

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

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

For the Fiscal Year Ended June 30, 2010

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, 2010**

NEW PROVIDENCE SCHOOL DISTRICT

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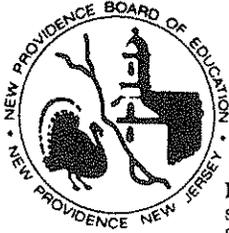
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INTRODUCTORY SECTION



NEW PROVIDENCE SCHOOL DISTRICT

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Superintendent of Schools
908-464-9050 (ext. 225)

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

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

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

October 15, 2010

**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, 2010, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes under the new Governmental Accounting Standard Board Statement No. 34, the Report of Independent Accountants, the Management Discussion and Analysis, the basic financial statements, required supplementary information, and the combining and individual fund financial statements. The statistical sections include selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 98-07 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2009-2010 fiscal year with an average daily enrollment of 2194 students, which is 13 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.

Average Daily Enrollment

<u>School Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2005	2,204	2.8%
2006	2,195	-0.4%
2007	2,216	0.9%
2008	2,207	-0.4%
2009	2,207	0.0%
2010	2,194	-0.6%

2. ECONOMIC CONDITION AND OUTLOOK: The economic condition and outlook appear to be unstable. State funding and support have fallen dramatically. The District will address the decrease in funding 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

- Development of multi-level curriculum in mathematics, science, and social studies
- New course: Honors British Literature/AP Language and Composition
- Revised curriculum: Desktop Publishing, Math Life Skills, Precalculus, World Studies, and US History I and II
- Development of Physics Resource Guide located on district website

Middle School

- Continuation of PBSIS
- Revised curriculum for Health 7

Elementary Schools

- Continuation of Character Education
- Revision of writing curriculum for grades 3 - 6
- Continuation of Reader's/Writer's Workshop

District

- Continuation of district developed Professional Development
- Continuation of curriculum evaluation and review
- Continuation of character education initiatives
- Continuation of technology and technology curriculum integration

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either cancelled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2010.

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, 2010, the District's outstanding debt included \$14,955,000 of general obligation bonds. In 1999 and 2006, the district issued general obligation bonds. The proceeds of the bonds issued were placed in the District's capital projects fund for capital improvements to the District's buildings and grounds. These improvements include additions and various renovations at all three school locations. In 2008, the 1999 bonds were refunded and refinanced at a savings to the District.

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

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

9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

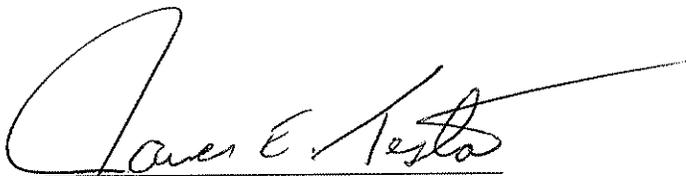
10) OTHER INFORMATION:

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

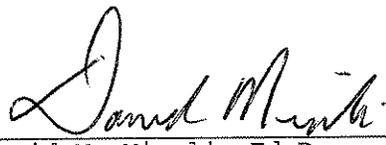
11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the New Providence School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our office staff.

Respectfully submitted,

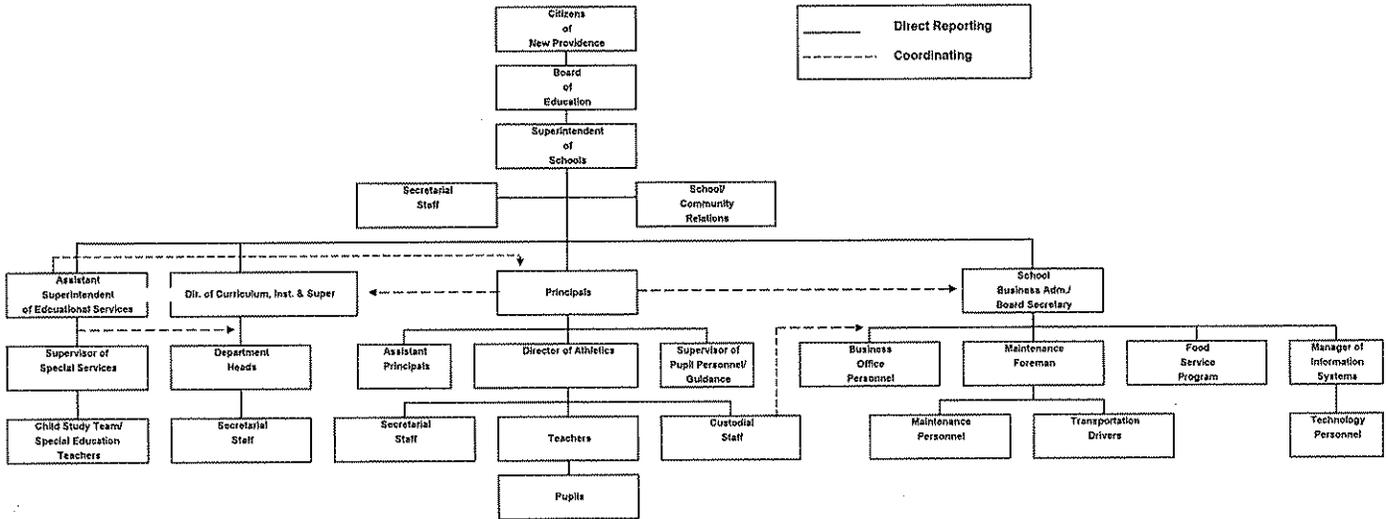


James E. Testa
School Business Administrator/Board Secretary



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

New Providence Public Schools Organizational Chart (Unit Control)



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

ROSTER OF OFFICIALS
JUNE 30, 2010

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert C. Lucid, President	2011
John T. Wolak, Vice President	2011
William H. Dibble	2012
David C. Hasenkopf	2013
Nancy E. Opperthausen	2012
Adam M. Smith	2012
Susan C. Vogel	2013

Other Officials

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

James E. Testa, Board Secretary/School Business Administrator

Kathleen Herrigel, Treasurer of School Monies

NEW PROVIDENCE BOARD OF EDUCATION

Consultants and Advisors

Architects/Engineers

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

Energy for America, Inc.
675 Morris Avenue
Springfield, NJ 07081

AUDIT FIRM

Donohue, Gironda & Doria
310 Broadway
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ATTORNEY

Lindabury, McCormick, Estabrook & Cooper, P.C.
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OFFICIAL DEPOSITORY

Investors Savings Bank
1260 Springfield Avenue
New Providence, NJ 07974

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FINANCIAL SECTION

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

Matthew A. Donohue, CPA
Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the New Providence Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

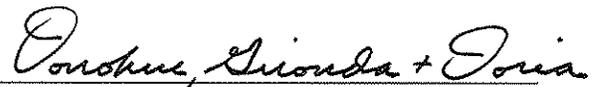
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by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

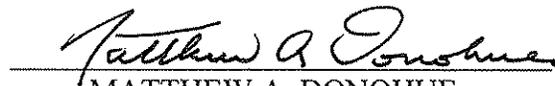
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the New Providence Board of Education, in the County of Union, State of New Jersey, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010, on our consideration of the New Providence Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 10 through 18 and 61 through 69 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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


DONOHUE, GIRONDA & DORIA
Certified Public Accountants


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

Bayonne, New Jersey
October 15, 2010

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. 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 2010 are as follows:

- Total net assets are \$8,740,353. Net assets for governmental activities are \$8,494,924. Net assets of the business-type activity, which represents food service, are \$245,429. This reflects a decrease in net assets in the amount of \$426,373.
- General revenues accounted for \$35,209,227 in revenue or 95.7 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,587,565 or 4.3 percent to total revenues of \$36,796,792. General revenues of \$35,209,227, including property taxes of \$30,630,043, were used to offset the net expenses after program revenues.
- The School District had \$37,223,165 in expenses; only \$1,587,565 of these expenses was offset by program specific charges for service, grants or contributions.
- The General Fund expenditures exceeded revenues and other financing sources of the School District by \$413,884. The deficiency was due to a decrease in State Aid in the amount of \$511,075. Revenue, in the amount of \$693,000, was reserved for tax relief in the 2011 school year and \$166,898 will be reserved for tax relief in the 2012 school year, as required by the State of New Jersey.

Using the Basic Financial Statements

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

The statement of net assets and statement of activities provide information about the activities of the whole New Providence School District, presenting both an aggregate view of the New Providence School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the New Providence School District's most significant funds. For the New Providence School District, the General Fund is the most significant fund.

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Reporting the New Providence School District as a Whole

Statement of Net Assets and Statement of Activities

While this report contains the large number of funds used by the New Providence School District to provide programs and activities, the view of the New Providence School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2010?" The statement of net assets and the statement of activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting which, takes into consideration all of the current year's revenues and expenses regardless of when cash was received or paid.

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

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Reporting the New Providence School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

The New Providence School District

The perspective of the statement of net assets is of the New Providence School District as a whole. Table 1 provides a summary of the New Providence School District's net assets for 2010.

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Total assets equal \$27,232,852. Total assets for Governmental Activities is \$26,934,341. Total assets for Business Type Activities is \$298,511. The totals for 2009 are presented for comparative purposes.

Table 1
Net Assets

	<u>Governmental Activities</u> 2010	<u>Business-type Activities</u> 2010	<u>Total</u> 2010	<u>Total</u> 2009
<u>Assets:</u>				
Current and Other Assets	\$ 4,526,726	\$255,160	\$ 4,781,886	\$ 5,019,325
Capital Assets, Net	22,407,615	43,351	22,450,966	23,460,373
Total Assets	<u>26,934,341</u>	<u>298,511</u>	<u>27,232,852</u>	<u>28,479,698</u>

Liabilities:

Current and Other Liabilities	3,305,308	53,082	3,358,390	3,028,886
Long-Term Liabilities	15,134,109		15,134,109	16,284,086
Total Liabilities	<u>18,439,417</u>	<u>53,082</u>	<u>18,492,499</u>	<u>19,312,972</u>

Net Assets:

Invested in Capital Assets-				
Net of Related Debt	7,379,519	43,351	7,422,870	7,549,181
Restricted	36,453		36,453	133,494
Unrestricted	1,078,952	202,078	1,281,030	1,484,051
Total Net Assets	<u>\$ 8,494,924</u>	<u>\$245,429</u>	<u>\$ 8,740,353</u>	<u>\$9,166,726</u>

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Table 2 reflects the change in net assets for fiscal year 2010 and 2009.

Table 2 <u>Change in Net Assets</u>				
	Governmental Activities 2010	Business-type Activities 2010	Total 2010	Total 2009
Revenues:				
Program Revenues:				
Charges for Services	\$ 82,411	\$522,333	\$ 604,744	\$ 588,136
Operating Grants	891,996	90,825	982,821	676,783
Total Program Revenues	974,407	613,158	1,587,565	1,264,919
General Revenues:				
Property Taxes	30,630,043		30,630,043	29,741,203
State Aid, Grants and Entitlements	3,876,353		3,876,353	4,166,827
Interest	70,714		70,714	30,707
Special Items Capital Assets/Re-class	443,600		443,600	290,092
Special Items Fixed Assets/Disposal	(11,015)		(11,015)	(18,066)
Special Items Cost of Bond Issue				(20,000)
Miscellaneous	199,532		199,532	141,046
Total General Revenues	35,209,227		35,209,227	34,331,809
Total Revenues	36,183,634	613,158	36,796,792	35,596,728
Function/Program Expenses:				
Instruction	15,818,871		15,818,871	15,444,043
Support Services:				
Tuition, Students and Instructional Staff	5,576,447		5,576,447	5,451,566
School Administrative Services	1,318,929		1,318,929	1,322,521
General and Business Admin. Svcs.	8,776,893		8,776,893	8,040,601
Operation and Maintenance of Plant	2,365,468		2,365,468	2,449,183
Pupil Transportation	919,274		919,274	913,426
Unallocated Depreciation	1,240,940		1,240,940	548,231
Interest on Long-Term Debt	625,613		625,613	660,556
Food Service		580,730	580,730	540,174
Total Expenses	36,642,435	580,730	37,223,165	35,370,301
Increase (decrease) in Net Assets	(458,801)	32,428	(426,373)	226,427
Net Assets – beginning of the year	8,953,725	213,001	9,166,726	8,940,299
Net Assets – end of the year	\$ 8,494,924	\$245,429	\$ 8,740,353	\$9,166,726

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The total decrease in Net Assets for Governmental Activities is \$458,801. The total increase in Net Assets for Business Type Activities is \$32,428. The total decrease in Net Assets is \$426,373.

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 2009-2010</u>	<u>Percent of Total</u>	<u>Total Cost of Service 2008 - 2009</u>	<u>Percent of Total</u>
Instruction	\$15,818,871	43.17%	\$15,444,043	44.34%
Support Services:				
Tuition, Students and Instructional Staff	5,576,447	15.22%	5,451,566	15.65%
School Administrative Services	1,318,929	3.60%	1,322,521	3.79%
General and Business Admin. Svcs.	8,776,893	23.95%	8,040,601	23.09%
Operation and Maintenance of Plant	2,365,468	6.45%	2,449,183	7.03%
Pupil Transportation	919,274	2.51%	913,426	2.62%
Unallocated Depreciation	1,240,940	3.39%	548,231	1.58%
Interest on Long-Term Debt	625,613	1.71%	660,556	1.90%
Total Expenses	<u>\$36,642,435</u>	<u>100.00%</u>	<u>\$34,830,127</u>	<u>100.00%</u>

The Governmental Activities in the above chart demonstrate that \$15,818,871 are identified as Instruction. Additionally, Tuition, Students and Instructional Staff Activities are \$5,576,447. Combined resources from Instruction and Pupil and Instructional Staff total \$21,395,318.

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, 2010**

Business-Type Activity

Table 3b.
Business Activities

	Total Cost of <u>Service</u> <u>2009-2010</u>	Percent of <u>Total</u>	Total Cost of <u>Service</u> <u>2008-2009</u>	Percent of <u>Total</u>
Revenue				
Charges for Services	\$522,333	85.19%	\$500,118	87.90%
Operating Grants	90,825	14.81%	68,823	12.10%
Total Revenue	<u>\$613,158</u>	<u>100.00%</u>	<u>\$568,941</u>	<u>100.00%</u>
Function/Program Expenses				
Food Service – Operating	\$580,730	100.00%	\$540,174	100.00%
Total Expenses	<u>\$580,730</u>	<u>100.00%</u>	<u>\$540,174</u>	<u>100.00%</u>
Increase in Net Assets	<u>\$32,428</u>		<u>\$28,767</u>	

The business-type activity of the New Providence School District is the food service operation. This program had revenues of \$613,158 and expenses of \$580,730 for fiscal year 2010. For fiscal year 2010 the food service operation realized an increase in net assets of \$32,428.

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, 2010**

Sources of Revenue

The local tax revenue has been stable for several years. For all governmental activities, state revenues support approximately 11%. The community, as a whole, is 86.7% of the support and Federal revenue accounts for 2.3% of the total cost of programs for New Providence School District students.

Table 4

Fiscal Year Ended June 30	<u>Sources of Revenue</u>				
	Local Tax Levy	Other Local Revenue	State Revenue	Federal Revenue	Total
2009	\$29,741,203	\$760,425	\$4,307,058	\$536,016	\$35,344,702
2010	\$30,630,043	\$924,080	\$3,986,607	\$823,477	\$36,364,207

The total 2010 revenue from all sources is \$36,364,207.

The School District's Funds

Information about the School District's major funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$35,751,049 and expenditures of \$36,642,435.

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 2010 year, the School District amended its General Fund budget as needed. The School District uses a program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

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

For the General Fund, budget basis revenue and other financing sources was \$33,448,361, compared to the final budgeted estimates of \$31,649,425. This difference was primarily due to the state's On-Behalf TPAF Pension Contributions and Reimbursed TPAF Social Security Contributions, which are non budgeted income and expense items.

**NEW PROVIDENCE SCHOOL DISTRICT
UNION COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the New Providence School District has \$22,407,615 at cost invested in capital assets, for governmental activities. This amount represents a net decrease of \$1,008,829 over last year. More detailed information about the Board's capital assets and depreciation is presented in Note 4 to the financial statements.

Debt

At June 30, 2010, the New Providence School District had no long-term debt payable from proprietary fund resources. Long-term liabilities includes debt service, compensated absences and capital lease obligations. More detailed information about the Board's long-term liabilities is presented in Note 5 to the financial statements.

Current Issues

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

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

Contacting the New Providence School District's Financial Management

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

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BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Net Assets
June 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Totals</u>
ASSETS:			
Assets:			
Cash and cash equivalents	\$ 2,552,441	\$ 238,253	\$ 2,790,694
Deposits	1,248,119		1,248,119
Receivables, net	656,971	7,491	664,462
Inventory		9,416	9,416
Restricted assets:			
Restricted cash and cash equivalents	69,102		69,102
Capital reserve account - cash	93		93
Capital assets, net of depreciation	<u>22,407,615</u>	<u>43,351</u>	<u>22,450,966</u>
Total assets	<u>26,934,341</u>	<u>298,511</u>	<u>27,232,852</u>
LIABILITIES			
Accounts payable - General	\$ 792,641	\$ 53,082	\$ 845,723
Intergovernmental payable:			
Federal	560		560
State	31,563		31,563
Accrued liability for insurance claims	1,248,119		1,248,119
Deferred revenue	259,329		259,329
Non-current liabilities:			
Due within one year	973,096		973,096
Due beyond one year	<u>15,134,109</u>		<u>15,134,109</u>
Total liabilities	<u>18,439,417</u>	<u>53,082</u>	<u>18,492,499</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,379,519	43,351	7,422,870
Restricted for:			
Capital projects	36,453		36,453
Debt Service			
Unrestricted	<u>1,078,952</u>	<u>202,078</u>	<u>1,281,030</u>
Total net assets	<u>\$ 8,494,924</u>	<u>\$ 245,429</u>	<u>\$ 8,740,353</u>

See accompanying notes to financial statements.

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Activities
for the Fiscal Year ended June 30, 2010

Functions/Programs	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 12,625,770	\$ 82,411	\$ 891,996	\$
Special Education	1,965,178			
Other special instruction	354,352			
Other instruction	873,571			
Support services:				
Tuition	2,217,037			
Student & instruction related services	3,359,410			
School administrative services	1,318,929			
General and business administrative services	8,776,893			
Plant operation and maintenance	2,365,468			
Pupil transportation	919,274			
Unallocated depreciation	1,240,940			
Special schools				
Interest on Long Term Debt	625,613			
Total governmental activities	<u>36,642,435</u>	<u>82,411</u>	<u>891,996</u>	
Business-type activities:				
Food service	580,730	522,333	90,825	
Total business-type activities	<u>580,730</u>	<u>522,333</u>	<u>90,825</u>	
Total primary government	\$ <u>37,223,165</u>	\$ <u>604,744</u>	\$ <u>982,821</u>	\$ <u> </u>

General revenues:

Taxes:

Property taxes, levied for general purposes, net

Taxes levied for debt service

Federal and State aid not restricted

Investment earnings

Special item - Appraisal of capital assets adjustments

Special item - Loss on disposal of fixed assets

Miscellaneous income

Total general revenues, special items, extraordinary items and transfers

Change in Net Assets

Net Assets - July 1

Net Assets - June 30

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (11,651,363)	\$	\$ (11,651,363)
(1,965,178)		(1,965,178)
(354,352)		(354,352)
(873,571)		(873,571)
(2,217,037)		(2,217,037)
(3,359,410)		(3,359,410)
(1,318,929)		(1,318,929)
(8,776,893)		(8,776,893)
(2,365,468)		(2,365,468)
(919,274)		(919,274)
(1,240,940)		(1,240,940)
<u>(625,613)</u>		<u>(625,613)</u>
<u>(35,668,028)</u>		<u>(35,668,028)</u>
	<u>32,428</u>	<u>32,428</u>
	<u>32,428</u>	<u>32,428</u>
\$ <u>(35,668,028)</u>	\$ <u>32,428</u>	\$ <u>(35,635,600)</u>
29,547,043		29,547,043
1,083,000		1,083,000
3,876,353		3,876,353
70,714		70,714
443,600		443,600
(11,015)		(11,015)
<u>199,532</u>		<u>199,532</u>
<u>35,209,227</u>		<u>35,209,227</u>
(458,801)	32,428	(426,373)
<u>8,953,725</u>	<u>213,001</u>	<u>9,166,726</u>
\$ <u>8,494,924</u>	\$ <u>245,429</u>	\$ <u>8,740,353</u>

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FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2010

	Governmental Fund Types				Total Governmental Funds
	General	Special Revenue	Capital Projects	Debt Service	
ASSETS:					
Assets:					
Cash and cash equivalents	\$ 2,552,441	\$ 32,742	\$ 36,360	\$	\$ 2,621,543
Deposits	1,248,119				1,248,119
Accounts receivable:					
State	371,344				371,344
Other	22,211	263,416			285,627
Capital reserve account - Restricted cash	93				93
Total assets	\$ 4,194,208	\$ 296,158	\$ 36,360	\$	\$ 4,526,726
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable - General	\$ 787,935	\$ 4,706	\$	\$	\$ 792,641
Intergovernmental payable:					
Federal		560			560
State		31,563			31,563
Accrued liability for insurance claims	1,248,119				1,248,119
Deferred revenue		259,329			259,329
Total liabilities	2,036,054	296,158			2,332,212
Fund balances:					
Reserved:					
For encumbrances - General	644,382				644,382
For encumbrances - Capital Projects			4,100		4,100
Capital reserve account	93				93
Legally restricted - Designated for subsequent year's tax relief	693,000				693,000
Excess surplus	166,898				166,898
Unreserved:					
Undesignated	653,781		32,260		686,041
Total fund balances	2,158,154		36,360		2,194,514
Total liabilities and fund balances	\$ 4,194,208	\$ 296,158	\$ 36,360	\$	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$40,087,409 and the accumulated depreciation is \$17,679,794. (See Note 4)	22,407,615
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)	(16,107,205)
Net assets of governmental activities	<u>\$ 8,494,924</u>

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
for the Fiscal Year ended June 30, 2010

	<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	\$ 29,547,043	\$	\$	\$ 1,083,000	\$ 30,630,043
Tuition	82,411				82,411
Interest on investments	69,927		787		70,714
Miscellaneous	199,532				199,532
Grants		46,704			46,704
Total revenues-local sources	<u>29,898,913</u>	<u>46,704</u>	<u>787</u>	<u>1,083,000</u>	<u>31,029,404</u>
State sources	3,550,424	104,362		325,929	3,980,715
Federal sources		740,930			740,930
Total revenues	<u>33,449,337</u>	<u>891,996</u>	<u>787</u>	<u>1,408,929</u>	<u>35,751,049</u>
EXPENDITURES:					
Current expense:					
Instruction	14,600,481	891,996			15,492,477
Undistributed expenditures	19,206,989				19,206,989
Capital outlay	54,775		71,144		125,919
Special schools					
Debt service				1,435,613	1,435,613
Claims paid					
Special services					
Total expenditures	<u>33,862,245</u>	<u>891,996</u>	<u>71,144</u>	<u>1,435,613</u>	<u>36,260,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(412,908)</u>		<u>(70,357)</u>	<u>(26,684)</u>	<u>(509,949)</u>
OTHER FINANCING SOURCES (USES)					
Bond proceeds					
Operating transfers					
Capital leases (Nonbudgeted)					
Cancellation of State Construction Grant receivable					
Total other financing sources (uses)					
Net changes in fund balance	<u>(412,908)</u>		<u>(70,357)</u>	<u>(26,684)</u>	<u>(509,949)</u>
Fund balances, July 1	<u>2,571,062</u>		<u>106,717</u>	<u>26,684</u>	<u>2,704,463</u>
Fund balances, June 30	<u>\$ 2,158,154</u>	<u>\$</u>	<u>\$ 36,360</u>	<u>\$</u>	<u>\$ 2,194,514</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, 2010

Total net change in fund balances - governmental funds (from B-2) \$ (509,949)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (1,567,334)	
	Capital Outlays	<u>125,919</u>	(1,441,415)

Repayment of bond principal and capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

	Repayment of Bond Principal	810,000	
	Payments of Capital Leases Payable	<u>73,096</u>	883,096

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, compensated absences are measured by the amount earned during the year. In the Governmental Funds, however, expenditures for these items are reported based on the amount paid. When the paid amount exceeds the earned amount, the difference is an increase on this reconciliation.

176,882

Special item - Appraisal of capital assets adjustments
 Special item - Loss on Disposal of fixed assets

443,600
(11,015)

Change in net assets of governmental activities

\$ (458,801)

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PROPRIETARY FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
June 30, 2010

		Business-type Activities - Enterprise Funds
		Food Service
ASSETS:		
Assets:		
Cash and cash equivalents	\$	238,253
Accounts receivable:		
State		622
Federal		6,088
Misc.		781
Inventories		9,416
Total current assets		255,160
Fixed Assets:		
Equipment		104,447
Accumulated depreciation		(61,096)
Total fixed assets		43,351
Total assets	\$	298,511
 LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$	53,082
Total current liabilities		53,082
 NET ASSETS:		
Unrestricted		232,661
Reserve for encumbrances		12,768
Total net assets		245,429
Total liabilities and net assets	\$	298,511

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
for the Fiscal Year ended June 30, 2010

	Business-type Activities - Enterprise Fund
	Food Service
OPERATING REVENUES:	
Charges for Services	
Daily sales - reimbursable programs	\$ 518,157
Daily sales - non-reimbursable programs	4,176
Total operating revenues	522,333
OPERATING EXPENSES:	
Labor costs	261,435
Costs of sales	292,761
Direct expenses	20,516
Depreciation	6,018
Total operating expenses	580,730
Operating loss	(58,397)
NON-OPERATING REVENUES:	
State sources:	
State school lunch program	5,892
Federal sources:	
Nutrition reimbursements	58,731
Food distribution program	23,816
Interest Income	2,386
Total non-operating revenues	90,825
Net income before operating transfers	32,428
Operating transfers:	
Operating transfers in - General fund	32,428
Change in net assets	32,428
Total net assets, July 1	213,001
Total net assets, June 30	\$ 245,429

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year ended June 30, 2010

	Business-type Activities - Enterprise Fund
	Food Service
Cash flows from operating activities:	
Receipts from customers	\$ 522,434
Payments to employees	(261,435)
Payments to suppliers	(307,116)
Net cash (used for) operating activities	(46,117)
Cash flows from noncapital financing activities:	
State sources	5,782
Federal sources	57,138
Food distribution program	23,816
Net cash provided by non-capital financing activities	86,736
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,440)
Net cash used for capital and related financing activities	(5,440)
Cash flows from investing activities:	
Interest on investments	2,386
Net cash provided by investing activities	2,386
Net increase in cash and cash equivalents	37,565
Cash and cash equivalents, July 1	200,688
Cash and cash equivalents, June 30	\$ 238,253
Reconciliation of operating loss to net cash (used for) provided by operating activities:	
Operating loss	\$ (58,397)
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Decrease in accounts receivable	101
Decrease in inventories	429
Increase in accounts payable	5,732
Depreciation	6,018
Total adjustments	12,280
Net cash (used for) operating activities	\$ (46,117)

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FIDUCIARY FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Private Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency</u>	
			<u>Student Activity</u>	<u>Payroll</u>
ASSETS:				
Cash and cash equivalents	\$ <u>149,040</u>	\$ <u>280,150</u>	\$ <u>129,616</u>	\$ <u>120,377</u>
Total assets	\$ <u><u>149,040</u></u>	\$ <u><u>280,150</u></u>	\$ <u><u>129,616</u></u>	\$ <u><u>120,377</u></u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Payroll deductions & withholdings	\$	\$	\$	\$ 120,377
Due to student groups	<u> </u>	<u> </u>	<u>129,616</u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>	<u>129,616</u>	<u>120,377</u>
Net assets				
Held in trust for unemployment claims and other purposes		280,150		
Reserved for scholarships	<u>149,040</u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and net assets	\$ <u><u>149,040</u></u>	\$ <u><u>280,150</u></u>	\$ <u><u>129,616</u></u>	\$ <u><u>120,377</u></u>

NEW PROVIDENCE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
for the Fiscal Year ended June 30, 2010

	Private Purpose Scholarship Funds	Unemployment Compensation Trust Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Plan Member	\$	\$ 27,654
Donations	5,124	
Total contributions	<u>5,124</u>	<u>27,654</u>
Investment earnings:		
Interest	<u>2,331</u>	<u>3,704</u>
Total additions	<u>7,455</u>	<u>31,358</u>
DEDUCTIONS:		
Unemployment Claims Paid		44,267
Scholarship payments	<u>6,150</u>	
Total deductions	<u>6,150</u>	<u>44,267</u>
Change in net assets	<u>1,305</u>	<u>(12,909)</u>
Net assets - July 1	<u>147,735</u>	<u>293,059</u>
Net assets - June 30	<u>\$ 149,040</u>	<u>\$ 280,150</u>

NOTES TO FINANCIAL STATEMENTS

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The New Providence School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of seven members elected to three-year terms. The purpose of the District is to educate students in grades K-12. The New Providence School District had an enrollment at June 30, 2010, of 2,262 students.

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

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

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

B. Basic Financial Statements - District -Wide Statements:

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

C. Basic Financial Statements - Fund Financial Statements:

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. GOVERNMENTAL FUNDS (Continued)

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

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

2. PROPRIETARY FUNDS

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. PROPRIETARY FUNDS (Continued)

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

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

The estimated useful lives are as follows:

Food Service Fund:

Equipment	10 Years
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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 assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. FIDUCIARY FUNDS (Continued)

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

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

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Measurement and Accounting Focus:

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

Measurement Focus

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

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

- a. All fiduciary trust funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use net assets as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operation; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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, 2010**

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 underbudgeted 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 underbudgeted 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, 2010**

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>2009 - 2010</u>
Total Revenues (Budgetary Basis)	\$ 904,977
Adjustments:	
Add: Prior Year Encumbrances	19,265
State Aid Payment Recognized for GAAP statements in the current year, previously recognized for budgetary purposes	0
Less: Current Year Encumbrances	(32,246)
State Aid Payment Recognized for Budgetary Purposes not Recognized for GAAP Statements	(0)
Total Revenues (GAAP Basis)	<u>\$ 891,996</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, 2010**

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 estimated costs. The charges are subject to adjustment when the final costs have been determined.

I. Tuition Payable:

Tuition charges for the fiscal years 2009-2010 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, 2010**

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, 2010.

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, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fixed Assets (Continued):

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

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

Fund Financial Statements

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

M. Deferred Revenue:

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

N. Long-Term Debt:

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Equity Classifications:

District-Wide Statements

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

- a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the district-wide statements.

P. Operating and Non-operating Revenue:

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Expenditures/Expenses:

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

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

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

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

NOTE 2. CASH AND CASH EQUIVALENTS AND DEPOSITS

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

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

As of June 30, 2010, the District's cash and cash equivalents are summarized as follows:

<u>Category</u>	<u>Amount</u>
Insured - FDIC	\$ 500,000
Insured - GUDPA	<u>3,039,072</u>
	<u>\$ 3,539,072</u>

Reconciliation to District-Wide Statement of
Net Assets:

Unrestricted Cash	\$ 2,790,694
Restricted Cash	69,102
Restricted Cash - Capital Reserve Account	93
Fiduciary Funds (Not Included in District-Wide Statement)	<u>679,183</u>
	<u>\$ 3,539,072</u>

As of June 30, 2010, the District's deposits are summarized as follows:

<u>Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Minimum Premium Insurance Deposit	<u>\$1,248,119</u>	<u>\$1,248,119</u>

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

NOTE 3. CAPITAL RESERVE ACCOUNT

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 3. CAPITAL RESERVE ACCOUNT (Continued)

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

The activity of the capital reserve for the July 1, 2009 to June 30, 2010 fiscal year is as follow:

Beginning Balance, July 1, 2009	\$ 93
Interest Earnings	-0-
Deposits	-0-
Withdrawals	-0-
Ending Balance, June 30, 2010	<u>\$ 93</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 are historical cost, or where historical cost is not available, estimated historical cost.

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Balance at July 1, 2009</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2010</u>
Governmental Activities:					
Land	\$ 1,306,892	\$	\$	\$	\$ 1,306,892
Land Improvements	180,101				180,101
Buildings & Improvements	19,217,162	14,825,486	37,735		34,080,383
Construction in Progress	14,754,341	(14,825,486)	71,145		-0-
Machinery & Equipment	3,790,107	443,646	17,040	(55,126)	4,195,667
Vehicles	339,516			(15,150)	324,366
Totals at Historical Cost	<u>39,588,119</u>	<u>443,646</u>	<u>125,920</u>	<u>(70,276)</u>	<u>40,087,409</u>
Less Accumulated Deprec.					
Land Improvements	(180,101)				(180,101)
Buildings & Improv.	(13,220,329)		(1,184,697)		(14,405,026)
Machinery & Equipment	(2,511,686)	(46)	(336,490)	44,111	(2,804,111)
Vehicles	(259,559)		(46,147)	15,150	(290,556)
Total Accumulated Deprec.	<u>(16,171,675)</u>	<u>(46)</u>	<u>*(1,567,334)</u>	<u>59,261</u>	<u>(17,679,794)</u>
Governmental Activities					
Capital Assets, Net	<u>\$23,416,444</u>	<u>**\$ 443,600</u>	<u>(\$1,441,414)</u>	<u>(\$11,015)</u>	<u>\$22,407,615</u>
Business-type Activities:					
Machinery & Equipment	\$ 99,006	\$	\$ 5,441	\$	\$104,447
Totals at Historical Cost	99,006		5,441		104,447
Less Accumulated Deprec.					
Machinery & Equipment	(55,077)		(6,019)		(61,096)
Total Accumulated Deprec.	<u>(55,077)</u>		<u>(6,019)</u>		<u>(61,096)</u>
Business-type Activities					
Capital Assets, Net	<u>\$ 43,929</u>	<u>\$</u>	<u>(\$ 578)</u>	<u>\$</u>	<u>\$43,351</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

* Depreciation expense was charged to Governmental Activities as follows:

Instruction:		
Regular	\$ 326,394	
Total Instruction	<u>326,394</u>	
Support Services:		
Unallocated Depreciation	1,240,940	
Total Support Services	<u>1,240,940</u>	
Total Depreciation Expense	<u><u>\$1,567,334</u></u>	

** The adjustments represent changes to the July 1, 2009 capital asset balances as reported on the June 30, 2010 capital assets appraisal as well as a difference in current year additions between the capital assets appraisal and expenditures per capital outlay.

NOTE 5. LONG-TERM DEBT

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

Governmental Activities

	<u>Balance, June 30, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2010</u>	<u>Amounts Due Within One Year</u>	<u>Long-Term Portion</u>
Compensated absences payable	\$ 1,255,990	\$ 184,616	(\$361,497)	\$1,079,109	\$ -	\$1,079,109
Bonds payable	15,765,000		(810,000)	14,955,000	900,000	14,055,000
Capital leases payable	<u>146,192</u>		<u>(73,096)</u>	<u>73,096</u>	<u>73,096</u>	
	<u>\$17,167,182</u>	<u>\$ 184,616</u>	<u>(\$1,244,593)</u>	<u>\$16,107,205</u>	<u>\$973,096</u>	<u>\$15,134,109</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, 2010**

NOTE 5. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued):

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

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

<u>Year Ending June 30,</u>	<u>School Bonds Series 2006</u>	
	<u>Principal</u>	<u>Interest</u>
2011	410,000	371,937
2012	430,000	354,717
2013	450,000	336,677
2014	470,000	317,817
2015	490,000	298,137
2016	510,000	277,638
2017	530,000	256,317
2018	555,000	234,075
2019	590,000	210,603
2020	620,000	185,798
2021	650,000	159,763
2022	670,000	132,619
2023	720,000	103,950
2024	720,000	74,250
2025	720,000	44,550
2026	<u>720,000</u>	<u>14,850</u>
	<u>\$9,255,000</u>	<u>\$3,373,698</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued):

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

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

<u>Year Ending June 30,</u>	<u>School Bonds</u>	
	<u>Series 2006 2nd Series Principal</u>	<u>Interest</u>
2011	140,000	119,200
2012	140,000	113,600
2013	150,000	108,000
2014	150,000	102,000
2015	160,000	96,000
2016	160,000	89,600
2017	170,000	83,200
2018	180,000	76,400
2019	190,000	69,200
2020	200,000	61,600
2021	210,000	53,600
2022	210,000	45,200
2023	220,000	36,800
2024	230,000	28,000
2025	230,000	18,800
2026	<u>240,000</u>	<u>9,600</u>
	<u>\$2,980,000</u>	<u>\$1,110,800</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5. LONG-TERM DEBT (Continued)

A. Bonds Payable (Continued):

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

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

<u>Year Ending June 30,</u>	School Bonds Series 2008	
	<u>Principal</u>	<u>Interest</u>
2011	350,000	103,763
2012	360,000	90,912
2013	375,000	78,500
2014	385,000	64,719
2015	400,000	50,000
2016	415,000	32,125
2017	<u>435,000</u>	<u>10,875</u>
	<u>\$2,720,000</u>	<u>\$ 430,894</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5. LONG-TERM DEBT (Continued)

B. Capital Leases Payable:

The District is leasing copier equipment totaling \$292,384 under capital leases. All capital leases are for terms of four years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2010.

<u>Year</u>	<u>Amount</u>
2011	<u>78,930</u>
Total Minimum Lease Payments	\$78,930
Less: Amount Representing Interest	<u>5,834</u>
Present Value of Net Minimum Lease Payments	<u>\$73,096</u>

NOTE 6. PENSION PLANS

A. Description of Plans:

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6. PENSION PLANS (Continued)

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

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

C. Public Employees' Retirement System (PERS):

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

D. Vesting and Benefit Provisions:

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6. PENSION PLANS (Continued)

E. Significant Legislation:

Two pieces of legislation passed during 2001 having a significant impact on the benefit provisions under the PERS and TPAF. Chapter 133, P.L. 2001, increases retirement benefits for service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increases the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, P.L. 2001, establishes an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the death of the retiree) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Chapter 4, P.L. 2001, provides increased benefits to certain members of the PERS who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5 percent of the retiree's final compensation. For those with 30 or more years of service, the total pension would increase from 65 percent to 70 percent of final compensation.

Due to the enactment of 1997 legislation, Chapter 114, P.L. 1997 and Chapter 115, P.L. 1997, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated. In addition, excess valuation assets were available to fund, in full or in part, the State of New Jersey's normal contribution from 1997 to 2001, excluding the contribution for post-retirement medical benefits in the PERS and TPAF.

F. Contribution Requirements:

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 6. PENSION PLANS (Continued)

F. Contribution Requirements (Continued):

<u>Three-Year Trend Information for PERS</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$495,958	100%	\$ -
6/30/09	430,678	100%	-
6/30/08	360,813	100%	-

<u>Three-Year Trend Information for TPAF (Paid on behalf of the District)</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$1,894,976	100%	\$ -
6/30/09	1,816,972	100%	-
6/30/08	3,019,049	100%	-

During the fiscal year ended June 30, 2010, the State of New Jersey contributed \$1,022,455 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$1,185,966 during the year ended June 30, 2010, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the Budgetary Comparison Schedule - General Fund, the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds and the Statement of Activities as a revenue and expenditure in accordance with GASB 27.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Public Law 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2009, there were 84,590 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$116.9 million toward Chapter 126 benefits for 13,320 eligible retired members in Fiscal Year 2009.

NOTE 8. OTHER POST-RETIREMENT BENEFITS

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

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

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

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 9. COMPENSATED ABSENCES

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

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

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

NOTE 10. DEFERRED COMPENSATION

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

Lincoln Investment Planning
AIG Retirement
The Legend Group
Fidelity Investments
MetLife

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 11. RISK MANAGEMENT

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

A. Property and Liability Insurance:

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

B. New Jersey Unemployment Compensation Insurance:

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009-2010	\$ -	\$27,654	\$3,704	\$ 44,267	\$280,150
2008-2009	-	27,232	1,988	5,102	293,059
2007-2008	-	26,861	7,240	2,348	268,941

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund balances remaining on the balance sheet at June 30, 2010. There were no significant interfund transfers during the year ended June 30, 2010.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 13. INVENTORY

Inventory in the Food Service Fund at June 30, 2010, consisted of the following:

Food	\$ 7,562
Supplies	<u>1,854</u>
	<u>\$ 9,416</u>

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

NOTE 14. FUND BALANCE APPROPRIATED

Of the \$2,158,154 General Fund fund balance as reported in the fund statements at June 30, 2010, \$644,382 is reserved for encumbrances; \$166,898 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$693,000 is designated for subsequent year's tax relief; \$93 has been reserved in the Capital Reserve Account; and \$653,781 is unreserved and undesignated.

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - 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 excess fund balance for the year ended June 30, 2010 is \$166,898. The excess fund balance at June 30, 2009 was \$467,722. Pursuant to the provisions of Executive Order No. 14, \$467,722 of that amount was approved by the Commissioner of the Department of Education for withdrawal to address any budget shortfall in the general fund account group due to the 2009-10 withholding of state aid.

NOTE 16. CONTINGENT LIABILITIES

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

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**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2010

	<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	\$ 29,547,043	\$	\$ 29,547,043	\$ 29,547,043	\$
Tuition	68,280		68,280	82,411	14,131
Interest on investments	100,000		100,000	69,927	(30,073)
Miscellaneous	<u>82,000</u>		<u>82,000</u>	<u>199,532</u>	<u>117,532</u>
Total revenues - local sources	<u>29,797,323</u>		<u>29,797,323</u>	<u>29,898,913</u>	<u>101,590</u>
State sources:					
Transportation aid	171,275		171,275		(171,275)
Special education aid	1,148,608		1,148,608	969,597	(179,011)
Bilingual education					
Security aid	160,789		160,789		(160,789)
Aid for adult and post-graduate					
Academic Achievement Reward					
Other unrestricted state aid	231,998	139,432	371,430	371,430	
On-Behalf TPAF Pension Contributions (Non-budgeted)				1,022,455	1,022,455
Reimbursed TPAF Social Security Contributions (Non-budgeted)				<u>1,185,966</u>	<u>1,185,966</u>
Total - State sources	<u>1,712,670</u>	<u>139,432</u>	<u>1,852,102</u>	<u>3,549,448</u>	<u>1,697,346</u>
Total revenues	<u>\$ 31,509,993</u>	<u>\$ 139,432</u>	<u>\$ 31,649,425</u>	<u>\$ 33,448,361</u>	<u>\$ 1,798,936</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	\$ 500,689	\$ 1,750	\$ 502,439	\$ 461,982	\$ 40,457
Grades 1-5	4,235,056	(132,660)	4,102,396	4,102,396	
Grades 6-8	2,508,286	44,000	2,552,286	2,548,004	4,282
Grades 9-12	<u>3,689,391</u>	<u>25,500</u>	<u>3,714,891</u>	<u>3,705,360</u>	<u>9,531</u>
Total regular programs - Instruction	<u>10,933,422</u>	<u>(61,410)</u>	<u>10,872,012</u>	<u>10,817,742</u>	<u>54,270</u>
Special education home instruction:					
Salaries of teachers	8,355	28,000	36,355	36,355	
Purchases professional - Education services	3,692	2,500	6,192	6,192	
General supplies	400		400		400
Textbooks	<u>200</u>		<u>200</u>		<u>200</u>
Total special education home instruction	<u>12,647</u>	<u>30,500</u>	<u>43,147</u>	<u>42,547</u>	<u>600</u>
Regular programs - undistributed instruction:					
Other salaries for instruction					
Other purchased services	30,707		30,707	19,022	11,685
General supplies	556,425	(36,533)	519,892	428,056	91,836
Textbooks	132,226	(3,467)	128,759	97,879	30,880
Miscellaneous	<u>5,050</u>		<u>5,050</u>	<u>2,134</u>	<u>2,916</u>
Total regular programs - undistributed instruction	<u>724,408</u>	<u>(40,000)</u>	<u>684,408</u>	<u>547,091</u>	<u>137,317</u>
Total regular programs	<u>11,670,477</u>	<u>(70,910)</u>	<u>11,599,567</u>	<u>11,407,380</u>	<u>192,187</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2010

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
(Continued from prior page)					
Special education:					
Mentally retarded - trainable:					
Salaries of teachers	\$	\$	\$	\$	\$
Other salaries for instruction					
General supplies					
Textbooks					
Other objects					
Purchased professional services					
Total mentally retarded - trainable					
Learning & language disability:					
(Formerly perceptually impaired)					
Salaries of teachers	287,137		287,137	284,038	3,099
Other salaries for instruction	97,106	(3,500)	93,606	85,379	8,227
General supplies	3,721		3,721	1,930	1,791
Textbooks	5,163		5,163	2,777	2,386
Total learning & language disability	<u>393,127</u>	<u>(3,500)</u>	<u>389,627</u>	<u>374,124</u>	<u>15,503</u>
Resource room:					
Salaries of teachers	1,327,136	(60,000)	1,267,136	1,230,648	36,488
Other salaries for instruction	177,222	5,700	182,922	182,904	18
General supplies	11,235		11,235	8,049	3,186
Textbooks	7,907		7,907	6,281	1,626
Total resource room	<u>1,523,500</u>	<u>(54,300)</u>	<u>1,469,200</u>	<u>1,427,882</u>	<u>41,318</u>
Preschool handicapped:					
Salaries of teachers	62,055		62,055	60,332	1,723
Other salaries for instruction	97,586		97,586	95,450	2,136
General supplies	1,700		1,700	1,390	310
Total preschool handicapped	<u>161,341</u>		<u>161,341</u>	<u>157,172</u>	<u>4,169</u>
Supplementary instruction:					
Salaries of teachers	6,000		6,000	6,000	
General supplies	400		400		400
Textbooks	200		200		200
Total supplementary instruction	<u>6,600</u>		<u>6,600</u>	<u>6,000</u>	<u>600</u>
Speech instruction:					
General supplies					
Total speech instruction					
Total special education	<u>2,084,568</u>	<u>(57,800)</u>	<u>2,026,768</u>	<u>1,965,178</u>	<u>61,590</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2010

	<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	\$ 295,436	\$	\$ 295,436	\$ 284,509	\$ 10,927
General supplies	1,100		1,100	877	223
Textbooks	900		900	613	287
Total basic skills/remedial	<u>297,436</u>		<u>297,436</u>	<u>285,999</u>	<u>11,437</u>
Bilingual education:					
Salaries of teachers	67,130		67,130	67,123	7
General supplies	2,087		2,087	1,230	857
Textbooks	300		300		300
Total bilingual education	<u>69,517</u>		<u>69,517</u>	<u>68,353</u>	<u>1,164</u>
Other instructional:					
School sponsored co-curricular activities:					
Salaries	246,442		246,442	227,970	18,472
General supplies	24,645		24,645	16,157	8,488
Other objects	1,500		1,500	1,409	91
School sponsored athletics and community service programs:					
Salaries	434,358		434,358	433,051	1,307
Other purchased services	158,152	(8,500)	149,652	97,805	51,847
General supplies	90,734	(3,188)	87,546	72,935	14,611
Other expenditures	29,940		29,940	24,244	5,696
Total other instructional programs	<u>985,771</u>	<u>(11,688)</u>	<u>974,083</u>	<u>873,571</u>	<u>100,512</u>
Total - instruction	<u>15,107,769</u>	<u>(140,398)</u>	<u>14,967,371</u>	<u>14,600,481</u>	<u>366,890</u>
Undistributed expenditures:					
Instruction:					
Tuition - charter schools					
Tuition to private schools for the handicapped and other LEAs-special, within the State	2,236,140	23,350	2,259,490	2,049,337	210,153
Tuition to private schools outside the State		29,700	29,700	29,700	
Tuition - County voc. reg.	95,000	35,000	130,000	130,000	
Tuition - County voc. sp.	8,000		8,000	8,000	
Tuition - State facilities					
Total undistributed expenditures - instruction	<u>2,339,140</u>	<u>88,050</u>	<u>2,427,190</u>	<u>2,217,037</u>	<u>210,153</u>
Attendance and social work services:					
Salaries	30,852		30,852	30,832	20
Total attendance and social work services	<u>30,852</u>		<u>30,852</u>	<u>30,832</u>	<u>20</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2010

	<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	\$ 220,243	\$	\$ 220,243	\$ 219,043	\$ 1,200
Purchased professional services	9,150		9,150	7,865	1,285
General supplies	2,750		2,750	2,607	143
Miscellaneous expenditures	2,200		2,200	1,134	1,066
Total health services	<u>234,343</u>		<u>234,343</u>	<u>230,649</u>	<u>3,694</u>
Related services:					
Salaries of professional staff	390,687	(61,470)	329,217	317,947	11,270
Purchased professional services	201,200	73,520	274,720	240,758	33,962
General supplies	3,583		3,583	3,512	71
Total related services	<u>595,470</u>	<u>12,050</u>	<u>607,520</u>	<u>562,217</u>	<u>45,303</u>
Extraordinary services:					
Salaries of professional staff	23,319		23,319		23,319
Purchased professional services	27,515		27,515	11,068	16,447
General Supplies					
Total extraordinary services	<u>50,834</u>		<u>50,834</u>	<u>11,068</u>	<u>39,766</u>
Other support services - students - regular:					
Salaries of other professional staff	553,704		553,704	551,232	2,472
Secretarial salaries	117,468		117,468	115,771	1,697
Other salaries	37,150		37,150	37,146	4
Other purchased professional services					
Other purchased services	2,150		2,150	1,268	882
Supplies	2,800		2,800	1,256	1,544
Total other support services - students - regular	<u>713,272</u>		<u>713,272</u>	<u>706,673</u>	<u>6,599</u>
Other support services - students - special services:					
Salaries of other professional staff	699,570		699,570	688,038	11,532
Secretarial salaries	91,765		91,765	91,561	204
Purchased professional services	22,750	5,000	27,750	20,640	7,110
General supplies	3,305		3,305	2,601	704
Other expenses	3,942		3,942	3,933	9
Total other support services - students - special services	<u>821,332</u>	<u>5,000</u>	<u>826,332</u>	<u>806,773</u>	<u>19,559</u>
Improvement of instruction services/ other support services-instructional staff:					
Salaries of supervisors of instruction	266,501		266,501	266,459	42
Salaries of other professional staff	63,033		63,033	58,067	4,966
Other salaries	147,804	(20,000)	127,804	116,199	11,605
Salaries of secretarial assistants	139,976		139,976	135,058	4,918
Purchased professional services					
Travel	4,306		4,306	4,073	233
General supplies	3,323		3,323	1,241	2,082
Miscellaneous	3,209		3,209	2,051	1,158
Total improvement of instruction services/ other support services-instructional staff	<u>628,152</u>	<u>(20,000)</u>	<u>608,152</u>	<u>583,148</u>	<u>25,004</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2010

	<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	\$ 312,401	\$	\$ 312,401	\$ 310,813	\$ 1,588
Other purchased services	38,547		38,547	31,089	7,458
Supplies and materials	70,241	(14,000)	56,241	45,375	10,866
Total educational media services/school library	<u>421,189</u>	<u>(14,000)</u>	<u>407,189</u>	<u>387,277</u>	<u>19,912</u>
Instruction staff training:					
Salaries of supervisors of instruction	13,759		13,759	13,754	5
Salaries of other professional services	7,053		7,053	6,517	536
Secretarial salaries	14,190		14,190	14,187	3
Purchased professional services	5,600		5,600	3,513	2,087
Other purchased services	8,100		8,100	2,802	5,298
General supplies					
Other expenses	400		400		400
Total instruction staff training	<u>49,102</u>		<u>49,102</u>	<u>40,773</u>	<u>8,329</u>
Support services general administration:					
Salaries	384,982	(10,000)	374,982	341,794	33,188
Legal services	40,000	10,000	50,000	46,989	3,011
Other purchased professional services	147,272		147,272	126,458	20,814
Technical services					
Communications/telephone	91,000		91,000	68,401	22,599
Other purchased services	4,000		4,000	3,253	747
Supplies and materials	9,957		9,957	6,677	3,280
Miscellaneous expenditures	30,275		30,275	30,275	
Total support services general administration	<u>707,486</u>		<u>707,486</u>	<u>623,847</u>	<u>83,639</u>
Support services school administration:					
Salaries of principals/asst. principals	933,512		933,512	877,679	55,833
Salaries of secretarial assistants	436,551	(10,000)	426,551	386,491	40,060
Travel	6,943		6,943	4,805	2,138
General supplies	49,161		49,161	31,773	17,388
Miscellaneous expenditures	18,775		18,775	18,181	594
Total support services school administration	<u>1,444,942</u>	<u>(10,000)</u>	<u>1,434,942</u>	<u>1,318,929</u>	<u>116,013</u>
Operation and maintenance of plant services:					
Salaries	1,490,474		1,490,474	1,459,803	30,671
Purchased professional and technical services	49,650	300	49,950	48,038	1,912
Cleaning, repair and maintenance services	240,227	7,000	247,227	214,901	32,326
Rental of Board Office					
Insurance	63,716	(10,000)	53,716	53,134	582
Other purchased property, water	21,000	6,200	27,200	26,630	570
General supplies	119,986	(7,000)	112,986	102,077	10,909
Energy	672,548	(52,000)	620,548	524,328	96,220
Miscellaneous expenditures	15,500		15,500	9,653	5,847
Total operation and maintenance of plant services	<u>2,673,101</u>	<u>(55,500)</u>	<u>2,617,601</u>	<u>2,438,564</u>	<u>179,037</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2010

	<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	\$ 40,958	\$ 34,000	\$ 74,958	\$ 74,958	\$
Other salaries	236,244		236,244	236,244	
Contracted services other	72,728	(12,000)	60,728	51,706	9,022
Contracted services spec. ed.	539,596	(22,500)	517,096	509,436	7,660
Cleaning, repair and maintenance services	8,000		8,000	6,643	1,357
Miscellaneous transport services	15,594		15,594	13,666	1,928
Miscellaneous expenditures	1,400	500	1,900	1,817	83
Supplies and materials	<u>26,532</u>		<u>26,532</u>	<u>24,804</u>	<u>1,728</u>
Total student transportation services	<u>941,052</u>		<u>941,052</u>	<u>919,274</u>	<u>21,778</u>
Business and other support services:					
Salaries	545,417		545,417	532,865	12,552
Purchased professional services	65,607		65,607	62,561	3,046
Other purchased services	17,960		17,960	11,318	6,642
Supplies and materials	23,611	(6,537)	17,074	7,950	9,124
Miscellaneous expenditures	<u>3,250</u>		<u>3,250</u>	<u>2,644</u>	<u>606</u>
Total business and other support services	<u>655,845</u>	<u>(6,537)</u>	<u>649,308</u>	<u>617,338</u>	<u>31,970</u>
Employee benefits:					
Social Security contribution	420,644		420,644	401,543	19,101
Other retirement compensation	363,809	(54,000)	309,809	309,115	694
Workers' Compensation	287,447	(81,317)	206,130	205,601	529
Health benefits	4,337,285	(123,000)	4,214,285	4,112,568	101,717
Tuition	90,000	26,000	116,000	110,624	5,376
Other employee benefits	<u>3,332</u>	<u>361,610</u>	<u>364,942</u>	<u>364,718</u>	<u>224</u>
Total employee benefits	<u>5,502,517</u>	<u>129,293</u>	<u>5,631,810</u>	<u>5,504,169</u>	<u>127,641</u>
Transfer to food service					
On-Behalf TPAF Pension Contributions (Non-budgeted)					
				1,022,455	(1,022,455)
Reimbursed TPAF Social Security Contributions (Non-budgeted)					
				<u>1,185,966</u>	<u>(1,185,966)</u>
Total undistributed expenditures	<u>17,808,629</u>	<u>128,356</u>	<u>17,936,985</u>	<u>19,206,989</u>	<u>(1,270,004)</u>
TOTAL EXPENDITURES - CURRENT EXPENSE	<u>32,916,398</u>	<u>(12,042)</u>	<u>32,904,356</u>	<u>33,807,470</u>	<u>(903,114)</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
for the Fiscal Year ended June 30, 2010

	<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	5,000	6,537	11,537	11,537	
Operation and maintenance of plant services					
Media Center equipment					
High school and athletic equipment		5,505	5,505	5,503	2
Total equipment	<u>5,000</u>	<u>12,042</u>	<u>17,042</u>	<u>17,040</u>	<u>2</u>
Facilities acquisition and construction services:					
Other purchased professional services - Regular					
Other purchased professional services - Capital Res.					
Construction services - Regular	37,735		37,735	37,735	
Construction services - Capital					
Total facilities acquisition and construction services	<u>37,735</u>		<u>37,735</u>	<u>37,735</u>	
Assets acquired under capital leases (Non-budgeted)					
TOTAL CAPITAL OUTLAY	<u>42,735</u>	<u>12,042</u>	<u>54,777</u>	<u>54,775</u>	<u>2</u>
SPECIAL SCHOOLS:					
Summer school - instruction:					
Salaries					
General supplies					
Total summer school - instruction					
Total special schools					
Total expenditures	\$ <u>32,959,133</u>	\$ <u> </u>	\$ <u>32,959,133</u>	\$ <u>33,862,245</u>	\$ <u>(903,112)</u>
Excess (deficiency) of revenues					
over (under) expenditures	\$ (1,449,140)	\$ 139,432	\$ (1,309,708)	\$ (413,884)	\$ 895,824
Other financial sources (uses):					
Operating transfers out:					
Transfer to Capital Projects					
Capital leases (Non-budgeted)					
Excess (deficiency) of revenues and other financial sources					
over (under) expenditures and other financing uses	(1,449,140)	139,432	(1,309,708)	(413,884)	895,824
Fund balances, July 1	<u>2,690,765</u>		<u>2,690,765</u>	<u>2,690,765</u>	
Fund balances, June 30	\$ <u>1,241,625</u>	\$ <u>139,432</u>	\$ <u>1,381,057</u>	\$ <u>2,276,881</u>	\$ <u>895,824</u>
Recapitulation					
Reserve for encumbrances				\$ 644,382	
Capital Reserve				93	
Legally restricted - Designated for subsequent year's tax relief				693,000	
Excess surplus				166,898	
Unrestricted fund balance				<u>772,508</u>	
				2,276,881	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(118,727)</u>	
Fund Balance per Governmental Funds (GAAP)				\$ <u>2,158,154</u>	

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
for the Fiscal Year ended June 30, 2010

	<u>Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:					
State sources	\$ 135,976	\$ (3,679)	\$ 132,297	\$ 100,734	\$ (31,563)
Federal sources	473,152	500,208	973,360	743,279	(230,081)
Local sources	<u> </u>	<u>60,964</u>	<u>60,964</u>	<u>60,964</u>	<u> </u>
Total revenues	<u>\$ 609,128</u>	<u>\$ 557,493</u>	<u>\$ 1,166,621</u>	<u>\$ 904,977</u>	<u>\$ (261,644)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 19,200	\$ 20,279	\$ 39,479	\$	\$ 39,479
Purchased prof. & tech. services	553,526	114,628	668,154	623,025	45,129
General supplies and equipment	27,801	422,464	450,265	273,468	176,797
Textbooks	<u>8,601</u>	<u>122</u>	<u>8,723</u>	<u>8,484</u>	<u>239</u>
Total instruction	<u>609,128</u>	<u>557,493</u>	<u>1,166,621</u>	<u>904,977</u>	<u>261,644</u>
Support services:					
Salaries of other professional staff					
Salaries of secretarial & clerical asst.					
Personal services-employee benefits					
Instructional equipment	<u> </u>				
Total support services	<u> </u>				
Total expenditures	<u>609,128</u>	<u>557,493</u>	<u>1,166,621</u>	<u>904,977</u>	<u>261,644</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, 2010

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]	\$ 33,448,361	[C-2]	\$	904,977
Difference - budget to GAAP:					
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized					(12,981)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		119,703			
State Aid Payment recognized for budgetary purposes, not recognized for GAAP statements		<u>(118,727)</u>			
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	[B-2]	<u>\$ 33,449,337</u>	[B-2]	\$	<u>891,996</u>
Uses/Outflows of resources					
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	\$ 33,862,245	[C-2]	\$	904,977
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.					(12,981)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	<u>\$ 33,862,245</u>	[B-2]	\$	<u>891,996</u>

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OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

Not Applicable

SPECIAL REVENUE FUND

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NEW PROVIDENCE SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Revenues and Expenditures - Budgetary Basis
for the Fiscal Year ended June 30, 2010

	Nonpublic Exam and Class.	Nonpublic Textbooks	Nonpublic Hand. Correct. Speech	Nonpublic Handicapped Suppl. Inst.	English As A Second Language	Nonpublic Nursing Services	Nonpublic Auxiliary Services
REVENUES:							
State sources	\$ 14,806	\$ 8,484	\$ 9,142	\$ 11,150	\$ 3,621	\$ 10,345	\$ 43,186
Federal sources							
Local sources							
Total revenues	\$ 14,806	\$ 8,484	\$ 9,142	\$ 11,150	\$ 3,621	\$ 10,345	\$ 43,186
EXPENDITURES:							
Instruction:							
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$
Purchased prof. & tech. services	14,806		9,142	11,150	3,621	10,345	43,186
General supplies and equipment							
Textbooks		8,484					
Total instruction	14,806	8,484	9,142	11,150	3,621	10,345	43,186
Support services:							
Salaries of other professional staff							
Salaries of secretarial & clerical asst.							
Personal services-employee benefits							
Instructional equipment							
Total support services							
Total expenditures	\$ 14,806	\$ 8,484	\$ 9,142	\$ 11,150	\$ 3,621	\$ 10,345	\$ 43,186
Excess (deficiency) of revenues over (under) expenditures	\$	\$	\$	\$	\$	\$	\$

<u>New Prov. Education Foundation</u>	<u>Drug-Free School</u>	<u>Title II IKE Grant</u>	<u>IDEA-Part B - Basic Reg. Prog.</u>	<u>IDEA-Part Pre- School</u>	<u>IDEA-Part B - Basic ARRA</u>	<u>IDEA-Part Pre-School ARRA</u>	<u>2010</u>
\$	\$	\$	\$	\$	\$	\$	\$ 100,734
	3,417	43,024	413,199	16,687	262,481	4,471	743,279
<u>60,964</u>							<u>60,964</u>
<u>\$ 60,964</u>	<u>\$ 3,417</u>	<u>\$ 43,024</u>	<u>\$ 413,199</u>	<u>\$ 16,687</u>	<u>\$ 262,481</u>	<u>\$ 4,471</u>	<u>\$ 904,977</u>
\$	\$	\$	\$	\$	\$	\$	\$
60,964	1,989	32,371	403,002	15,544	16,905		623,025
	1,428	10,653	10,197	1,143	245,576	4,471	273,468
							8,484
<u>60,964</u>	<u>3,417</u>	<u>43,024</u>	<u>413,199</u>	<u>16,687</u>	<u>262,481</u>	<u>4,471</u>	<u>904,977</u>
<u>\$ 60,964</u>	<u>\$ 3,417</u>	<u>\$ 43,024</u>	<u>\$ 413,199</u>	<u>\$ 16,687</u>	<u>\$ 262,481</u>	<u>\$ 4,471</u>	<u>\$ 904,977</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

NEW PROVIDENCE SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
for the Fiscal Year ended June 30, 2010

<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
Improvements, Renovations and Additions to the School District Facilities and the Acquisition of Equipment	02/15/2006	<u>14,841,910</u>	<u>14,734,406</u>	<u>71,144</u>	<u>36,360</u>
		\$ <u>19,241,910</u>	\$ <u>19,134,406</u>	\$ <u>71,144</u>	\$ <u>36,360</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, 2010

Revenues and Other Financing Sources	
State Sources	\$
Bond Proceeds and transfers	
Interest income	787
Contribution from private source	
Transfer from capital reserve	
Transfer from capital outlay	
Total revenues	<u>787</u>
Expenditures and Other Financing Uses	
Purchased professional and technical services	
Land and Improvements	
Construction Services	71,144
Equipment Purchases	
Total Expenditures	<u>71,144</u>
Excess (deficiency) of revenues over (under) expenditures	(70,357)
Fund balance - beginning	<u>106,717</u>
Fund balance - ending	<u>\$ 36,360</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, 2010

	<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	<u>4,400,000</u>	<u> </u>	<u>4,400,000</u>	<u>4,400,000</u>
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	<u>4,400,000</u>	<u> 0</u>	<u>4,400,000</u>	<u>4,400,000</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>	\$ <u> 0</u>

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, 2010

	<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	829,708	787	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>14,841,123</u>	<u>787</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	14,734,406	71,144	14,805,550	14,805,550
Equipment Purchases				
Total Expenditures	<u>14,734,406</u>	<u>71,144</u>	<u>14,805,550</u>	<u>14,805,550</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>106,717</u>	\$ <u>(70,357)</u>	\$ <u>36,360</u>	\$ <u>36,360</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			
Additonal Authorized Cost	1,226,910			
Revised Authorized Cost	14,841,910			
Percentage Increase over Original				
Authorized Cost	9.01%			
Percentage Completion	90.99%			
Original target completion date	Dec. 2007			
Revised target completion date	Dec. 2009			

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PROPRIETARY FUNDS

ENTERPRISE FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Net Assets
June 30, 2010

		<u>Food Service Fund</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$	238,253
Accounts receivable:		
State		622
Federal		6,088
Misc.		781
Inventory		<u>9,416</u>
Total current assets		<u>255,160</u>
Fixed assets:		
Equipment		104,447
Accumulated depreciation		<u>(61,096)</u>
Total fixed assets		<u>43,351</u>
Total assets	\$	<u><u>298,511</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$	<u>53,082</u>
Total current liabilities		<u>53,082</u>
Net assets:		
Unrestricted		232,661
Reserve for encumbrances		<u>12,768</u>
Total net assets		<u>245,429</u>
Total liabilities and net assets	\$	<u><u>298,511</u></u>

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the Fiscal Year ended June 30, 2010

	<u>Food Service Fund</u>
OPERATING REVENUES:	
Local sources:	
Daily sales-reimbursable programs:	
School lunch program and adult sales	\$ 518,157
Total-daily sales-reimbursable programs	<u>518,157</u>
Daily sales non-reimbursable programs:	
Special functions	<u>4,176</u>
Total operating revenue	<u>522,333</u>
OPERATING EXPENSES:	
Labor costs	261,435
Cost of sales	292,761
Direct expenses	20,516
Depreciation	<u>6,018</u>
Total operating expenses	<u>580,730</u>
Operating loss	<u>(58,397)</u>
Non-operating revenues:	
State sources:	
State school lunch program	5,892
Federal sources:	
National school lunch program	58,731
Food distribution program	23,816
Interest Income	<u>2,386</u>
Total non-operating revenues	<u>90,825</u>
Net income before operating transfers	32,428
Operating transfers:	
Operating transfers in - General fund	<u>32,428</u>
Change in net assets	32,428
Net assets - July 1	<u>213,001</u>
Net assets - June 30	<u>\$ 245,429</u>

NEW PROVIDENCE SCHOOL DISTRICT
Enterprise Fund
Statement of Cash Flows
for the Fiscal Year ended June 30, 2010

	<u>Food Service Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 522,434
Payments to employees	(261,435)
Payments to suppliers	(307,116)
Net cash (used for) operating activities	<u>(46,117)</u>
Cash flows from non-capital financing activities:	
State sources	5,782
Federal sources	57,138
Food distribution program	23,816
Net cash provided by non-capital financing activities	<u>86,736</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(5,440)
Net cash used for capital and related financing activities	<u>(5,440)</u>
Cash flows from investing activities:	
Interest on investments	2,386
Net cash provided by investing activities	<u>2,386</u>
Net increase in cash and cash equivalents	37,565
Balances - July 1	<u>200,688</u>
Balances - June 30	\$ <u><u>238,253</u></u>
Reconciliation of operating income to net cash (used for) provided by operating activities:	
Operating loss	\$ <u>(58,397)</u>
Adjustment to reconcile operating income to net cash (used for) provided by operating activities:	
Decrease in accounts receivable	101
Decrease in inventories	429
Increase in accounts payable	5,732
Depreciation	6,018
Total adjustments	<u>12,280</u>
Net cash (used for) operating activities	\$ <u><u>(46,117)</u></u>

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FIDUCIARY FUNDS

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Fiduciary Net Assets
June 30, 2010

	<u>Private Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency</u>		<u>Total</u>
			<u>Student Activity</u>	<u>Payroll</u>	<u>2010</u>
ASSETS:					
Cash and cash equivalents	\$ <u>149,040</u>	\$ <u>280,150</u>	\$ <u>129,616</u>	\$ <u>120,377</u>	\$ <u>679,183</u>
Total assets	\$ <u><u>149,040</u></u>	\$ <u><u>280,150</u></u>	\$ <u><u>129,616</u></u>	\$ <u><u>120,377</u></u>	\$ <u><u>679,183</u></u>
 LIABILITIES AND NET ASSETS:					
Liabilities:					
Payroll deductions & withholdings	\$	\$	\$	\$ 120,377	\$ 120,377
Due to student groups	<u> </u>	<u> </u>	<u>129,616</u>	<u> </u>	<u>129,616</u>
Total liabilities	<u> </u>	<u> </u>	<u>129,616</u>	<u>120,377</u>	<u>249,993</u>
Net assets					
Held in trust for unemployment claims and other purposes		280,150			280,150
Reserved for scholarships	<u>149,040</u>	<u> </u>	<u> </u>	<u> </u>	<u>149,040</u>
Total liabilities and net assets	\$ <u><u>149,040</u></u>	\$ <u><u>280,150</u></u>	\$ <u><u>129,616</u></u>	\$ <u><u>120,377</u></u>	\$ <u><u>679,183</u></u>

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Combining Statement of Changes in Fiduciary Net Assets
for the Fiscal Year ended June 30, 2010

	Private Purpose Scholarship Funds					
	Edward H. Lieder Memorial Scholarship Fund	Badgley Memorial Scholarship Fund	Milton Anderson Family Scholarship Fund	E.W. Kilpatrick Scholarship Fund	A.W. Roberts Scholarship Fund	Audrey W. Coddington Scholarship Fund
ADDITIONS:						
Local sources:						
Interest on investments	\$ 174	\$ 148	\$ 418	\$ 170	\$ 235	\$ 17
Contributions	<u>174</u>	<u>350</u>	<u>418</u>	<u>170</u>	<u>235</u>	<u>17</u>
Total operating revenues	<u>174</u>	<u>498</u>	<u>418</u>	<u>170</u>	<u>235</u>	<u>17</u>
DEDUCTIONS:						
Unemployment Claims Paid						
Special Services						
Scholarship payments	500	500	1,000	150	500	500
Total operating expenses	<u>500</u>	<u>500</u>	<u>1,000</u>	<u>150</u>	<u>500</u>	<u>500</u>
Transfers in (out)						
Operating income (loss)	<u>(326)</u>	<u>(2)</u>	<u>(582)</u>	<u>20</u>	<u>(265)</u>	<u>(483)</u>
Net income (loss)	(326)	(2)	(582)	20	(265)	(483)
Net assets, July 1	<u>11,183</u>	<u>9,530</u>	<u>26,607</u>	<u>10,628</u>	<u>15,032</u>	<u>1,602</u>
Net assets, June 30	<u>\$ 10,857</u>	<u>\$ 9,528</u>	<u>\$ 26,025</u>	<u>\$ 10,648</u>	<u>\$ 14,767</u>	<u>\$ 1,119</u>

Private Purpose Scholarship Funds						
Class of 1960 Scholarship Fund	John O'Neill Memorial Scholarship Fund	Class of 1962 Louis DiParisi, Jr. Memorial Scholarship Fund	Anna Delmore Memorial Scholarship Fund	Private Purpose Scholarship Funds Total	Unemployment Compensation Trust Fund	2010
\$ 520	\$ 197	\$ 238	\$ 214	\$ 2,331	\$ 3,704	\$ 6,035
4,324	450			5,124	27,654	32,778
<u>4,844</u>	<u>647</u>	<u>238</u>	<u>214</u>	<u>7,455</u>	<u>31,358</u>	<u>38,813</u>
					44,267	44,267
500	500	1,000	1,000	6,150		6,150
<u>500</u>	<u>500</u>	<u>1,000</u>	<u>1,000</u>	<u>6,150</u>	<u>44,267</u>	<u>50,417</u>
4,344	147	(762)	(786)	1,305	(12,909)	(11,604)
4,344	147	(762)	(786)	1,305	(12,909)	(11,604)
30,931	12,434	15,628	14,160	147,735	293,059	440,794
<u>\$ 35,275</u>	<u>\$ 12,581</u>	<u>\$ 14,866</u>	<u>\$ 13,374</u>	<u>\$ 149,040</u>	<u>\$ 280,150</u>	<u>\$ 429,190</u>

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Student Activity Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2010

	<u>Balance,</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2010</u>
ELEMENTARY SCHOOLS:				
A.W. Roberts	\$ 7,477	\$ 12,030	\$ (12,111)	\$ 7,396
Salt Brook	<u>7,035</u>	<u>22,001</u>	<u>(21,070)</u>	<u>7,966</u>
Total elementary schools	<u>\$ 14,512</u>	<u>\$ 34,031</u>	<u>\$ (33,181)</u>	<u>\$ 15,362</u>
MIDDLE SCHOOL:				
Middle School	\$ <u>9,457</u>	\$ <u>63,283</u>	\$ <u>(56,443)</u>	\$ <u>16,297</u>
Total middle school	<u>\$ 9,457</u>	<u>\$ 63,283</u>	<u>\$ (56,443)</u>	<u>\$ 16,297</u>
SENIOR HIGH SCHOOLS:				
New Providence	\$ <u>109,262</u>	\$ <u>338,920</u>	\$ <u>(350,225)</u>	\$ <u>97,957</u>
Total senior high schools	<u>\$ 109,262</u>	<u>\$ 338,920</u>	<u>\$ (350,225)</u>	<u>\$ 97,957</u>
Total all schools	<u>\$ 133,231</u>	<u>\$ 436,234</u>	<u>\$ (439,849)</u>	<u>\$ 129,616</u>

NEW PROVIDENCE SCHOOL DISTRICT
Fiduciary Fund
Payroll Agency Fund Schedule of Receipts and Disbursements
for the Fiscal Year ended June 30, 2010

	<u>Balance,</u> <u>July 1, 2009</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance,</u> <u>June 30, 2010</u>
PAYROLL AGENCY FUND:				
Gross payroll, deductions and withholdings (Payroll Agency Account)	\$ 130,402	\$ 22,779,309	\$ (22,789,334)	\$ 120,377
Accrued salaries and wages (Net Payroll Account)	<u>-</u>	<u>13,114,551</u>	<u>(13,114,551)</u>	<u>-</u>
Total payroll agency fund	<u>\$ 130,402</u>	<u>\$ 35,893,860</u>	<u>\$ (35,903,885)</u>	<u>\$ 120,377</u>

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LONG-TERM DEBT

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NEW PROVIDENCE SCHOOL DISTRICT
Long Term Debt
Schedule of Serial Bonds
June 30, 2010

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate (%)</u>
			<u>Date</u>	<u>Amount</u>	
School Bonds, Series 2006	2/15/06	\$ 10,375,000	8/15/09	\$ 390,000	4.100
			8/15/10	410,000	4.100
			8/15/11	430,000	4.100
			8/15/12	450,000	4.100
			8/15/13	470,000	4.100
			8/15/14	490,000	4.100
			8/15/15	510,000	4.100
			8/15/16	530,000	4.100
			8/15/17	555,000	4.100
			8/15/18	590,000	4.100
			8/15/19	620,000	4.100
			8/15/20	650,000	4.100
			8/15/21	670,000	4.125
			8/15/22	720,000	4.125
			8/15/23	720,000	4.125
			8/15/24	720,000	4.125
			8/15/25	720,000	4.125
School Bonds, Series 2006 2nd	12/15/06	\$ 3,240,000	8/15/09	\$ 130,000	4.000
			8/15/10	140,000	4.000
			8/15/11	140,000	4.000
			8/15/12	150,000	4.000
			8/15/13	150,000	4.000
			8/15/14	160,000	4.000
			8/15/15	160,000	4.000
			8/15/16	170,000	4.000
			8/15/17	180,000	4.000
			8/15/18	190,000	4.000
			8/15/19	200,000	4.000
			8/15/20	210,000	4.000
			8/15/21	210,000	4.000
			8/15/22	220,000	4.000
			8/15/23	230,000	4.000
			8/15/24	230,000	4.000
			8/15/25	240,000	4.000
School Bonds, Series 2008	8/22/08	\$ 3,010,000	7/15/09	\$ 290,000	3.250
			7/15/10	350,000	4.000
			7/15/11	360,000	3.250
			7/15/12	375,000	3.500
			7/15/13	385,000	3.750
			7/15/14	400,000	3.750
			7/15/15	415,000	5.000
			7/15/16	435,000	5.000

Exhibit I-1

	Balance, July 1, 2009	Issued	Retired	Balance, June 30, 2010
\$	390,000	\$ -	\$ (390,000)	\$ -
	410,000	-	-	410,000
	430,000	-	-	430,000
	450,000	-	-	450,000
	470,000	-	-	470,000
	490,000	-	-	490,000
	510,000	-	-	510,000
	530,000	-	-	530,000
	555,000	-	-	555,000
	590,000	-	-	590,000
	620,000	-	-	620,000
	650,000	-	-	650,000
	670,000	-	-	670,000
	720,000	-	-	720,000
	720,000	-	-	720,000
	720,000	-	-	720,000
	<u>720,000</u>	<u>-</u>	<u>-</u>	<u>720,000</u>
	<u>9,645,000</u>	<u>-</u>	<u>(390,000)</u>	<u>9,255,000</u>
	130,000	-	(130,000)	-
	140,000	-	-	140,000
	140,000	-	-	140,000
	150,000	-	-	150,000
	150,000	-	-	150,000
	160,000	-	-	160,000
	160,000	-	-	160,000
	170,000	-	-	170,000
	180,000	-	-	180,000
	190,000	-	-	190,000
	200,000	-	-	200,000
	210,000	-	-	210,000
	210,000	-	-	210,000
	220,000	-	-	220,000
	230,000	-	-	230,000
	230,000	-	-	230,000
	240,000	-	-	240,000
	<u>3,110,000</u>	<u>-</u>	<u>(130,000)</u>	<u>2,980,000</u>
	290,000	-	(290,000)	-
	350,000	-	-	350,000
	360,000	-	-	360,000
	375,000	-	-	375,000
	385,000	-	-	385,000
	400,000	-	-	400,000
	415,000	-	-	415,000
	435,000	-	-	435,000
	<u>3,010,000</u>	<u>-</u>	<u>(290,000)</u>	<u>2,720,000</u>
\$	<u>15,765,000</u>	<u>\$ -</u>	<u>\$ (810,000)</u>	<u>\$ 14,955,000</u>

NEW PROVIDENCE SCHOOL DISTRICT
Long Term Debt
Schedule of Obligations Under Capital Leases
for the Fiscal Year ended June 30, 2010

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2009</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2010</u>
Ricoh Copiers	\$ 292,384	\$ <u>146,192</u>	\$ _____	\$ <u>73,096</u>	\$ <u>73,096</u>
		\$ <u>146,192</u>	\$ <u>_____</u>	\$ <u>73,096</u>	\$ <u>73,096</u>

NEW PROVIDENCE SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
for the Fiscal Year ended June 30, 2010

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 1,083,000	\$	\$ 1,083,000	\$ 1,083,000	\$
State sources:					
Debt Service Type II Aid	<u>325,929</u>	<u> </u>	<u>325,929</u>	<u>325,929</u>	<u> </u>
Total revenues	\$ <u>1,408,929</u>	\$ <u> </u>	\$ <u>1,408,929</u>	\$ <u>1,408,929</u>	\$ <u> </u>
EXPENDITURES:					
Regular debt service:					
Interest	\$ 625,613	<u> </u>	625,613	\$ 625,613	\$
Redemption of principal	<u>810,000</u>	<u> </u>	<u>810,000</u>	<u>810,000</u>	<u> </u>
Total regular debt service	<u>1,435,613</u>	<u> </u>	<u>1,435,613</u>	<u>1,435,613</u>	<u> </u>
Total expenditures	<u>1,435,613</u>	<u> </u>	<u>1,435,613</u>	<u>1,435,613</u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	(26,684)		(26,684)	(26,684)	
Other Financing Sources (Uses)					
Operating Transfers	<u> </u>				
Excess (Deficiency) of Revenue & other financing sources over (under) expenditures and other financing sources	<u>(26,684)</u>	<u> </u>	<u>(26,684)</u>	<u>(26,684)</u>	<u> </u>
Fund balances, July 1	<u>26,684</u>	<u> </u>	<u>26,684</u>	<u>26,684</u>	<u> </u>
Fund balances, June 30	\$ <u> </u>				
Recapitulation of Excess (Deficiency) of Revenue Over (Under) Expenditures					
Budgeted Fund Balance	\$ <u> </u>				

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STATISTICAL SECTION
(Unaudited)

**New Providence School District
Net Assets by Component
Last Four Fiscal Years**

(accrual basis of accounting)

Unaudited

	Fiscal Year Ending June 30,			
	2007	2008	2009	2010
Governmental activities				
Invested in capital assets, net of related debt	\$ (2,348,171)	\$ 4,544,741	\$ 7,505,252	\$ 7,379,519
Restricted	8,814,943	2,612,129	133,494	36,453
Unrestricted	1,991,945	1,599,195	1,314,979	1,078,952
Total governmental activities net assets	<u>\$ 8,458,717</u>	<u>\$ 8,756,065</u>	<u>\$ 8,953,725</u>	<u>\$ 8,494,924</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 15,001	\$ 12,688	\$ 43,929	\$ 43,351
Restricted	-	-	-	-
Unrestricted	191,993	171,546	169,072	202,078
Total business-type activities net assets	<u>\$ 206,994</u>	<u>\$ 184,234</u>	<u>\$ 213,001</u>	<u>\$ 245,429</u>
District-wide				
Invested in capital assets, net of related debt	\$ (2,333,170)	\$ 4,557,429	\$ 7,549,181	\$ 7,422,870
Restricted	8,814,943	2,612,129	133,494	36,453
Unrestricted	2,183,938	1,770,741	1,484,051	1,281,030
Total district net assets	<u>\$ 8,665,711</u>	<u>\$ 8,940,299</u>	<u>\$ 9,166,726</u>	<u>\$ 8,740,353</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	Fiscal Year Ending June 30,			
	2007	2008	2009	2010
Expenses				
Governmental activities				
Instruction				
Regular	\$ 11,432,551	\$ 12,006,807	\$ 12,268,757	\$ 12,625,770
Special education	1,854,371	1,843,687	1,978,837	1,965,178
Other special education	320,089	334,967	341,211	354,352
Vocational	-	-	-	-
Other instruction	779,675	831,381	855,238	873,571
Nonpublic school programs	-	-	-	-
Adult/continuing education programs	-	-	-	-
Support Services:				
Tuition	1,721,458	2,130,091	2,167,975	2,217,037
Student & instruction related services	2,939,887	3,266,298	3,283,591	3,359,410
School administrative services	1,150,147	1,208,024	1,322,521	1,318,929
General & business administrative services	8,222,243	8,960,531	8,040,601	8,776,893
Plant operations and maintenance	2,382,184	2,309,823	2,449,183	2,365,468
Pupil transportation	849,022	900,220	913,426	919,274
Special Schools	12,007	11,524	-	-
Charter Schools	-	-	-	-
Interest on long-term debt	611,373	741,105	660,556	625,613
Unallocated depreciation	608,495	565,564	548,231	1,240,940
Total governmental activities expenses	32,883,502	35,110,022	34,830,127	36,642,435
Business-type activities:				
Food service	460,549	584,624	540,174	580,730
Child Care	-	-	-	-
Total business-type activities expense	460,549	584,624	540,174	580,730
Total district expenses	\$ 33,344,051	\$ 35,694,646	\$ 35,370,301	\$ 37,223,165
Program Revenues				
Governmental activities:				
Charges for services:				
Instruction (tuition)	\$ 42,730	\$ 90,490	\$ 88,018	\$ 82,411
Pupil transportation	-	-	-	-
Business and other support services	-	-	-	-
Operating grants and contributions	623,510	645,277	607,960	891,996
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	666,240	735,767	695,978	974,407
Business-type activities:				
Charges for services				
Food service	460,302	492,284	500,118	522,333
Child care	-	-	-	-
Operating grants and contributions	61,455	69,580	68,823	90,825
Capital grants and contributions	-	-	-	-
Total business type activities program revenues	521,757	561,864	568,941	613,158
Total district program revenues	\$ 1,187,997	\$ 1,297,631	\$ 1,264,919	\$ 1,587,565
Net (Expense)/Revenue				
Governmental activities	\$ (32,217,262)	\$ (34,374,255)	\$ (34,134,149)	\$ (35,668,028)
Business-type activities	61,208	(22,760)	28,767	32,428
Total district-wide net expense	\$ (32,156,054)	\$ (34,397,015)	\$ (34,105,382)	\$ (35,635,600)

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

Exhibit J-2

	Fiscal Year Ending June 30,			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes levied for general purposes, net	\$ 26,562,548	\$ 27,601,938	\$ 28,595,315	\$ 29,547,043
Taxes levied for debt service	790,769	974,002	1,145,888	1,083,000
Federal and State aid not restricted	4,787,430	5,288,442	4,166,827	3,876,353
Investment earnings	715,965	309,275	30,707	70,714
Special item - Appraisal of capital asset adjustment	388,203	152,203	290,092	443,600
Miscellaneous income	88,888	347,163	141,046	199,532
Special item - Loss on disposal of fixed assets	(21,756)	(1,420)	(18,066)	(11,015)
Special item - Series 2008 refunding bond cost	-	-	(20,000)	-
Cancellation of State Construction Grant Receivable	(3,240,000)	-	-	-
Total governmental activities	<u><u>\$ 30,072,047</u></u>	<u><u>\$ 34,671,603</u></u>	<u><u>\$ 34,331,809</u></u>	<u><u>\$ 35,209,227</u></u>
Business-type activities:				
Investment earnings	-	-	-	-
Transfers	-	-	-	-
Total business-type activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Total district-wide	<u><u>\$ 30,072,047</u></u>	<u><u>\$ 34,671,603</u></u>	<u><u>\$ 34,331,809</u></u>	<u><u>\$ 35,209,227</u></u>
Change in Net Assets				
Governmental activities	\$ (2,145,215)	\$ 297,348	\$ 197,660	\$ (458,801)
Business-type activities	61,208	(22,760)	28,767	32,428
Total district	<u><u>\$ (2,084,007)</u></u>	<u><u>\$ 274,588</u></u>	<u><u>\$ 226,427</u></u>	<u><u>\$ (426,373)</u></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,			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 2,845,064	\$ 2,334,349	\$ 1,916,952	\$ 1,504,373
Unreserved	487,169	533,731	654,110	653,781
Total general fund	<u>\$ 3,332,233</u>	<u>\$ 2,868,080</u>	<u>\$ 2,571,062</u>	<u>\$ 2,158,154</u>
All Other Governmental Funds				
Reserved	\$ 6,803,629	\$ 2,600,090	\$ 99,518	\$ 4,100
Unreserved, reported in:				
Special revenue fund	-	-	-	-
Capital projects fund	2,011,221	11,946	7,199	32,260
Debt service fund	-	-	26,684	-
Permanent fund	-	-	-	-
Total all other governmental funds	<u>\$ 8,814,850</u>	<u>\$ 2,612,036</u>	<u>\$ 133,401</u>	<u>\$ 36,360</u>

Source: CAFR Schedule B-1

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

	2001	2002	2003	2004
Revenues				
Tax levy	\$ 18,829,835	\$ 19,619,059	\$ 20,608,842	\$ 23,002,690
Tuition charges	13,574	71,329	84,089	76,933
Interest earnings	305,091	78,059	26,797	17,950
Miscellaneous	78,817	118,765	67,919	88,325
Grants				
State sources	2,386,307	2,123,446	3,174,872	3,771,765
Federal sources	-	-	334,058	380,584
Total revenue	<u>21,613,624</u>	<u>22,010,658</u>	<u>24,296,577</u>	<u>27,338,247</u>
Expenditures				
Current expense:				
Instruction	9,931,486	10,611,722	11,159,085	12,003,054
Undistributed expenditures	10,334,591	11,162,393	12,723,158	14,242,006
Special Schools	10,989	15,145	10,769	7,562
Capital outlay	504,225	379,673	212,880	103,842
Debt service	464,601	466,048	467,078	467,718
Total expenditures	<u>21,245,892</u>	<u>22,634,981</u>	<u>24,572,970</u>	<u>26,824,182</u>
Excess (Deficiency) of revenues over (under) expenditures	367,732	(624,323)	(276,393)	514,065
Other Financing sources (uses)				
Capital leases (non-budgeted)	-	-	152,960	-
Bond proceeds	-	-	-	-
Proceeds of refunding debt	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-
Par amount of bonds	-	-	-	-
Original issue premium	-	-	-	-
Accrued interest	-	-	-	-
Cancellation of State Constr. Grant Rec.	-	-	-	-
Costs of issuance	-	-	-	-
Operating Transfers	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(22,480)	(4,337)	-	-
Total other financing sources (uses)	<u>(22,480)</u>	<u>(4,337)</u>	<u>152,960</u>	<u>-</u>
Net change in fund balances	<u>\$ 345,252</u>	<u>\$ (628,660)</u>	<u>\$ (123,433)</u>	<u>\$ 514,065</u>
 Debt service as a percentage of noncapital expenditures	2.2%	2.1%	1.9%	1.8%

Source: CAFR Schedule B-2

Exhibit J-4

2005	2006	2007	2008	2009	2010
\$ 24,363,196	\$ 26,191,659	\$ 27,353,317	\$ 28,575,940	\$ 29,741,203	\$ 30,630,043
58,859	58,534	42,730	90,490	88,018	82,411
48,127	287,008	715,965	309,275	30,707	70,714
82,800	118,615	88,888	347,163	141,046	199,532
					46,704
3,781,145	7,319,115	4,944,279	5,455,226	4,301,873	3,980,715
455,509	457,781	466,661	478,493	472,914	740,930
<u>28,789,636</u>	<u>34,432,712</u>	<u>33,611,840</u>	<u>35,256,587</u>	<u>34,775,761</u>	<u>35,751,049</u>
12,745,177	13,478,862	14,247,224	14,801,272	15,170,767	15,492,477
14,961,075	15,832,819	17,211,745	18,919,486	18,263,195	19,206,989
12,919	11,551	12,007	11,524	-	-
106,597	643,626	5,001,927	7,087,551	2,651,896	125,919
471,570	468,585	891,373	1,396,105	1,465,556	1,435,613
<u>28,297,338</u>	<u>30,435,443</u>	<u>37,364,276</u>	<u>42,215,938</u>	<u>37,551,414</u>	<u>36,260,998</u>
492,298	3,997,269	(3,752,436)	(6,959,351)	(2,775,653)	(509,949)
-	-	-	292,384	-	-
-	10,375,000	3,240,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(3,240,000)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>10,375,000</u>	<u>-</u>	<u>292,384</u>	<u>-</u>	<u>-</u>
<u>\$ 492,298</u>	<u>\$ 14,372,269</u>	<u>\$ (3,752,436)</u>	<u>\$ (6,666,967)</u>	<u>\$ (2,775,653)</u>	<u>\$ (509,949)</u>
1.7%	1.6%	2.8%	4.0%	4.2%	4.0%

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Total</u>
2001	305,091	13,574	19,331	59,486	397,482
2002	78,059	71,329	31,800	86,965	268,153
2003	26,797	84,089	35,819	32,100	178,805
2004	17,950	76,933	34,214	54,111	183,208
2005	48,127	58,859	42,513	40,287	189,786
2006	128,346	58,534	36,648	81,967	305,495
2007	222,818	42,730	40,010	48,878	354,436
2008	144,579	90,490	39,015	308,148	582,232
2009	17,504	88,018	39,172	101,874	246,568
2010	69,927	82,411	32,246	167,286	351,870

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.	Cfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Business Personal Property ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b
2001	12,846,900	999,179,300	0	0	147,114,100	117,929,900	37,356,900	1,314,427,100	0	6,285,884	1,320,712,984	1.460
2002	12,588,700	1,005,848,300	0	0	147,014,100	117,929,900	37,356,900	1,320,737,900	0	6,337,731	1,327,075,631	1.510
2003	13,817,100	1,008,673,100	0	0	161,544,200	86,759,400	36,986,500	1,307,780,300	0	5,711,648	1,313,491,948	1.661
2004	14,080,700	1,012,262,000	0	0	158,805,200	86,559,400	36,986,500	1,308,693,800	0	4,925,420	1,313,619,220	1.804
2005	13,956,800	1,017,117,000	0	0	154,948,500	79,518,600	36,986,500	1,302,529,400	0	4,674,007	1,307,203,407	1.934
2006	15,793,200	1,022,634,000	0	0	151,465,100	74,705,480	35,556,100	1,300,153,880	0	4,096,328	1,304,250,208	2.053
2007	15,147,200	1,031,995,100	0	0	133,726,485	75,783,380	34,291,100	1,290,943,265	0	3,210,229	1,294,153,494	2.178
2008	13,388,000	1,036,356,200	0	0	131,263,985	74,811,180	38,253,500	1,294,072,865	0	3,067,767	1,297,140,632	2.253
2009	12,908,400	1,043,640,800	0	0	129,258,885	72,083,280	36,149,200	1,294,040,565	0	3,103,372	1,297,143,937	2.328
2010	12,391,700	1,049,774,700	0	0	129,133,185	63,908,880	35,969,200	1,291,177,665	0	3,190,323	1,294,367,988	2.421

Source: District Records & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Fiscal Year Ended June 30,	New Providence Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of New Providence	Union County	Union County Open Space	Municipal Open Space	
2001	1.426	0.034	1.460	0.580	0.500	0.000	0.000	2.540
2002	1.478	0.032	1.510	0.580	0.550	0.000	0.000	2.640
2003	1.629	0.032	1.661	0.629	0.578	0.021	0.000	2.889
2004	1.773	0.031	1.804	0.649	0.604	0.023	0.010	3.090
2005	1.905	0.029	1.934	0.675	0.597	0.024	0.010	3.240
2006	2.008	0.045	2.053	0.708	0.598	0.026	0.010	3.395
2007	2.093	0.083	2.176	0.750	0.618	0.028	0.010	3.582
2008	2.166	0.087	2.253	0.815	0.632	0.029	0.010	3.739
2009	2.242	0.086	2.328	0.856	0.687	0.030	0.002	3.903
2010	2.329	0.092	2.421	0.890	0.739	0.030	0.002	4.082

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	2010			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
The B.O.C. Group, Inc.	\$ 21,085,800	1	1.63%	\$ 44,633,600	1	3.40%
41 Spring Street, LLC	17,143,400	2	1.32%	-		
Martindale-Hubbell, Inc.	14,678,385	3	1.13%	22,484,800	3	1.71%
N Providence, LLC	14,272,800	4	1.10%	-		
C. R. Bard, Inc.	11,500,000	5	0.89%	17,730,300	5	1.35%
HT Mountain Avenue Associates, LLC	11,352,600	6	0.88%	-		
Tower Management Financing PTSP	10,775,800	7	0.83%	9,111,100	9	0.69%
Murray Hill Apartments Company, LLC	8,700,000	8	0.67%	9,333,400	8	0.71%
Lucent Technologies, Inc.	8,178,300	9	0.63%	-		
New Providence Gardens Company, LLC	6,542,000	10	0.51%	-		
N. J. Office Realty Holding Co.	-			24,000,000	2	1.83%
"K" Line Realty, Inc.	-			17,730,300	4	1.35%
Paragano Associates (Village Shopping Ctr.)	-			11,280,600	6	0.86%
Murray Hill Inn Associates	-			11,379,500	7	0.87%
Mack-B Company	-			9,079,300	10	0.69%
Total	\$ 124,229,085		9.59%	\$ 176,762,900		13.46%

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	
2001	18,830,585	18,830,585	100.00%	-
2002	19,619,059	19,619,059	100.00%	-
2003	20,608,842	20,608,842	100.00%	-
2004	23,002,690	23,002,690	100.00%	-
2005	24,363,196	24,363,196	100.00%	-
2006	26,191,659	26,191,659	100.00%	-
2007	27,353,317	27,353,317	100.00%	-
2008	28,575,940	28,575,940	100.00%	-
2009	29,741,203	29,741,203	100.00%	-
2010	30,630,043	30,630,043	100.00%	-

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		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2001	5,105,000	-	62,104	-	-	5,167,104	0.78%	40,479
2002	4,880,000	-	60,102	-	-	4,940,102	0.83%	40,848
2003	4,645,000	-	158,073	-	-	4,803,073	0.87%	41,661
2004	4,400,000	-	115,147	-	-	4,515,147	0.95%	43,045
2005	4,140,000	-	75,791	-	-	4,215,791	1.06%	44,586
2006	14,245,000	-	36,435	-	-	14,281,435	0.34%	49,062
2007	17,205,000	-	-	-	-	17,205,000	0.30%	51,054
2008	16,550,000	-	219,288	-	-	16,769,288	0.31%	51,815
2009	15,765,000	-	146,192	-	-	15,911,192	N/A	N/A
2010	14,955,000	-	73,096	-	-	15,028,096	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.

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

General Bonded Debt Outstanding					
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
2001	5,105,000	-	5,105,000	0.39%	40,479
2002	4,880,000	-	4,880,000	0.37%	40,848
2003	4,645,000	-	4,645,000	0.35%	41,661
2004	4,400,000	-	4,400,000	0.33%	43,045
2005	4,140,000	-	4,140,000	0.32%	44,586
2006	14,245,000	-	14,245,000	1.09%	49,062
2007	17,205,000	-	17,205,000	1.32%	51,054
2008	16,550,000	-	16,550,000	1.28%	51,815
2009	15,765,000	-	15,765,000	1.22%	N/A
2010	14,955,000	-	14,955,000	1.16%	N/A

Note:

a Net Assessed Valuation Taxable.

b Information based on Union County figures not Municipality figures.

New Providence School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2010
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	16,692,837	100.000%	16,692,837
Other debt			
Union County	519,373,809	4.559%	<u>23,679,051</u>
Subtotal, overlapping debt			40,371,888
New Providence School District Direct Debt	14,955,000	100%	<u>14,955,000</u>
Total direct and overlapping debt			<u><u>\$ 55,326,888</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 values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

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

Legal Debt Margin Calculation for Calendar Year

	Equalized valuation basis									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 55,456,695	\$ 58,813,540	\$ 63,143,421	\$ 68,152,434	\$ 73,523,562	\$ 80,381,542	\$ 87,767,556	\$ 95,349,080	\$ 100,991,646	\$ 103,522,414
Total net debt applicable to limit	5,105,000	4,880,000	4,645,000	4,400,000	4,140,000	14,245,000	17,205,000	16,550,000	15,765,000	14,955,000
Legal debt margin	\$ 50,351,695	\$ 53,933,540	\$ 58,498,421	\$ 63,752,434	\$ 69,383,562	\$ 66,136,542	\$ 70,562,556	\$ 78,799,080	\$ 85,226,646	\$ 88,567,414
Total net debt applicable to the limit as a percentage of debt limit	9.21%	8.30%	7.36%	6.46%	5.63%	17.72%	19.60%	17.36%	15.61%	14.45%

Average equalized valuation of taxable property
 [A/3] \$ 2,588,060,339
 Debt limit (4 % of average) [B] 103,522,414 a
 Net bonded school debt [C] 14,955,000
 Legal debt margin [B-C] \$ 88,567,414

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

a Limit set by N.J.S.A. 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
2001	11,939	-	40,479	2.0%
2002	11,931	-	40,848	2.9%
2003	11,873	-	41,661	2.8%
2004	11,792	-	43,045	2.2%
2005	11,691	-	44,586	3.0%
2006	11,669	-	49,062	3.3%
2007	11,730	-	51,054	3.0%
2008	11,864	-	51,815	3.9%
2009	12,037	-	N/A	6.8%
2010	N/A	-	N/A	N/A

Source:

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

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

^c Per Capita income based on Union County figures.

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

**New Providence School District
Principal Employers
Year 2010 and Nine Years Ago
Unaudited**

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

Source: Borough of New Providence Records

Note: Applicable information was not available for 2010 and 2001.

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

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Instruction										
Regular	141.6	146	148.1	148.8	148	150	148.1	152.4	156.6	154
Supplemental (Special Education)	16	17.6	18.8	21	22	24	24	26.5	20.1	18.5
Vocational	0	1	1	1	1	1	1	1	1	1
Support Services										
Certificated:										
Educational Support	21	22	22.5	25.2	26.5	28.5	27.8	30.2	29.2	29.9
General administrative services	2	2	3	3	2	1.5	1	2	2	2
Business administrative services	1	1	1	1	1	1	1	1	1	1
School administrative services	6.6	6.6	7.6	8	8	7.5	8.5	10	10.5	10.5
Non-Certificated:										
Teacher Aides	7.2	11	11.5	10	12	14	14	15	15	15
Technicians	2	1	1	2	2	2	2	2	2	2
Clerical/Secretarial	22.2	22.9	21.2	21.2	22.2	23.2	23.2	23.2	23.2	23.2
Service Workers	22.2	23.5	23.5	23	24.4	24.4	24.1	24.1	24.8	24.8
Skilled Crafts	6	7	7	8	8	8	8	8	8	8
Total	247.8	261.6	266.2	272.2	277.1	285.1	282.7	296.4	293.4	289.9

Source: Fall Survey and Certificated Staff

New Providence School District
 Operating Statistics
 Last Ten Fiscal Years
 Unaudited

Fiscal Year	Pupil/Teacher Ratio										Student Attendance Percentage	
	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Elementary	Middle School	High School	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c		% Change in Average Daily Enrollment
2001	2,015	20,277,066	10,063	-0.87%	188	1:13	1:10	1:11	1,986	1,904	3.49%	95.90%
2002	2,091	21,788,260	10,420	3.65%	196	1:14	1:11	1:11	2,045	1,965	2.97%	96.10%
2003	2,162	23,327,881	10,790	3.55%	202	1:14	1:12	1:12	2,116	2,037	3.47%	96.30%
2004	2,200	25,706,802	11,685	8.29%	208	1:13	1:17	1:13	2,144	2,058	1.32%	96.00%
2005	2,242	27,100,220	12,088	3.45%	209	1:12	1:19	1:13	2,204	2,100	2.80%	95.30%
2006	2,230	28,702,429	12,871	6.48%	213.5	1:12	1:20	1:13	2,195	2,100	-0.41%	95.70%
2007	2,264	30,847,466	13,625	5.86%	211.4	1:11	1:17	1:13	2,216	2,131	0.96%	96.16%
2008	2,245	33,087,005	14,738	8.17%	210.1	1:10	1:15	1:11	2,207	2,108	-0.42%	95.51%
2009	2,241	32,826,002	14,648	-0.61%	206.9	1:11	1:14	1:11	2,207	2,112	0.01%	95.70%
2010	2,248	33,807,470	15,039	2.67%	203.4	1:11	1:15	1:11	2,184	2,089	-0.59%	95.70%

Sources: District records

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

- a Operating expenditures equal total expenditures less debt service and capital outlay; Exhibit B-2 Total General Fund Expenditures less Capital Outlay.
- b Teaching staff includes only full-time and part-time equivalents of certificated staff as per October 15, 2009 as per District School Report.
- 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>District Building</u>										
<u>Elementary</u>										
Allen W. Roberts (1962)										
Square Feet	65,869	65,869	65,869	65,869	65,869	65,869	65,869	72,114	72,114	72,114
Functional Capacity (students)	527	527	527	527	527	527	527	575	575	575
Enrollment	600	582	616	613	617	601	623	601	616	620
Salt Brook (1968)										
Square Feet	84,796	84,796	84,796	84,796	84,796	84,796	84,796	92,920	92,920	92,920
Functional Capacity (students)	548	548	548	548	548	548	548	579	579	579
Enrollment	564	563	579	580	598	594	601	639	620	628
<u>High School/Middle School</u>										
New Providence HS/MS (1957)										
Square Feet	175,183	175,183	175,183	175,183	175,183	175,183	175,183	180,892	180,892	180,892
Functional Capacity (students)	966	966	966	966	966	966	966	1,041	1,041	1,041
Enrollment	825	916	928	962	984	993	998	959	963	958
<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 Schools at June 30, 2010
 Elementary = 2
 High School/Middle School = 1
 Other = 1

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

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**

<u>School Facilities</u>	<u>Project # (s)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Allen W. Roberts School	N/A	\$ 111,529	\$ 140,329	\$ 120,061	\$ 135,405	\$ 124,704
Salt Brook School	N/A	143,704	180,814	150,807	174,296	144,542
Middle/High School	N/A	279,800	352,054	292,797	360,171	305,527
 Total School Facilities		 <u>535,033</u>	 <u>673,197</u>	 <u>563,665</u>	 <u>669,872</u>	 <u>574,773</u>
 Other Facilities		 <u>8,479</u>	 <u>10,668</u>	 <u>8,874</u>	 <u>11,238</u>	 <u>10,416</u>
 Grand Total		 <u>\$ 543,512</u>	 <u>\$ 683,865</u>	 <u>\$ 572,539</u>	 <u>\$ 681,110</u>	 <u>\$ 585,189</u>

**NEW PROVIDENCE SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

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

Source: District Records

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SINGLE AUDIT SECTION

DONOHUE, GIRONDA & DORIA

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EXHIBIT K-1

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

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

We have audited the financial statements of the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated October 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

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

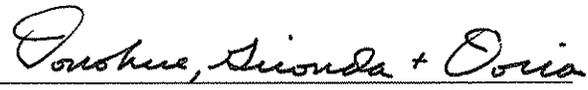
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination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

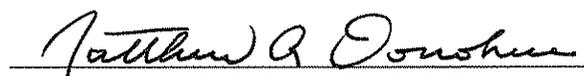
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

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


DONOHUE, GIRONDA & DORIA
Certified Public Accountants


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

Bayonne, New Jersey
October 15, 2010

DONOHUE, GIRONDA & DORIA

Certified Public Accountants

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EXHIBIT K-2

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

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

Compliance

We have audited the compliance of the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of New Providence Board of Education's major federal and state programs for the fiscal year ended June 30, 2010. New Providence Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the New Providence Board of Education's management. Our responsibility is to express an opinion on the New Providence Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; *OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations*; and *New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, *OMB Circular A-133* and *New Jersey OMB's Circular 04-04*, require that we

plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the New Providence Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the New Providence Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the New Providence School District, in the County of Union, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2010.

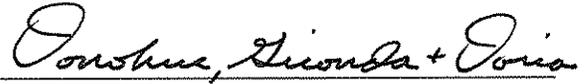
Internal Control Over Compliance

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

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

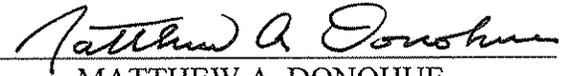
Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We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

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



DONOHUE, GIRONDA & DORIA

Certified Public Accountants



MATTHEW A. DONOHUE

Certified Public Accountant

Public School Accountant

License No. CS 00170

Bayonne, New Jersey
October 15, 2010

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2009
				FROM	TO	
U.S. DEPARTMENT OF EDUCATION						
PASSED-THROUGH STATE						
DEPARTMENT OF EDUCATION:						
Special Revenue Fund:						
Title V - Innovative Education	84.298	IASA03	\$ 3,127	07/01/06	06/30/07	\$ 18
Title V - Innovative Education	84.298A	IASA03	2,781	07/01/07	06/30/08	5
IDEA Pre-School	84.027	FT03	17,925	07/01/06	06/30/07	560
IDEA Pre-School	84.027	FT03	15,444	07/01/08	06/30/09	(749)
IDEA Pre-School	84.027	FT03	16,687	07/01/09	06/30/10	
IDEA B Flow-Through Entitlements	84.027	FT03	419,155	07/01/08	06/30/09	(88,374)
IDEA B Flow-Through Entitlements	84.027	FT03	413,199	07/01/09	06/30/10	
Drug-Free Schools and Communities Act	84.186	IASA03	4,149	07/01/07	06/30/08	141
Drug-Free Schools and Communities Act	84.186	IASA03	3,077	07/01/08	06/30/09	(2,696)
Drug-Free Schools and Communities Act	84.186A	IASA03	3,417	07/01/09	06/30/10	
IKE Grant	84.367	IASA03	40,539	07/01/07	06/30/08	202
IKE Grant	84.367	IASA03	40,963	07/01/08	06/30/09	(9,962)
IKE Grant	84.367A	IASA03	43,024	07/01/09	06/30/10	
IDEA Basic ARRA	84.391	FT03	476,781	07/01/09	06/30/10	
IDEA Pre-School ARRA	84.392	FT03	17,254	07/01/09	06/30/10	
Total Special Revenue Fund						<u>(100,855)</u>
U.S. DEPARTMENT OF AGRICULTURE						
PASSED-THROUGH STATE						
DEPARTMENT OF EDUCATION:						
Enterprise Fund:						
Food Distribution Program	10.550	N/A	23,816	07/01/09	06/30/10	
National School Lunch Program	10.555	N/A	43,932	07/01/08	06/30/09	(4,495)
National School Lunch Program	10.555	N/A	58,731	07/01/09	06/30/10	
Total Enterprise Fund						<u>(4,495)</u>
TOTAL FEDERAL FINANCIAL AWARDS						<u>\$ (105,350)</u>

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

EXHIBIT K-3
SCHEDULE A

CARRYOVER (WALKOVER) AMOUNT	CASH RECEIVED	BUDGETARY EXPEN- TURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2010		
					ACCOUNTS RECEIVABLE	DEFERRED REVENUE	DUE TO GRANTOR
\$	\$	\$	\$	\$	\$	\$	\$
	749			18			560
	15,610	16,687		5	(1,077)		
	88,374						
	408,664	413,199			(4,535)		
	2,696			141			
	841	3,417			(2,576)		
	9,962			202			
	28,172	43,024			(14,852)	214,300	
	249,188	262,481			(227,593)	12,783	
	4,471	4,471			(12,783)		
	<u>808,727</u>	<u>743,279</u>		<u>366</u>	<u>(263,416)</u>	<u>227,083</u>	<u>560</u>
	23,816	23,816					
	4,495						
	<u>52,643</u>	<u>58,731</u>			<u>(6,088)</u>		
	<u>80,954</u>	<u>82,547</u>			<u>(6,088)</u>		
\$	\$ <u>889,681</u>	\$ <u>825,826</u>	\$	\$ <u>366</u>	\$ <u>(269,504)</u>	\$ <u>227,083</u>	\$ <u>560</u>

NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	GRANT PERIOD		BALANCE AT JUNE 30, 2009			CARRYOVER/ (WALKOVER) AMOUNT
			FROM	TO	BUDGETARY RECEIVABLE	DEFERRED REVENUE (ACCTS. REC.)	DUE TO GRANTOR	
STATE DEPARTMENT OF EDUCATION								
General Fund:								
Extraordinary Aid	09-100-034-5120-473	388,698	7/01/08	6/30/09		(388,698)		
Extraordinary Aid	10-100-034-5120-473	371,430	7/01/09	6/30/10				
Transportation Aid	09-495-034-5120-014	52,720	7/01/08	6/30/09	(4,573)			
Special Education Aid	09-495-034-5120-089	1,167,733	7/01/08	6/30/09	(101,508)			
Special Education Aid	10-495-034-5120-089	969,597	7/01/09	6/30/10				
Security Aid	09-495-034-5120-084	156,656	7/01/08	6/30/09	(13,622)			
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	1,185,966	7/01/09	6/30/10				
On Behalf TPAF Pension Contributions	10-495-034-5095-006	1,022,455	7/01/09	6/30/10				
Total General Fund					(119,703)	(388,698)		
Special Revenue Fund:								
New Jersey Non-public Aid:								
Non-public Technology Aid	09-100-034-5120-373	7,201	7/01/08	6/30/09			319	
Textbook Aid	09-100-034-5120-064	8,902	7/01/08	6/30/09			1,850	
Textbook Aid	10-100-034-5120-064	8,484	7/01/09	6/30/10				
Nursing Services Aid	10-100-034-5120-070	10,345	7/01/09	6/30/10				
Auxiliary Services (Chapter 192):								
Compensatory Education	09-100-034-5120-067	56,734	7/01/08	6/30/09			1,990	
Compensatory Education	10-100-034-5120-067	43,186	7/01/09	6/30/10				
English as a Second Language	09-100-034-5120-067	3,045	7/01/08	6/30/09			1,015	
English as a Second Language	10-100-034-5120-067	3,621	7/01/09	6/30/10				
Home Instruction	09-100-034-5120-067	1,107	7/01/08	6/30/09		(1,108)		
Handicapped Services (Chapter 193):								
Corrective Speech	09-100-034-5120-066	12,090	7/01/08	6/30/09			5,580	
Corrective Speech	10-100-034-5120-066	9,142	7/01/09	6/30/10				
Examination and Classification	09-100-034-5120-066	21,040	7/01/08	6/30/09			14,216	
Examination and Classification	10-100-034-5120-066	14,806	7/01/09	6/30/10				
Supplementary Instruction	09-495-034-5120-066	14,042	7/01/08	6/30/09			7,434	
Supplementary Instruction	10-495-034-5120-066	11,150	7/01/09	6/30/10				
Total Special Revenue Fund						(1,108)	32,404	
Debt Service Fund:								
Debt Service Aid	10-100-034-5120-017	325,929	7/01/09	6/30/10				
STATE DEPARTMENT OF AGRICULTURE								
Enterprise Fund:								
National School Lunch Program (State Share)	09-100-010-3350-023	5,185	7/01/08	6/30/09		(512)		
National School Lunch Program (State Share)	10-100-010-3350-023	5,892	7/01/09	6/30/10				
Total Enterprise Fund						(512)		
TOTAL STATE FINANCIAL ASSISTANCE					\$ (119,703)	\$ (390,318)	\$ 32,404	\$

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

CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2010			MEMO	
				(ACCOUNTS RECEIVABLE)	DEFERRED REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
388,698	371,430			(371,430)				371,430
4,573								
101,508								
850,870	969,597						(118,727)	969,597
13,622								
1,185,966	1,185,966							1,185,966
<u>1,022,455</u>	<u>1,022,455</u>							<u>1,022,455</u>
<u>3,567,692</u>	<u>3,549,448</u>			<u>(371,430)</u>			<u>(118,727)</u>	<u>3,549,448</u>
			319					
			1,850					
8,723	8,484					239		8,484
10,345	10,345							10,345
			1,990					
47,985	43,186					4,799		43,186
			1,015					
3,621	3,621							3,621
1,108								
			5,580					
13,451	9,142					4,309		9,142
			14,216					
29,058	14,806					14,252		14,806
			7,434					
19,114	11,150					7,964		11,150
<u>133,405</u>	<u>100,734</u>		<u>32,404</u>			<u>31,563</u>		<u>100,734</u>
<u>325,929</u>	<u>325,929</u>							<u>325,929</u>
512								
<u>5,270</u>	<u>5,892</u>			<u>(622)</u>				<u>5,892</u>
<u>5,782</u>	<u>5,892</u>			<u>(622)</u>				<u>5,892</u>
<u>\$ 4,032,808</u>	<u>\$ 3,982,003</u>	<u>\$</u>	<u>\$ 32,404</u>	<u>\$ (372,052)</u>	<u>\$</u>	<u>\$ 31,563</u>	<u>\$ (118,727)</u>	<u>\$ 3,982,003</u>

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - GENERAL

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

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or more June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$976) for the general fund and (\$12,981) 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	\$	\$3,550,424	\$3,550,424
Special Revenue Fund	740,930	104,362	845,292
Capital Projects			
Debt Service Fund		325,929	325,929
Food Service Fund	<u>82,547</u>	<u>5,892</u>	<u>88,439</u>
Total Awards and Financial Assistance	<u>\$823,477</u>	<u>\$3,986,607</u>	<u>\$4,810,084</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

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the district for the year ended June 30, 2010. 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, 2010.

**NEW PROVIDENCE SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
AWARDS AND FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 6 – SCHOOL WIDE PROGRAM FUNDS

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

<u>Program</u>	<u>Total</u>
Title II, Part A: Teacher and Principal Training and Recruiting	\$ 43,024
Title IV, Part A: Safe and Drug-Free Schools and Communities	<u>3,417</u>
Total	<u>\$ 46,441</u>

NEW PROVIDENCE SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditors' Results

Financial Statement Section

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Non-compliance material to basic financial statements noted? yes no

Federal Awards Section

Internal control over major programs:

- 1) Material weakness(es) identified? yes no
- 2) Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA B Flow-Through Entitlements
84.391	IDEA Basic - ARRA

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

Auditee qualified as low-risk auditee? yes no

**NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section I - Summary of Auditors' Results (Continued)

State Awards Section

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

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 04-04? yes X no

Identification of major programs:

GMIS Number(s)	Name of State Program
10-495-034-5120-089	Special Education
10-100-034-5120-473	Extraordinary Aid
10-495-034-5095-006	On Behalf - TPAF Pension Contributions
10-495-034-5095-002	On Behalf - Social Security Contributions
10-100-034-5120-017	Debt Service Aid

**NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

NONE

**NEW PROVIDENCE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Section III - State Financial Assistance Findings and Questioned Costs

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

NONE

**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, 2010**

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

NONE

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