Series 2008 refunding bond cost	80,000	-	-	-
Total governmental activities	<u>38,979,368</u>	<u>40,154,211</u>	<u>42,884,886</u>	<u>52,452,711</u>
Business-type activities:				
Investment earnings	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 38,979,368</u>	<u>\$ 40,154,211</u>	<u>\$ 42,884,886</u>	<u>\$ 52,452,711</u>
Change in Net Position				
Governmental activities	\$ (562,648)	\$ (25,033)	\$ 65,320	\$ (430,344)
Business-type activities	(28,488)	(16,614)	(1,356)	17,816
Total district	<u>\$ (591,136)</u>	<u>\$ (41,647)</u>	<u>\$ 63,964</u>	<u>\$ (412,528)</u>

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,			
	2015	2016	2017	2018
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved				
Restricted	406,525	595,441	1,899,037	2,430,557
Committed	382,128	915,022	632,675	689,040
Assigned	562,513	481,055	288,597	327,459
Unassigned	607,799	591,702	629,375	626,665
Total general fund	<u>\$ 1,958,965</u>	<u>\$ 2,583,220</u>	<u>\$ 3,449,684</u>	<u>\$ 4,073,721</u>
All Other Governmental Funds				
Committed, Capital Projects Fund	\$ -	\$ -	\$ 10,911,451	\$ 1,353,649
Unassigned, reported in:				
Special revenue fund				
Capital projects fund			2,750,497	834,618
Debt service fund			45,423	1
Permanent fund				
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,707,371</u>	<u>\$ 2,188,268</u>

Source: CAFR Schedule B-1

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

	2009	2010	2011	2012
Revenues				
Tax levy	\$ 29,741,203	\$ 30,630,043	\$ 31,927,528	\$ 31,916,359
Tuition charges	88,018	82,411	81,658	170,110
Interest earnings	30,707	70,714	61,166	63,568
Miscellaneous	141,046	199,532	162,051	105,295
Grants		46,704	60,331	62,291
State sources	4,301,873	3,980,715	3,123,778	3,957,892
Federal sources	472,914	740,930	682,870	627,205
Total revenue	34,775,761	35,751,049	36,099,382	36,902,720
Expenditures				
Current expense:				
Instruction	15,170,767	15,492,477	15,165,894	15,199,968
Undistributed expenditures	18,263,195	19,206,989	19,093,423	19,660,151
Special Schools	-	-	-	-
Capital outlay	2,651,896	125,919	279,118	67,991
Debt service	1,465,556	1,435,613	1,492,100	1,486,430
Total expenditures	37,551,414	36,260,998	36,030,535	36,414,540
Excess (Deficiency) of revenues over (under) expenditures	(2,775,653)	(509,949)	68,847	488,180
Other Financing sources (uses)				
Capital leases (non-budgeted)	-	-	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	-	-	-	-
Total other financing sources (uses)	-	-	236,186	-
Net change in fund balances	\$ (2,775,653)	\$ (509,949)	\$ 305,033	\$ 488,180
Debt service as a percentage of noncapital expenditures	4.2%	4.0%	4.2%	4.1%

Source: CAFR Schedule B-2

Exhibit J-4

2013	2014	2015	2016	2017	2018
\$ 32,399,731	\$ 32,635,348	\$ 33,676,936	\$ 34,565,901	\$ 35,656,111	\$ 36,947,048
167,212	239,857	143,328	104,632	86,506	78,982
66,418	17,086	15,558	18,867	86,028	137,915
98,965	178,071	190,350	126,424	783,808	147,241
79,681	3,864	(4,598)	(7,394)	(12,821)	(11,090)
4,936,075	4,578,724	4,988,395	5,507,598	6,292,618	7,252,409
545,782	531,779	543,879	651,373	701,496	646,045
<u>38,293,864</u>	<u>38,184,729</u>	<u>39,553,848</u>	<u>40,967,401</u>	<u>43,593,746</u>	<u>45,198,550</u>
15,623,276	15,843,198	16,197,180	16,445,109	17,164,055	17,699,174
20,671,486	20,877,601	22,469,848	22,303,251	23,829,077	24,664,216
-	-	-	-	-	-
666,209	411,149	542,346	219,110	2,593,281	11,700,431
1,495,178	1,486,537	1,445,516	1,448,610	1,449,240	2,078,031
<u>38,456,149</u>	<u>38,618,485</u>	<u>40,654,890</u>	<u>40,416,080</u>	<u>45,035,653</u>	<u>56,141,852</u>
(162,285)	(433,756)	(1,101,042)	551,321	(1,441,907)	(10,943,302)
340,380	103,071	270,292	72,934	85,320	48,236
-	-	-	-	15,885,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>340,380</u>	<u>103,071</u>	<u>270,292</u>	<u>72,934</u>	<u>15,970,320</u>	<u>48,236</u>
<u>\$ 178,095</u>	<u>\$ (330,685)</u>	<u>\$ (830,750)</u>	<u>\$ 624,255</u>	<u>\$ 14,528,413</u>	<u>\$ (10,895,066)</u>
4.0%	3.9%	3.6%	3.6%	3.4%	4.7%

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

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
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
2018	83,777	78,982	39,955	107,286	310,000

Source: District Records

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

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Business Personal Property ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b
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
2018	9,928,600	1,096,855,000	0	0	160,680,292	50,212,900	59,769,800	1,377,446,592	0	2,292,589	1,379,739,181	2.746

Source: District Records & Municipal Tax Assessor

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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 ^a	General Obligation Debt Service ^b	Total Direct	Borough of New Providence	Union County	Union County Open Space	Municipal Open Space	Municipal Library	
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
2018	2.635	0.111	2.746	0.967	1.031	0.029	0.007	0.065	4.845

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	2018			2009		
	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	\$ 45,787,800	1	3.48%	\$ -		
Tower Spring Gardens One 2015, LLC	15,795,700	2	1.20%	10,775,800	6	0.74%
N. Providence, LLC	14,272,800	3	1.09%	10,369,100	7	0.80%
41 Spring Street, LLC	8,461,600	7	0.64%	17,143,400	2	1.32%
The B.O.C. Group, Inc.	9,675,100	4	0.74%	32,788,200	1	2.53%
C. R. Bard, Inc.	10,000,000	5	0.76%	12,000,000	4	1.22%
121 Chanlon Venture LLC	8,500,000	6	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%	-		
New Providence Gardens Company, LLC	5,652,700	10	0.00%	6,542,000	10	0.51%
BAC Center of Excellence	-		0.00%	-		
Martindale-Hubbel, Inc. (Reed Publishing)	-		0.00%	14,678,385	3	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%	-		0.51%
			0.00%	-		0.51%
Total	\$ 133,739,800		9.74%	\$ 132,527,785		10.94%

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	
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%	-
2018	36,947,048	36,947,048	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 ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
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	0.68%	61,808
2017	23,660,000	-	82,968	-	-	-	23,742,968	N/A	N/A
2018	22,415,000	-	24,118	-	-	-	22,439,118	N/A	N/A

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

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

^a Information is based on Union County figures not Municipality figures.
N/A Not available at time of audit

**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 ^a of Property	Per Capita ^b
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
2018	22,415,000	-	22,415,000	1.62%	N/A

Note:

a Net Assessed Valuation Taxable.

b Information based on Union County figures not Municipality figures.

N/A Not available at time of audit

New Providence School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2018
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
New Providence Borough	23,267,322	100%	23,267,322
Other debt			
Union County	553,091,327	3.941%	<u>21,794,650</u>
Subtotal, overlapping debt			45,061,972
New Providence School District Direct Debt	22,415,000	100%	<u>22,415,000</u>
Total direct and overlapping debt			<u><u>\$ 67,476,972</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
	2017	\$ 2,694,050,054
	2016	\$ 2,558,836,405
	2015	\$ 2,479,209,247
	[A]	<u>\$ 7,732,095,706</u>
Average equalized valuation of taxable property		[A/3] \$ 2,577,365,235
Debt limit (4 % of average)		[B] 103,094,609 ^a
Net bonded school debt		[C] 22,415,000
Legal debt margin		[B-C] <u>\$ 80,679,609</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 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	\$ 103,094,609
Total net debt applicable to limit	<u>15,765,000</u>	<u>14,955,000</u>	<u>14,055,000</u>	<u>13,125,000</u>	<u>12,150,000</u>	<u>11,145,000</u>	<u>10,095,000</u>	<u>8,920,000</u>	<u>23,660,000</u>	<u>22,415,000</u>
Legal debt margin	<u>\$ 85,226,646</u>	<u>\$ 88,567,414</u>	<u>\$ 89,387,096</u>	<u>\$ 88,905,310</u>	<u>\$ 88,699,042</u>	<u>\$ 89,040,750</u>	<u>\$ 88,513,797</u>	<u>\$ 89,328,486</u>	<u>\$ 75,573,578</u>	<u>\$ 80,679,609</u>
Total net debt applicable to the limit as a percentage of debt limit	15.61%	14.45%	13.59%	12.86%	12.05%	11.12%	10.24%	9.08%	23.84%	21.74%

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

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
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	-	60,808	3.4%
2017	13,308	-	N/A	3.1%
2018	N/A	-	N/A	N/A

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

*Estimates supplied by U. S. Census Bureau

^b Personal income could not be compiled based on available data.

^c Per Capita income based on Union County figures.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

N/A Not available at time of audit

New Providence School District
Principal Employers
Year 2018 and Nine Years Ago
Unaudited

Employer	2009			2018		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
*	-	-	-	-	-	-
*	-	-	-	-	-	-
*	-	-	-	-	-	-
*	-	-	-	-	-	-
*	-	-	-	-	-	-
*	-	-	-	-	-	-
*	-	-	-	-	-	-
*	-	-	-	-	-	-
*	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>0.00%</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>

*Data not available from Borough of New Providence

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

<u>Function/Program</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>	<u>2018</u>
Instruction										
Regular	156.6	154	150	148.5	149.5	150.5	153.5	152	153.7	159
Supplemental (Special Education)	20.1	18.5	17.6	16.9	19	20	23	24	25	25
Vocational	1	1	1	1	1	1	1	1	1	1
Support Services										
Certificated:										
Educational Support (Includes Special Ed)	29.2	29.2	29.5	30.3	30.3	31.3	28.3	30.3	30.5	30.9
General administrative services	2	2	2	1.8	2	2	2	2	2	2
Business administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	10.5	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	14.5	16	18.5	20	21	23	23
Technicians	2	2	2	2	2	2	2	2	2	2
Clerical/Secretarial	23.2	23.2	22.2	21.8	21.8	21.8	22	21	21	21
Service Workers (Includes Aides)	24.8	24.8	22.8	24.3	24.3	24.3	23	22	20.5	20.5
Skilled Crafts (Includes Maintenance)	8	8	8	7	7	7	7	7	7	7
Total	<u>293.4</u>	<u>289.2</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>	<u>302.9</u>

Source: CSI Personnel System

New Providence School District
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2009	2,241	32,826,002	14,648		206.9	1:11	1:14	1:11	2,207	2,112		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	2,403	40,228,906	16,741	6.10%	209.2	1:14	1:12	1:11	2,388	2,292	0.20%	96.00%
2018	2,421	41,649,220	17,203	2.76%	214.9	1:14	1:10	1:10	2,359	2,269	-1.20%	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**

	<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>	<u>2018</u>
<u>District Building</u>										
<u>Elementary</u>										
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	562	562	562	562
Enrollment	616	620	630	617	652	649	663	637	657	671
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	570	570	570	570
Enrollment	620	628	615	649	643	662	638	669	649	650
<u>High School/Middle School</u>										
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	185,752
Functional Capacity (students)	1,041	1,041	1,041	1,041	1,041	1,041	1,039	1,039	1,039	1,052
Enrollment	963	958	961	948	971	1,021	1,040	1,025	1,019	1,034
<u>Other</u>										
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, 2018										
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)	2014	2015	2016	2017	2018
Allen W. Roberts School	N/A	\$ 120,387	\$ 124,507	\$ 120,520	\$ 129,474	\$ 120,594
Salt Brook School	N/A	155,118	158,967	176,026	152,981	162,624
Middle/High School	N/A	302,023	301,017	314,727	303,332	323,310
Total School Facilities		<u>577,528</u>	<u>584,491</u>	<u>611,274</u>	<u>585,786</u>	<u>606,528</u>
Other Facilities		<u>9,152</u>	<u>7,643</u>	<u>8,006</u>	<u>7,946</u>	<u>7,630</u>
Grand Total		<u>\$ 586,680</u>	<u>\$ 592,134</u>	<u>\$ 619,280</u>	<u>\$ 593,732</u>	<u>\$ 614,158</u>

**NEW PROVIDENCE SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR FISCAL YEAR ENDED JUNE 30, 2018
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)	81,472,944	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

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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, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated February 15, 2019.

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.

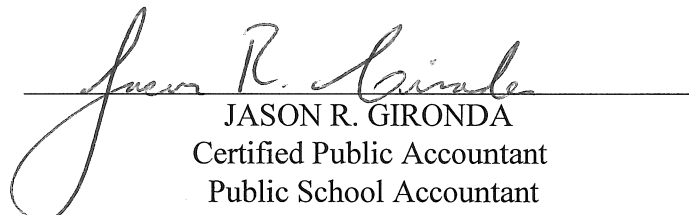
Compliance and Other Matters

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
February 15, 2019

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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, 2018. 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, 2018.

Report on Internal Control Over Compliance

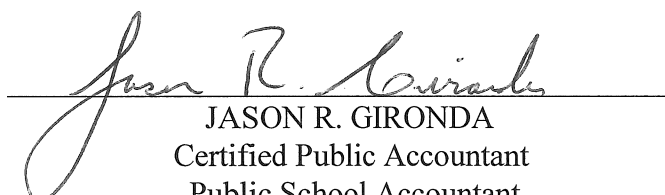
Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types 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, DÓRIA & TOMKINS, LLC
Certified Public Accountants


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

Bayonne, New Jersey
February 15, 2019

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2017
					FROM	TO	
U.S. DEPARTMENT OF EDUCATION							
PASSED-THROUGH STATE							
DEPARTMENT OF EDUCATION:							
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	\$ (1,508)
Title I-A, Grants to Local Ed. Agencies	84.010A	S010A160030	N/A	152,616	07/01/16	06/30/17	(25,157)
Title I-A, Grants to Local Ed. Agencies	84.010A	S010A170030	N/A	136,618	07/01/17	06/30/18	
Total Title I-A, Grants to Local Ed. Agencies							(26,665)
Title II-A, Improv. Teacher Quality							
Title II-A, Improv. Teacher Quality	84.367A	S367A160029	N/A	39,398	07/01/16	06/30/17	(1,921)
Title II-A, Improv. Teacher Quality	84.367A	S367A170029	N/A	21,440	07/01/17	06/30/18	
Total Title II-A, Improv. Teacher Quality							(1,921)
Title III, English Language Acquisition							
Title III, English Language Acquisition	84.365A	S365A160030	N/A	4,997	07/01/16	06/30/17	(1,748)
Title III, English Language Acquisition	84.365A	S365A170030	N/A	4,688	07/01/17	06/30/18	
Total Title III, English Language Acquisition							(1,748)
Title IV, Student Support and Academic Enrichment							
Title IV, Student Support and Academic Enrichment	84.424	S4240170031	N/A	9,219	07/01/17	06/30/18	
Special Education Cluster (IDEA)							
IDEA Pre-School	84.027	H027A160100	N/A	18,281	07/01/16	06/30/17	(3)
IDEA Pre-School	84.027	H027A170100	N/A	18,160	07/01/17	06/30/18	
IDEA B Flow-Through Entitlements	84.027	H027A160100	N/A	471,642	07/01/16	06/30/17	(76,942)
IDEA B Flow-Through Entitlements	84.027	H027A170100	N/A	454,354	07/01/17	06/30/18	
Total Special Education Cluster (IDEA)							(76,945)
Total Special Revenue Fund							(107,279)
TOTAL FEDERAL FINANCIAL AWARDS							\$ (107,279)

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

EXHIBIT K-3
SCHEDULE A

CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPENDI- TURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2018		
					ACCOUNTS RECEIVABLE	DEFERRED REVENUE	DUE TO GRANTOR
\$	\$	\$	\$	\$	\$ (1,508)	\$	\$
	25,157						
	94,658	136,298			(41,640)		320
	119,815	136,298			(43,148)		320
	1,921						
	11,662	21,440			(9,778)		
	13,583	21,440			(9,778)		
	1,748						
	2,605	4,688			(2,083)		
	4,353	4,688			(2,083)		
	5,456	9,219			(3,763)		
	3						
	18,160	18,160					
	76,942						
	367,383	454,354			(86,971)		
	462,488	472,514			(86,971)		
	605,695	644,159			(145,743)		320
\$	\$ 605,695	\$ 644,159	\$	\$	\$ (145,743)	\$	\$ 320

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2017			CARRYOVER/ (WALKOVER) AMOUNT
			FROM	TO	BUDGETARY RECEIVABLE	DEFERRED REVENUE (ACCTS. REC.)	DUE TO GRANTOR	
STATE DEPARTMENT OF EDUCATION								
General Fund:								
Extraordinary Aid	17-495-034-5120-044	379,860	7/01/16	6/30/17	\$	\$ (379,860)	\$	\$
Extraordinary Aid	18-495-034-5120-044	343,622	7/01/17	6/30/18				
Total Extraordinary Aid						(379,860)		
Special Education Categorical Aid	18-495-034-5120-089	898,181	7/01/17	6/30/18				
Transportation Aid	17-495-034-5120-014	49,252	7/01/16	6/30/17	(49,252)			
Transportation Aid	18-495-034-5120-014	49,252	7/01/17	6/30/18				
Security Aid	17-495-034-5120-084	39,922	7/01/16	6/30/17	(39,922)			
Security Aid	18-495-034-5120-084	39,922	7/01/17	6/30/18				
Per Pupil Growth Aid	17-495-034-5120-097	22,920	7/01/16	6/30/17	(1,547)			
Per Pupil Growth Aid	18-495-034-5120-097	22,920	7/01/17	6/30/18				
PARCC Readiness Aid	18-495-034-5120-098	22,920	7/01/17	6/30/18				
Professional Learning Community Aid	18-495-034-5120-101	23,620	7/01/17	6/30/18				
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	1,173,549	7/01/16	6/30/17		(58,772)		
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	1,240,317	7/01/17	6/30/18				
On-behalf TPAF Pension Contribution	18-495-034-5094-002	2,376,819	7/01/17	6/30/18				
On-behalf TPAF Non-Contributory Group Insurance	18-495-034-5094-004	57,679	7/01/17	6/30/18				
On-behalf TPAF Post Retirement Medical Contributions	18-495-034-5094-001	1,572,390	7/01/17	6/30/18				
On-behalf TPAF Long Term Disability Insurance	18-495-034-5094-004	4,205	7/01/17	6/30/18				
Total General Fund					(90,721)	(438,632)		
Special Revenue Fund:								
New Jersey Non-public Aid:								
Textbook Aid	17-100-034-5120-064	9,799	7/01/16	6/30/17			69	
Textbook Aid	18-100-034-5120-064	7,779	7/01/17	6/30/18				
Total Textbook Aid							69	
Nursing Services Aid	17-100-034-5120-070	15,300	7/01/16	6/30/17			2,331	
Nursing Services Aid	18-100-034-5120-070	13,774	7/01/17	6/30/18				
Total Nursing Services Aid							2,331	
Auxiliary Services (Chapter 192):								
Compensatory Education	17-100-034-5120-067	25,978	7/01/16	6/30/17			9,406	
Compensatory Education	18-100-034-5120-067	23,032	7/01/17	6/30/18				
English as a Second Language	17-100-034-5120-067	2,741	7/01/16	6/30/17			2,741	
English as a Second Language	18-100-034-5120-068	903	7/01/17	6/30/18				
Home Instruction	17-100-034-5120-067	550	7/01/16	6/30/17		(550)		
Transportation	18-100-034-5120-067	3,932	7/01/17	6/30/18				
Total Auxiliary Services (Chapter 192)						(550)	12,147	
Handicapped Services (Chapter 193):								
Corrective Speech	17-100-034-5120-066	8,835	7/01/16	6/30/17			1,991	
Corrective Speech	18-100-034-5120-066	10,714	7/01/17	6/30/18				
Examination and Classification	17-100-034-5120-066	9,187	7/01/16	6/30/17			3,886	
Examination and Classification	18-100-034-5120-066	18,010	7/01/17	6/30/18				
Supplementary Instruction	17-100-034-5120-066	9,416	7/01/16	6/30/17			2,511	
Supplementary Instruction	18-100-034-5120-066	7,930	7/01/17	6/30/18				
Total Handicapped Services (Chapter 193)							8,388	
Technology Initiative	17-100-034-5120-373	4,420	7/01/16	6/30/17			174	
Technology Initiative	18-100-034-5120-373	5,254	7/01/17	6/30/18				
Total Technology Initiative							174	
Security Aid	17-100-034-5120-509	8,500	7/01/16	6/30/17			43	
Security Aid	18-100-034-5120-509	10,650	7/01/17	6/30/18				
Total Security Aid							43	
Total Special Revenue Fund						(550)	23,152	
Debt Service Fund:								
Debt Service Aid	18-100-034-5120-017	534,405	7/01/17	6/30/18				
TOTAL STATE FINANCIAL ASSISTANCE					\$ (90,721)	\$ (439,182)	\$ 23,152	\$
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, 2018			MEMO	
				(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
\$ 379,860	\$ 343,622			\$ (343,622)	\$	\$	\$	\$ 343,622
379,860	343,622			(343,622)				343,622
898,181	898,181							898,181
49,252	49,252						(49,252)	49,252
39,922	39,922						(39,922)	39,922
1,547	22,920						(14,605)	22,920
8,315	22,920							22,920
22,920	23,620							23,620
23,620	58,772							23,620
58,772	1,240,317			(62,614)				1,240,317
1,177,703	2,376,819							2,376,819
2,376,819	57,679							57,679
57,679	1,572,390							1,572,390
1,572,390	4,205							4,205
4,205								
6,671,185	6,651,847			(406,236)			(103,779)	6,651,847
			69					
7,779	7,542					237		7,542
7,779	7,542		69			237		7,542
			2,331					
13,774	9,908					3,866		9,908
13,774	9,908		2,331			3,866		9,908
			9,406					
23,032	15,149		2,741			7,883		15,149
903	271					632		
550	3,932							3,932
3,932	19,352		12,147					19,081
28,417						8,515		
		1,083	908					
10,714	5,268					5,446		5,268
			3,886					
18,010	14,190					3,820		14,190
			2,511					
7,930	7,771					159		7,771
36,654	27,229	1,083	7,305			9,425		27,229
			174					
5,254	4,799					455		4,799
5,254	4,799		174			455		4,799
			43					
10,650	10,385					265		10,385
10,650	10,385		43			265		10,385
		1,083	22,069			22,763		
102,528	79,215							78,944
534,405	534,405							534,405
\$ 7,308,118	\$ 7,265,467	\$	\$ 22,069	\$ (406,236)	\$	\$ 22,763	\$ (103,779)	\$ 7,265,196
	(2,376,819)							
	(57,679)							
	(4,205)							
	(1,572,390)							
	\$ 3,254,374							

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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 (\$13,058) for the general fund and (\$9,524) 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	\$	\$6,638,789	\$6,638,789
Special Revenue Fund	646,045	79,215	725,260
Capital Projects			
Debt Service Fund	<u> </u>	<u>534,405</u>	<u>534,405</u>
Total Awards and Financial Assistance	<u>\$646,045</u>	<u>\$7,252,409</u>	<u>\$7,898,454</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, 2018. 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, 2018.

NEW PROVIDENCE SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Section 1 - Summary of Auditors' Results

Financial Statement Section

A) Type of Auditors Report Issued:	<u>Unmodified</u>	
B) Internal Control over Financial Reporting:		
1) Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
2) Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None reported
C) Noncompliance material to basic financial statements noted?	<u> </u> 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, 2018**

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>
18-495-034-5120-089	General State Aid Cluster:
18-495-034-5120-084	Special Education Aid
18-495-034-5120-098	Security Aid
18-495-034-5120-097	PARCC Readiness Aid
18-495-034-5120-101	Per Pupil Growth Aid
	Professional Learning Community Aid

**NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

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, 2018**

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