

REPORT OF AUDIT

BOROUGH OF NEW PROVIDENCE

COUNTY OF UNION

DECEMBER 31, 2011

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BOROUGH OF NEW PROVIDENCE

TABLE OF CONTENTS

PART I

<u>Exhibit</u>		<u>Page</u>
	Independent Auditor's Report	1
	<u>CURRENT FUND</u>	
A	Comparative Balance Sheet - Regulatory Basis	4
A-1	Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis	6
A-2	Statement of Revenues - Regulatory Basis	8
A-3	Statement of Expenditures - Regulatory Basis	11
	<u>TRUST FUND</u>	
B	Comparative Balance Sheet - Regulatory Basis	20
B-1	Schedule of Fund Balance - Regulatory Basis	22
	<u>GENERAL CAPITAL FUND</u>	
C	Comparative Balance Sheet - Regulatory Basis	23
C-1	Statement of Changes in Fund Balance - Regulatory Basis	24
	<u>GENERAL FIXED ASSETS</u>	
D	Statement of General Fixed Assets - Regulatory Basis	25
	Notes to Financial Statements Year Ended December 31, 2011	26
	Supplementary Data	51
	<u>CURRENT FUND</u>	
A-4	Schedule of Cash - Treasurer	56
A-5	Schedule of Cash - Change Fund	57
A-6	Schedule of Petty Cash	57
A-7	Schedule of Amount Due to/from State of New Jersey for Senior Citizen's and Veteran's Deductions - CH. 73 P.L. 1976	58
A-8	Schedule of Taxes Receivable and Analysis of Property Tax Levy	59
A-9	Schedule of Title Liens	60
A-10	Schedule of Property Acquired for Taxes Assessed Valuation	60
A-11	Schedule of Revenue Accounts Receivable	61
A-12	Schedule of Other Accounts Receivable	62
A-13	Schedule of Interfunds	63
A-14	Schedule of Appropriation Reserves	64
A-15	Schedule of Encumbrances Payable	67
A-16	Schedule of Prepaid Taxes	67
A-17	Schedule of Due to Special Improvement District	68
A-18	Schedule of Municipal Open Space Taxes Payable	68

<u>CURRENT FUND, (continued)</u>		
A-19	Schedule of Local District School Tax Payable	69
A-20	Schedule of County Taxes Payable	69
A-21	Schedule of Various Cash Liabilities and Reserves	70
A-22	Schedule of Grants Receivable - Federal and State Grant Fund	71
A-23	Schedule of Appropriated Reserves for Grants - Federal and State Grant Fund	72
A-24	Schedule of Unappropriated Reserves for Grants - Federal and State Grant Fund	73
A-25	Schedule of Interfund Current Fund - Federal and State Grant Fund	74
<u>TRUST FUND</u>		
B-2	Schedule of Cash	75
B-3	Analysis of Assessment Cash	76
B-4	Schedule of Cash Dog License Collector	76
B-5	Schedule of Assessments Receivable	77
B-6	Schedule of Due from/(to) Current Fund	78
B-7	Schedule of Other Accounts Receivable - Outside Police Duty	78
B-8	Schedule of Assessments Receivable	79
B-9	Schedule of Reserve for Animal License Fund Expenditures	80
B-10	Schedule of Due to State of New Jersey	80
B-11	Schedule of Other Trust Funds	81
B-12	Schedule of Payroll Deductions Payable	82
B-13	Schedule of Construction and other Deposits	83
B-14	Schedule of Reserve for Unemployment Insurance	84
B-15	Schedule of Reserve for Grant Expenditures - Pocket Parks Grant	84
B-16	Schedule of Reserve for Municipal Open Space	84
B-17	Schedule of LOSAP Contribution Receivable	85
B-18	Schedule of Emergency Services Volunteer Length of Service Award Program - Net Assets Available for Benefits	85
<u>GENERAL CAPITAL FUND</u>		
C-2	Schedule of Cash	86
C-3	Analysis of Cash	87
C-4	Schedule of Various Receivables	88
C-5	Schedule of Deferred Charges to Future Taxation - Funded	89
C-6	Schedule of Deferred Charges to Future Taxation - Unfunded	90
C-7	Schedule of Interfund - Current Fund	91
C-8	Schedule of New Jersey Environmental Infrastructure Trust/Loans Payable	92
C-9	Schedule of General Serial Bonds Payable	93
C-10	Schedule of Bond Anticipation Notes Payable	94
C-11	Schedule of Improvement Authorizations	95
C-12	Schedule of Capital Improvement Fund	96
C-13	Schedule of Various Reserves	97
C-14	Schedule of Reserve for Various Grants Receivable	97
C-15	Schedule of Bonds and Notes Authorized But Not Issued	98

<u>Exhibit</u>	<u>Page</u>
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PART II

Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	99
General Comments	101
Recommendations	104
Status of Prior Year Audit Findings/Recommendations	104

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BOROUGH OF NEW PROVIDENCE

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

March 29, 2012

The Honorable Mayor and
Members of the Borough Council
Borough of New Providence
New Providence, NJ 07974

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of New Providence in the County of Union, as of and for the year ended December 31, 2011, and the related statements of operations and changes in fund balance-regulatory basis for the year then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2011. The financial statements for the year ended December 31, 2010 were audited by other auditors whose report dated March 28, 2011 expressed a qualified opinion. The opinion was qualified because the financial statements were prepared on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Borough of New Providence's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed below, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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.



Honorable Mayor and
Members of the Borough Council
Page 2.

The Length of Service Awards Program of the Borough of New Providence has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the Borough of New Providence's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of New Providence, New Jersey as of December 31, 2011 or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of New Providence, New Jersey at December 31, 2011, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the year then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2012 on our consideration of the Borough of New Providence's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Honorable Mayor and
Members of the Borough Council
Page 3.

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

March 29, 2012

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Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Assets			
Current Fund:			
Cash	A-4	4,398,494.96	4,409,966.11
Change Fund	A-5	150.00	150.00
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7	<u>1,718.58</u>	<u> </u>
		<u>4,400,363.54</u>	<u>4,410,116.11</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	260,939.00	157,580.10
Tax Title Liens	A-9	139,002.80	127,569.26
Property Acquired for Taxes -			
Assessed Valuation	A-10	11,955.00	11,955.00
Revenue Accounts Receivable	A-11	52,317.20	56,421.67
Other Accounts Receivable	A-12	6,669.00	1,909.26
Due from:			
Other Trust Fund	A-13	2.90	152.95
General Capital Fund	A-13	190,501.09	
Federal and State Grant Fund	A-13	2,963.16	
Recreation Trust Fund	A-13	<u>10,000.00</u>	<u> </u>
		<u>674,350.15</u>	<u>355,588.24</u>
		<u>5,074,713.69</u>	<u>4,765,704.35</u>
Federal and State Grant Fund:			
Cash	A-4	65,842.20	28,703.80
Grants Receivable	A-22	854,461.41	924,043.69
Interfund - Current Fund	A-25	<u> </u>	<u>3,025.80</u>
		<u>920,303.61</u>	<u>955,773.29</u>
Total Assets		<u>5,995,017.30</u>	<u>5,721,477.64</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14	820,443.98	700,043.49
Due to:			
Federal and State Grant Fund	A-13		3,025.80
Assessment Trust Fund	A-13	790.40	592.80
Municipal Open Space Trust	A-13	39.67	
General Capital Fund	A-13		2,526.94
Encumbrances Payable	A-15	266,919.16	193,643.17
Prepaid Taxes	A-16	272,207.63	192,740.99
Due to Special Improvement District	A-17	3,331.20	3,331.20
County Tax Payable	A-20	18,337.70	24,298.94
Tax Overpayments	A-21		57.56
Prepaid Revenue	A-21	109,675.00	104,675.00
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-7		1,935.53
Reserve for:			
Sale of Borough Property	A-21	84,141.92	84,141.92
Tax Appeals	A-21	<u>362,734.47</u>	<u>308,045.08</u>
		1,938,621.13	1,619,058.42
Reserve for Receivables	Contra	674,350.15	355,588.24
Fund Balance	A-1	<u>2,461,742.41</u>	<u>2,791,057.69</u>
		<u>5,074,713.69</u>	<u>4,765,704.35</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-23	914,795.47	955,773.29
Unappropriated Reserve for Grants	A-24	2,544.98	
Interfund - Current Fund	A-25	<u>2,963.16</u>	<u></u>
		<u>920,303.61</u>	<u>955,773.29</u>
Total Liabilities, Reserves and Fund Balance		<u>5,995,017.30</u>	<u>5,721,477.64</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of New Providence, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	2,117,000.00	1,900,000.00
Miscellaneous Revenue Anticipated	A-2	3,323,844.05	4,296,843.39
Receipts from Delinquent Taxes	A-2	157,580.10	264,450.64
Receipts from Current Taxes	A-2	54,632,371.81	52,716,696.58
Non-Budget Revenue	A-2	204,009.65	180,395.11
Other Credits to Income:			
Interfunds Returned	A-13	152.95	15,443.27
Unexpended Balance of Appropriation Reserves	A-14	335,242.04	369,647.98
Canceled Grant Reserves	A-23	2,798.87	886.69
 Total Revenues and Other Income		<u>60,772,999.47</u>	<u>59,744,363.66</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	5,547,038.00	5,419,662.00
Other Expenses	A-3	6,716,706.00	7,148,630.89
Capital Improvement Fund	A-3	240,000.00	
Municipal Debt Service	A-3	1,872,046.03	2,137,896.81
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	1,445,878.00	1,222,086.77
Refund of Prior Year's Revenue	A-4	1,586.20	2,634.17
Interfund Advances	A-13	203,467.15	
Special Improvement District Taxes	A-17	114,927.00	105,587.84
Municipal Open Space Tax	A-18	32,552.67	32,493.64
Local District School Tax	A-19	31,936,573.00	31,325,234.00
County Taxes including Added Taxes	A-20	10,873,719.44	9,981,921.41
Canceled Grants Receivable	A-22	821.26	1,342.74
 Total Expenditures		<u>58,985,314.75</u>	<u>57,377,490.27</u>

Borough of New Providence, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
Excess (Deficit) Revenue Over Expenditures		1,787,684.72	2,366,873.39
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year		-----	-----
Statutory Excess to Fund Balance		1,787,684.72	2,366,873.39
Fund Balance, January 1,	A	<u>2,791,057.69</u>	<u>2,324,184.30</u>
		4,578,742.41	4,691,057.69
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>2,117,000.00</u>	<u>1,900,000.00</u>
Fund Balance, December 31,	A	<u>2,461,742.41</u>	<u>2,791,057.69</u>

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>2,117,000.00</u>	<u>2,117,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	7,000.00	7,740.00	740.00
Other	A-2	18,000.00	19,332.00	1,332.00
Fees and Permits	A-2	47,500.00	56,652.87	9,152.87
Fines and Costs:				
Municipal Court	A-11	140,000.00	128,851.69	(11,148.31)
Interest and Costs on Taxes	A-4	55,000.00	45,165.39	(9,834.61)
Parking Meters	A-11	20,000.00	17,345.40	(2,654.60)
Sewer Rentals	A-11	175,000.00	194,420.00	19,420.00
Cat Licenses	A-11	1,300.00	1,430.00	130.00
Parking Permits	A-11	150,000.00	135,880.00	(14,120.00)
Rental of Municipal Ownded Property	A-11	64,400.00	65,444.37	1,044.37
Cable Television Franchise Fees	A-11	154,331.38	154,331.38	
Energy Receipts Tax	A-11	1,195,393.00	1,195,393.00	
Consolidated Municipal Property Tax Relief Aid	A-11	108,426.00	108,426.00	
Uniform Construction Code Fees	A-11	250,000.00	290,061.00	40,061.00
Public and Private Revenues:				
Drunk Driving Enforcement Fund	A-22	4,968.99	4,968.99	
Clean Communities	A-22	19,357.48	19,357.48	
Alcohol Education and Rehab Grant	A-22	431.48	431.48	
Recycling Tonnage Grant	A-22	68,571.65	68,571.65	
NJ Transportation Trust	A-22	190,000.00	190,000.00	
Bulletproof Vest Partnership	A-22	3,174.40	3,174.40	
Summit Area Public Foundation	A-22	7,600.00	7,600.00	
NJDEP Trails Grant	A-22	9,000.00	9,000.00	
Drive Sober or Get Pulled Over	A-22	5,000.00	5,000.00	
Over the Limit Under Arrest	A-22	4,400.00	4,400.00	
CDBG - Senior Citizen High Risk Health Services	A-22	6,522.00	6,522.00	
CDBG - Senior Exercise, Arts and Crafts	A-22	5,701.00	5,701.00	
CDBG - Senior Citizen Transportation	A-22	5,018.00	5,018.00	
CDBG - Senior Citizen Facility Improvements	A-22	38,000.00	38,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	A-22	17,583.00	17,583.00	
Contribution from New Providence Athletic Foundation	A-11	65,000.00	65,000.00	
Contribution from Recreation Trust Fund	A-11	10,000.00	10,000.00	
Other Special Items:				
False Alarm Revenue	A-11	1,100.00	1,059.00	(41.00)
Smoke Detector Certificate Fee	A-11	14,000.00	5,550.00	(8,450.00)
New Providence DID - Contribution for BAN P&I	A-21	95,000.00	95,000.00	
Library Reimbursement	A-11	63,000.00	66,000.00	3,000.00
Leaf Collection Revenue	A-11	40,000.00	53,121.00	13,121.00
General Capital Fund Balance	A-11	175,000.00	175,000.00	
Berkeley Heights Shared Court	A-11	24,000.00	24,000.00	
Uniform Fire Safety Act	A-11	14,000.00	23,312.95	9,312.95
Total Miscellaneous Revenues	A-1	<u>3,272,778.38</u>	<u>3,323,844.05</u>	<u>51,065.67</u>
Receipts from Delinquent Taxes	A-1/A-2	<u>230,000.00</u>	<u>157,580.10</u>	<u>(72,419.90)</u>

Borough of New Providence, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

Amount to be Raised by Taxes for Support of

Municipal Budget - Local Tax for Municipal		11,064,597.26	12,528,635.70	1,464,038.44
Purposes Including Reserve for Uncollected Taxes		845,964.00	845,964.00	
Minimum Library Tax				
Total Amt. to be Raised by Taxes for Support of Budget	A-2	<u>11,910,561.26</u>	<u>13,374,599.70</u>	<u>1,464,038.44</u>
 Budget Totals		 17,530,339.64	 18,973,023.85	 1,442,684.21
Non-Budget Revenue	A-1/A-2		<u>204,009.65</u>	<u>204,009.65</u>
		<u>17,530,339.64</u>	<u>19,177,033.50</u>	<u>1,646,693.86</u>
			A-3	
Adopted Budget	A-3	17,414,033.08		
Appropriated by (N.J.S. 40A:4-87)	A-3		<u>116,306.56</u>	
			<u>17,530,339.64</u>	

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	<u>54,632,371.81</u>
Allocated to School and County Taxes	A-8	<u>42,957,772.11</u>
Balance for Support of Municipal Budget Appropriations		<u>11,674,599.70</u>
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>1,700,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>13,374,599.70</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-8	<u>157,580.10</u>
	A-2	<u>157,580.10</u>
Licenses - Other:		
Clerk	A-11	4,175.00
Registrar	A-11	132.00
Board of Health	A-11	<u>15,025.00</u>
	A-2	<u>19,332.00</u>

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

Fees and Permits - Other:

Clerk	A-11	8,231.60
Building Inspector Other	A-11	1,065.00
Police	A-11	4,581.02
Engineering Department	A-11	16,894.00
Registrar	A-11	2,121.25
Board of Adjustment	A-11	19,440.00
Planning Board	A-11	<u>4,320.00</u>

A-2 56,652.87Analysis of Non-budget RevenuesRef.

Other Accounts Receivable	A-12	1,909.26
Hotel Tax		74,606.61
Insurance and Workers' Compensation Refunds		41,881.91
State DMV		1,350.00
Board of Education Utility Reimbursement		4,391.97
Outside Police Duty Administrative Fee		43,520.00
Senior Citizens & Veterans Administration Fee		2,106.92
Scrap Metal		999.98
Interest on Investments		2,937.78
Donations		2,000.00
Pump Station		16,538.99
Miscellaneous Reimbursements		<u>11,766.23</u>
	A-4	<u>202,100.39</u>
	A-2	<u>204,009.65</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations Ref.	Budget Ref.	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance <u>Cancelled</u>
Operations - within "CAPS"					
Administrative and Executive					
Salaries and Wages	298,400.00	280,600.00	280,536.58	63.42	
Other Expenses	116,200.00	116,200.00	100,792.12	15,407.88	
Human Resources (Personnel/Labor Attny)					
Salaries and Wages	30,000.00	30,000.00	27,323.00	2,677.00	
Other Expenses	45,900.00	60,900.00	51,037.76	9,862.24	
Mayor and Council					
Salaries and Wages	33,000.00	33,000.00	32,891.13	108.87	
Other Expenses	6,000.00	6,000.00	783.88	5,216.12	
Municipal Clerk					
Salaries and Wages	99,000.00	103,630.00	103,600.22	29.78	
Other Expenses	16,200.00	16,200.00	14,618.20	1,581.80	
Financial Administration					
Salaries and Wages	46,400.00	47,250.00	47,250.00		
Other Expenses	52,000.00	52,000.00	35,980.46	16,019.54	
Audit Services					
Other Expenses	39,000.00	39,000.00	38,337.00	663.00	
Collection of Taxes					
Salaries and Wages	78,500.00	77,500.00	74,464.57	3,035.43	
Other Expenses	2,150.00	2,150.00	1,608.41	541.59	
Assessment of Taxes					
Salaries and Wages	91,800.00	91,800.00	88,433.68	3,366.32	
Other Expenses	106,300.00	106,300.00	53,338.56	52,961.44	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget	Paid or	Unexpected
			After	Modification	Balance
					Cancelled
Legal Services and Costs		40,000.00	40,000.00		40,000.00
Salaries and Wages		42,000.00	52,000.00		52,000.00
Other Expenses					
Engineering Services and Costs		92,000.00	82,000.00	70,135.29	11,864.71
Other Expenses					
Planning Board:					
Salaries and Wages		14,000.00	14,000.00	12,075.49	1,924.51
Other Expenses		28,625.00	28,625.00	20,961.86	7,663.14
Board of Adjustment					
Salaries and Wages		8,600.00	8,600.00	2,754.48	5,845.52
Other Expenses		15,750.00	15,750.00	12,089.92	3,660.08
Insurance:					
General Liability		165,000.00	165,000.00	123,141.00	41,859.00
Workers' Compensation		260,000.00	260,000.00	258,864.00	1,136.00
Employee Group Health		980,000.00	980,000.00	944,183.88	35,816.12
Municipal Court:					
Salaries and Wages		110,300.00	112,400.00	111,906.13	493.87
Other Expenses		5,300.00	5,300.00	2,068.62	3,231.38
Public Defender					
Salaries and Wages		2,500.00	2,500.00	2,500.00	
Police					
Salaries and Wages		2,689,100.00	2,689,100.00	2,645,335.75	43,764.25
Other Expenses		148,600.00	148,600.00	127,553.91	21,046.09

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Police Dispatch/911						
Salaries and Wages		189,900.00	189,900.00			189,900.00
Other Expenses		3,000.00	3,000.00	2,467.95		532.05
Emergency Management Services						
Other Expenses		3,500.00	3,500.00	2,727.45		772.55
Fire						
Other Expenses		239,990.00	239,990.00	217,513.47		22,476.53
Uniform Fire Safety Act (Ch. 383, P.L. 1983)						
Salaries and Wages		33,800.00	34,350.00	34,328.15		21.85
Other Expenses		4,000.00	4,000.00	2,765.69		1,234.31
Road Repairs and Maintenance						
Other Expenses		243,500.00	243,500.00	219,308.53		24,191.47
Public Works						
Salaries and Wages		1,050,700.00	1,050,700.00	930,400.59		120,299.41
Other Expenses		11,000.00	11,000.00	3,149.80		7,850.20
Traffic Signal Maintenance						
Other Expenses		7,000.00	7,000.00			7,000.00
Public Buildings and Grounds						
Other Expenses		238,200.00	186,700.00	156,283.91		30,416.09
Fleet Maintenance						
Other Expenses		79,450.00	81,950.00	81,271.73		678.27
Solid Waste/Recycling Collections						
Other Expenses		540,300.00	540,300.00	539,990.95		309.05

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget</u> <u>After</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Unexpended</u> <u>Balance</u> <u>Cancelled</u>
Solid Waste Disposal Costs		372,066.00	381,066.00	366,758.06		14,307.94
Waste Water Treatment Plant						
Salaries and Wages		302,400.00	302,400.00	268,974.34		33,425.66
Other Expenses		61,500.00	61,500.00	53,686.81		7,813.19
Board of Health						
Salaries and Wages		2,000.00	2,000.00	758.31		1,241.69
Other Expenses		50,925.00	50,925.00	50,925.00		
Animal Control Services						
Other Expenses		29,000.00	29,000.00	29,000.00		
Health Services						
Salaries and Wages		46,338.00	46,338.00	45,962.23		375.77
Other Expenses		3,550.00	3,550.00	1,043.35		2,506.65
Community Activities						
Salaries and Wages		102,400.00	102,400.00	102,400.00		
Other Expenses		4,500.00	4,500.00	3,033.33		1,466.67
Senior Citizen Programs						
Salaries and Wages		51,400.00	51,400.00	47,965.45		3,434.55
Other Expenses		24,850.00	24,850.00	18,612.89		6,237.11
Tuition Reimbursement Program						
Other Expenses		2,500.00	2,500.00	794.00		1,706.00
Construction Code Official						
Salaries and Wages		220,000.00	230,670.00	230,630.37		39.63
Other Expenses		7,862.00	7,862.00	7,862.00		

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget</u>	<u>After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance</u>	<u>Cancelled</u>
							<u>Budget</u>	
Electricity		370,000.00	355,000.00		281,680.48		73,319.52	
Telephone and Telegraph		50,000.00	50,000.00		40,282.64		9,717.36	
Natural Gas		110,000.00	110,000.00		64,830.40		45,169.60	
Street Lighting		145,000.00	145,000.00		127,729.49		17,270.51	
Water		18,000.00	18,000.00		15,310.47		2,689.53	
Motor Supplies		98,000.00	138,000.00		133,774.21		4,225.79	
Contingent		500.00	500.00		500.00		500.00	
		<u>10,379,756.00</u>	<u>10,379,756.00</u>		<u>9,655,687.95</u>		<u>724,068.05</u>	
Total Operations within "CAPS"								
Detail:								
Salaries and Wages	A-1	5,540,538.00	5,540,538.00		5,320,390.47		220,147.53	
Other Expenses	A-1	<u>4,839,218.00</u>	<u>4,839,218.00</u>		<u>4,335,297.48</u>		<u>503,920.52</u>	
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"								
Statutory Expenditures:								
Contribution to:								
Public Employees' Retirement System							338,372.00	
Social Security System (O.A.S.I.)							452,024.00	
Police and Firemen's Retirement System of N.J.							655,482.00	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	<u>1,445,878.00</u>	<u>1,445,878.00</u>		<u>1,404,871.68</u>		<u>41,006.32</u>	

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref.	Budget	Budget		Paid or Charged	Reserved	Unexpended Balance Cancelled
			After	Modification			
Total General Appropriations for Municipal Purposes within "CAPS"		<u>11,825,634.00</u>	<u>11,825,634.00</u>		<u>11,060,559.63</u>	<u>765,074.37</u>	
Operations - Excluded from "CAPS"							
Maintenance of Free Public Library		845,964.00	845,964.00		845,964.00		
Sewer System		610,000.00	610,000.00		590,106.30		19,893.70
Joint Meeting Expenses		15,000.00	15,000.00		12,264.09		2,735.91
Berkley Heights Expenses		30,000.00	30,000.00		30,000.00		30,000.00
Emergency Services Volunteer Length of Service Award Program		100,000.00	100,000.00		100,000.00		
Reserve for Tax Appeals							
Fair Housing Act of 1985							
Council on Affordable Housing		6,500.00	6,500.00		6,500.00		3,760.00
Salaries and Wages							2,740.00
Public and Private Programs Offset by Revenues							
Drunk Driving Enforcement Fund		4,968.99	4,968.99		4,968.99		4,968.99
Clean Communities		19,357.48	19,357.48		19,357.48		19,357.48
Alcohol Education and Rehab Grant		431.48	431.48		431.48		431.48
Recycling Tonnage Grant		68,571.65	68,571.65		68,571.65		68,571.65
Bulletproof Vest Partnership		3,174.40	3,174.40		3,174.40		3,174.40
Summit Area Public Foundation Background Checks		7,600.00	7,600.00		7,600.00		7,600.00
NJDEP Trails Grant		9,000.00	9,000.00		9,000.00		9,000.00
NJDEP Trails Grant - Local Share		1,800.00	1,800.00		1,800.00		1,800.00
Over the Limit Under Arrest		4,400.00	4,400.00		4,400.00		4,400.00

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Drive Sober or Get Pulled Over		5,000.00	5,000.00			5,000.00
CDBG - Senior Citizen High Risk Health Services		6,522.00	6,522.00			6,522.00
CDBG - Senior Exercise, Arts and Crafts		5,701.00	5,701.00			5,701.00
CDBG - Senior Citizen Transportation		5,018.00	5,018.00			5,018.00
CDBG - Senior Citizen Facility Improvements		38,000.00	38,000.00			38,000.00
Municipal Alliance on Alcoholism and Drug Abuse		17,583.00	17,583.00			17,583.00
Municipal Alliance on Alcoholism and Drug Abuse - Local Share		4,396.00	4,396.00			4,396.00
Contribution New Providence Athletic Foundation- Lieder Field Lights		<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>
Total Operations - Excluded from "CAPS"		<u>1,883,988.00</u>	<u>1,883,988.00</u>	<u>1,828,618.39</u>	<u>55,369.61</u>	<u> </u>
Detail:						
Salaries & Wages	A-1	6,500.00	6,500.00	3,760.00	2,740.00	
Other Expenses	A-1	<u>1,877,488.00</u>	<u>1,877,488.00</u>	<u>1,824,858.39</u>	<u>52,629.61</u>	<u> </u>
Capital Improvements:						
Capital Improvement Fund		50,000.00	50,000.00	50,000.00		
NJ Transportation Trust Fund Authority Act		<u>190,000.00</u>	<u>190,000.00</u>	<u>190,000.00</u>	<u> </u>	<u> </u>
Total Capital Improvements Excluded from "CAPS"	A-1	<u>240,000.00</u>	<u>240,000.00</u>	<u>240,000.00</u>	<u> </u>	<u> </u>

Borough of New Providence, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

General Appropriations	Ref	Budget	Budget			Unexpended Balance Cancelled
			After	Modification	Paid or Charged	
Municipal Debt Service:						
Payment of Bond Principal		970,000.00			970,000.00	
Payment of Bond Anticipation Notes and Capital Notes		161,000.00			145,500.00	
Interest on Bonds		244,881.26			244,881.26	
Interest on Notes		82,418.58			97,683.52	
NJ Waste Water Treatment Loan						235.06
Series 1994B Loan - Principal & Interest		164,599.86			164,599.86	
Series 1998F Loan - Principal & Interest		257,817.94			249,381.39	
Total Municipal Debt Service-Excluded from "CAPS"	A-1	<u>1,880,717.64</u>			<u>1,872,046.03</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		<u>4,004,705.64</u>			<u>3,940,664.42</u>	
Subtotal General Appropriations		<u>15,830,339.64</u>			<u>15,001,224.05</u>	
Reserve for Uncollected Taxes		<u>1,700,000.00</u>			<u>1,700,000.00</u>	
Total General Appropriations		<u>17,530,339.64</u>			<u>16,701,224.05</u>	
Adopted Budget	A-2					<u>820,443.98</u>
Appropriated by (N.J.S.A. 40A:4-87)	A-2					<u>8,671.61</u>
						<u>A</u>
						<u>17,414,033.08</u>
						<u>116,306.56</u>
						<u>17,530,339.64</u>

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Unexpended Balance</u>	<u>Cancelled</u>
					<u>Reserved</u>	

Analysis of Paid or Charged

Reserve for Uncollected Taxes	A-2	1,700,000.00
Cash Disbursed	A-4	14,242,780.89
Encumbrances Payable	A-16	266,919.16
Reserve for Tax Appeals	A-21	100,000.00
Reserve for Federal and State Grants	A-23	385,328.00
Matching Funds for Federal and State Grants	A-4,A-23	6,196.00

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Page 1 of 2

Trust Funds

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Assessment Fund:			
Assessments Receivable	B-5	\$ 197.60	
Due from Current Fund	B-6	790.40	592.80
		<u>790.40</u>	<u>790.40</u>
Animal License Fund:			
Cash	B-2	10,165.11	5,204.70
Cash - License Collector	B-4	33.00	
		<u>10,198.11</u>	<u>5,204.70</u>
Other Trust Funds:			
Cash	B-2	1,628,884.66	1,237,269.77
Cash - Payroll	B-11	43,993.27	39,116.68
Due from Current Fund (Open Space)	B-6	39.67	
Other Accounts Receivable	B-7	9,210.93	20,984.35
		<u>1,682,128.53</u>	<u>1,297,370.80</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Cash in Plan	B-2	217,044.16	199,558.98
Contributions Receivable	B-17	20,500.00	18,000.00
		<u>237,544.16</u>	<u>217,558.98</u>
Total Assets		\$ <u>1,930,661.20</u>	<u>1,520,924.88</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

Page 2 of 2

Trust Funds

December 31, 2011 and 2010

	Ref.	2011	2010
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Fund:			
Reserve for Assessments Receivable	B-8	\$ 197.60	
Fund Balance	B-1	<u>790.40</u>	<u>592.80</u>
		<u>790.40</u>	<u>790.40</u>
Animal License Fund:			
Reserve for Dog Fund Expenditures	B-9	10,191.51	5,203.50
Due to State of New Jersey	B-10	<u>6.60</u>	<u>1.20</u>
		<u>10,198.11</u>	<u>5,204.70</u>
Other Trust Fund:			
Interfund - Current Fund (Other Trust)	B-6	2.90	152.95
Interfund - Current Fund (Recreation Trust)	B-6	10,000.00	
Various Other Trust Funds	B-11	473,193.75	411,399.26
Payroll Deductions	B-12	<u>43,993.27</u>	<u>39,116.68</u>
Reserve for:			
Construction and Other Deposits	B-13	501,173.47	432,028.22
Unemployment Insurance Trust Fund	B-14	<u>3,761.61</u>	<u>48.55</u>
Grant Expenditures	B-15		4,755.72
Municipal Open Space	B-16	<u>650,003.53</u>	<u>409,869.42</u>
		<u>1,682,128.53</u>	<u>1,297,370.80</u>
Emergency Services Volunteer Length of Service Award Program: (Unaudited)			
Net Assets Available for Benefits	B-18	<u>237,544.16</u>	<u>217,558.98</u>
		<u>237,544.16</u>	<u>217,558.98</u>
Total Liabilities, Reserves & Fund Balance		\$ <u>1,930,661.20</u>	<u>1,520,924.88</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Exhibit B-1

Borough of New Providence , N.J.

Statement of Fund Balance - Regulatory Basis

Assessment Trust Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 592.80
Increased by:		
Collection of Unpledged Assessments	B-8	<u>197.60</u>
Balance - December 31, 2011	B/B-3	<u>\$ 790.40</u>

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

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Borough of New Providence, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2011 and 2010

	<u>Ref.</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>			
Cash	C-2/C-3	239,770.90	701,936.49
Interfund - Current Fund	C-7	2,526.94	
Various Receivables	C-4	113,342.97	113,342.97
Deferred Charges to Future Taxation:			
Funded	C-5	5,850,352.54	7,209,952.40
Unfunded	C-6	<u>9,440,217.86</u>	<u>8,492,052.86</u>
		<u>15,643,684.27</u>	<u>16,519,811.66</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Current Fund	C-7	190,501.09	
NJEIT Trust/Loans Payable	C-8	850,352.54	1,239,952.40
General Serial Bonds	C-9	5,000,000.00	5,970,000.00
Bond Anticipation Notes	C-10	5,823,240.00	5,484,240.00
Improvement Authorizations:			
Funded	C-11	24,881.53	33,341.17
Unfunded	C-11	3,246,916.19	3,110,221.30
Capital Improvement Fund	C-12	5,984.13	69,169.13
Reserve for:			
Debt Service	C-13	44,544.00	
Voluntary Agreements	C-14	113,342.97	113,342.97
Fund Balance	C-1	<u>343,921.82</u>	<u>499,544.69</u>
		<u>15,643,684.27</u>	<u>16,519,811.66</u>

Footnote: There were \$3,639,245.00 and \$3,045,580 of Bonds and Notes Authorized But Not Issued per Exhibit C-15 on December 31, 2011 and 2010

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

Borough of New Providence, N.J.

Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2011

		<u>Ref.</u>
Balance - December 31, 2010		C 499,544.69
Increased by:		
Premium on Sale of Bond Anticipation Notes	C-2	19,377.13
		518,921.82
Decreased by:		
Appropriated to Current Year Budget Revenue	C-7	175,000.00
Balance - December 31, 2011	C,C-3	343,921.82

The accompanying "Notes to Financial Statements" are an integral part of these Financial Statements.

GENERAL FIXED ASSET ACCOUNT GROUP

Exhibit D**Borough of New Providence , N.J.****Comparative Statement of General Fixed Assets****December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<u>General Fixed Assets:</u>		
Buildings and Construction	\$ 11,406,253.59	\$ 11,406,253.59
Machinery and Equipment	4,747,847.24	4,747,847.24
Land Improvements	266,541.45	266,541.45
Underground Equipment & Utilities	<u>1,163,811.00</u>	<u>1,163,811.00</u>
	<u>\$ 17,584,453.28</u>	<u>\$ 17,584,453.28</u>
Investment in Fixed Assets	<u>\$ 17,584,453.28</u>	<u>\$ 17,584,453.28</u>

See accompanying notes to financial statements.

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**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The financial statements of the Borough of New Providence have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of New Providence (the "Borough") operates under a Mayor/Council form of government. There are six elected members on the Council. Each is elected to a three year term. The Mayor is elected in a general election for a four year term. The Mayor carries a legislative vote only if there is a tie amongst Council members. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, which is considered a component unit under GAAP. Complete financial statements of the above component can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust - This fund deals with the hauling of special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property, receiving the benefit.

All Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Emergency Services Volunteer Length of Service Awards Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the interest of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of New Providence. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011, the Borough Council increased the original budget by \$116,306.56. The increase was funded by \$116,306.56 of additional aid allotted to the Borough. In addition, several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Borough of New Providence has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accounting principles.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except land which is valued at estimated market value.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2011, \$-0- of the Borough's bank balance of \$6,684,777.26 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2011 and 2010 amounted to \$217,044.16 and \$199,558.98, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Growth	\$98,049.32	\$95,290.24
Fixed Income	65,815.18	59,017.01
Income	14,368.29	
Growth and Income	11,149.58	10,036.75
All Others	<u>27,661.79</u>	<u>35,214.98</u>
Total	<u>\$217,044.16</u>	<u>\$199,558.98</u>

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General					
Obligation Debt	\$5,970,000.00	\$	\$970,000.00	\$5,000,000.00	\$1,050,000.00
Other Liabilities:					
N.J. Environmental Infrastructure:					
Trust	990,000.00		225,000.00	765,000.00	240,000.00
Loan	<u>249,952.40</u>		<u>164,599.86</u>	<u>85,352.54</u>	<u>85,352.54</u>
	<u>\$7,209,952.40</u>	<u>\$0.00</u>	<u>\$1,359,599.86</u>	<u>\$5,850,352.54</u>	<u>\$1,375,352.54</u>

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 3: MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>Year 2011</u>	<u>Year 2010</u>	<u>Year 2009</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$10,823,240.00	\$11,454,240.00	\$11,722,698.00
Loans	<u>850,352.54</u>	<u>1,239,952.40</u>	<u>1,613,843.91</u>
Total Issued	<u>11,673,592.54</u>	<u>12,694,192.40</u>	<u>13,336,541.91</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>3,639,245.00</u>	<u>3,045,580.00</u>	<u>3,363,067.60</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$15,312,837.54</u>	<u>\$15,739,772.40</u>	<u>\$16,699,609.51</u>

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .60%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$13,125,000.00	\$13,125,000.00	\$0.00
General Debt	<u>15,312,837.54</u>	<u>78,661.14</u>	<u>15,234,176.40</u>
	<u>\$28,437,837.54</u>	<u>\$13,203,661.14</u>	<u>\$15,234,176.40</u>

Net Debt \$15,234,176.40 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$2,550,757,762.00 = .60%.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 3: MUNICIPAL DEBT, (continued)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis (Municipal)	\$89,276,521.67
Net Debt	<u>15,234,176.40</u>
Remaining Borrowing Power	<u>\$74,042,345.27</u>

The Borough's bonded debt consisted of the following at December 31, 2011:

Paid by Current Fund:	Amount <u>Outstanding</u>
General Improvement Bonds - \$2,340,000.00 issued July 15, 2001 due through July 15, 2015 with variable interest rates of 4.25% to 4.625%	\$765,000.00
Refunding Bonds - \$4,600,000.00 issued December 1, 2003 due through October 15, 2013 with variable interest rates of 3.50% to 4.00%	875,000.00
General Improvement Bonds - \$4,165,000.00 issued August 1, 2006 due through August 1, 2021 with variable interest rates of 4.125% to 4.250%	<u>3,360,000.00</u>
	<u><u>\$5,000,000.00</u></u>

General Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the Borough.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED DEBT ISSUED AND OUTSTANDING.

Calendar <u>Year</u>	<u>General</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$1,050,000.00	\$205,318.76	\$1,255,318.76
2013	880,000.00	164,912.50	1,044,912.50
2014	540,000.00	129,137.50	669,137.50
2015	530,000.00	106,112.50	636,112.50
2016	340,000.00	83,300.00	423,300.00
2017	340,000.00	69,275.00	409,275.00
2018	340,000.00	55,250.00	395,250.00
2019	340,000.00	41,225.00	381,225.00
2020	340,000.00	27,200.00	367,200.00
2021	<u>300,000.00</u>	<u>12,750.00</u>	<u>312,750.00</u>
	<u><u>\$5,000,000.00</u></u>	<u><u>\$894,481.26</u></u>	<u><u>\$5,894,481.26</u></u>

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 3: MUNICIPAL DEBT, (continued)

At December 31, 2011, the Borough had authorized but not issued debt of \$3,639,245.00.

N.J. WASTEWATER TREATMENT FINANCING PROGRAM

The Borough of New Providence entered into two loan agreements, as evidenced by Resolution Number 94-134 adopted August 8, 1994, with the New Jersey Waste Water Treatment Trust (the "Trust Loan") and the State of New Jersey, acting by and through the Department of Environmental Protection and Energy (the "Fund Loan"). The purpose of these loans is to finance the construction of a Waste Water Treatment Facility.

The Borough made drawdowns against these loans for eligible expenditures as stated in the loan agreements after the expenditures had been incurred.

Loans payable in the amount of \$850,352.54 are detailed as follows:

Calendar Year	Series 1994A	Series 1998F Trust Loan				Total Debt Service
	Fund Loan Principal	Principal	Interest	Less Credits	Net Payments	
2013	\$85,352.54	\$240,000.00	\$41,925.00	(\$37,172.13)	\$244,752.87	\$330,105.41
2013		255,000.00	25,837.50	(36,784.52)	244,052.98	244,052.98
2014		270,000.00	8,775.00	(36,790.87)	241,984.13	241,984.13
	<u>\$85,352.54</u>	<u>\$765,000.00</u>	<u>\$76,537.50</u>	<u>(\$110,747.52)</u>	<u>\$730,789.98</u>	<u>\$816,142.52</u>

NOTE 4: BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2011, the Borough had \$5,823,240.00 in outstanding general capital bond anticipation notes that mature on January 27, 2012 at an interest rate of 1.00%. These notes were rolled over to mature on May 25, 2012.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 4: BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Chase	\$4,019,100.00		\$4,019,100.00	\$0.00
PNC Bank	1,070,240.00		1,070,240.00	0.00
PNC Bank	394,900.00		394,900.00	0.00
Oppenheimer & Co.		4,253,000.00	4,253,000.00	0.00
TD Securities		<u>5,823,240.00</u>		<u>5,823,240.00</u>
	<u>\$5,484,240.00</u>	<u>\$10,076,240.00</u>	<u>\$9,737,240.00</u>	<u>\$5,823,240.00</u>

NOTE 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, there were no deferred charges shown on the balance sheets of the various funds.

NOTE 6: SCHOOL TAXES

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough raises its share of local school district taxes on a calendar year basis; hence there is no deferral of school taxes.

NOTE 7: PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 7: PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State 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. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS' eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 7: PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS), (continued)

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 7: PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$338,372.00	\$655,482.00
2010	265,953.00	538,189.00
2009	240,370.00	503,652.00

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 7: PENSION PLANS, (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2011 and 2010 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Current Fund	<u>\$2,000,000.00</u>	<u>\$2,117,000.00</u>

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2011.

	<u>Balance Dec. 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2011</u>
Buildings	<u>\$11,406,253.59</u>	\$	\$	<u>\$11,406,253.59</u>
Machinery and Equipment	<u>4,747,847.24</u>			<u>4,747,847.24</u>
Land Improvements	<u>266,541.45</u>			<u>266,541.45</u>
Underground Equipment and Utilities	<u>1,163,811.00</u>			<u>1,163,811.00</u>
	<u><u>\$17,584,453.28</u></u>	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>	<u><u>\$17,584,453.28</u></u>

NOTE 10: TERMINAL LEAVE

Eligible employees who retire with a pension under PERS or PFRS shall be entitled to receive Terminal Leave. The number of Terminal Leave days will be based on the number of unused sick leave at the time of retirement. Retiring PERS employees will remain on the payroll of the Borough based on one day of base salary pay for every four days of accumulated unused sick leave up to 100 days; and 1 day base salary pay for every 3 days of accumulated sick leave beyond 100 days subject to a maximum payment. Retiring PFRS employees will remain on the payroll of the Borough based on 1 day of salary pay for every 4 days of accumulated unused sick leave if the total days are below 100 or 1 day base salary pay for every 3 days of accumulated unused sick leave if the total days are above 100, subject to a maximum payment. The maximum payment for employees who retire under PERS is \$12,000.00 and under PFRS is \$17,000.00

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 10: TERMINAL LEAVE, (continued)

It is estimated that the sum of \$110,568.00, computed internally at 2011 salary rates, would be payable to 10 officials and employees of the Borough of New Providence as of December 31, 2011 for accumulated sick days. This amount was not verified by audit.

Provisions for the above are not reflected on the Financial Statements of the Borough. It is expected that the cost of such unpaid compensation would be included in the Borough's operating budget in the year in which it is used.

NOTE 11: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2011 consist of the following:

\$790.00	Due to the Assessment Trust Fund from the Current Fund for Assessment receipts deposited in the Current Fund.
2.90	Due to the Current Fund from the Other Trust Fund for interest earnings.
39.67	Due to the Municipal Open Space Trust Fund from the Current Fund for added taxes.
2,963.16	Due to the Current Fund from the Federal and State Grant Fund for cancelled grants.
10,000.00	Due to the Current Fund from the Recreation Trust Fund for anticipated revenue not turned over.
<u>190,501.09</u>	Due to the Current Fund from the General Capital Fund for anticipated revenue interest on investments not turned over and capital bills paid by the Current Fund.
<u>\$204,296.82</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2011 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 13: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2011</u>	<u>Balance</u> <u>Dec 31, 2010</u>
Prepaid Taxes	<u>\$272,209.63</u>	<u>\$192,740.99</u>
Cash Liability for Taxes Collected in Advance	<u>\$272,209.63</u>	<u>\$192,740.99</u>

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Borough will provide for all non-bargaining personnel hospitalization upon retirement (as defined by PERS) in accordance with the following criteria. A combination of age at retirement and a minimum of fifteen (15) years service with the Borough, will be the basis for determining eligibility and length of coverage. Borough personnel who were originally hired as part time employees and subsequently become full time are eligible for consideration dependent upon date he/she joined PERS plan.

Age Determination

The number of points an employee earns for age will be calculated by year of retirement less year of birth up to a maximum of seventy points.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

Service Determination

The number of points an employee earns for service will be calculated as one per year for each year of service.

Physical Disability Retirement

In the event an employee retires due to physical disability, said employee could earn additional points for age up to a maximum of ten points or a total age points of seventy.

Length of Coverage

- (1) In the event an employee has earned one hundred points or more, lifetime hospitalization will be paid by the Borough for the employee and his/her eligible dependents, at a cost not to exceed \$15,000.00 per year. Upon death of the employee, coverage will continue for the surviving spouse until his/her 65th birthday. Upon the death of the employee if there is no surviving spouse, coverage will cease at that point.
- (2) In the event an employee has earned a minimum of eighty points, the Borough will provide hospitalization up to a cumulative cost of \$10,000.00 per employee or for the employee and eligible dependents. These payments will be made in the form of monthly premium contributions or if the employee has been participating in the benefit waiver program in accordance with IRC-125, payments will be made on a quarterly basis in accordance with Borough policy.
- (3) In the event an employee has earned less than a minimum of eighty points, the Borough will provide hospitalization up to a cumulative cost of \$5,000.00 per employee or for the employee and eligible dependents. These payments will be made in the form of monthly premium contributions or if the employee had been participating in the benefit waiver program in accordance with IRC-125, payments will be made on a quarterly basis in accordance with Borough policy.

Funding

The Borough contributes up to a maximum of \$15,000.00 per year for each plan member. For the year 2011, the Borough contributed \$17,564.00 to the plan for two individuals.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Borough has calculated the ARC and related information using the Projected Unit Credit method. Under this method, an actuarial accrued liability is determined as the actuarial present value of the portion of projected benefits which is allocated to service before the current plan year. In addition, a normal cost is determined as the actuarial present value of the portion of projected benefits which is allocated to service in the current plan year for each active participant under the assumed retirement age. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Borough's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$24,366.00
Annual OPEB Cost (Expense)	24,366.00
Contributions Made	<u>(17,564.00)</u>
Increase in Net OPEB Obligation	6,802.00
Net OPEB Obligation - Beginning of Year	<u>15,943.00</u>
Net OPEB Obligation - End of Year	<u><u>\$22,745.00</u></u>

The Borough's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year 2011 is as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/10	\$24,366.00	100%	\$15,943.00

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

Funding Status and Funding Progress

As of December 31, 2011, the municipality calculated that the accrued liability for benefits was \$1,510,711, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimated of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information presents multi year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - 100% of Police Officers are assumed to retire at age 65 (which is mandated under New Jersey State law), regardless of service, 100% of the other union eligible employees are assumed to retire at age 65, regardless of service and under the Personnel Policy Handbook, the Borough will provide for all non-bargaining personnel hospitalization upon retirement (as defined by PERS) in accordance with the following criteria: A combination of age at retirement and a minimum of fifteen (15) years of service with the Borough with the cost not to exceed \$15,000.00, \$10,000.00 or \$5,000.00, the amount to be determined in accordance with the amount of points earned.

Mortality - Life expectancies were estimated until age eighty-five (85) or twenty (20) years of post retirement for health and disabled participants. No retirement death benefits were valued, specially the "in-the-line of duty" death benefit for police.

BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)

NOTE 14: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, (continued)

Methods and Assumptions, (continued)

Benefits - The valuation projects the cost to the Borough of providing medical benefits to employees who remain in the medical plan after retirement. Future retirees are assumed to remain the same medical plan they were covered under while active.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections using a rate of 8%.

Health Insurance Premiums - 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans or a proportionate combination of the two for plans that are being partially funded. A discount rate of 4.00% for purposes of developing the liabilities and Annual Required contribution on the basis that the Plan would not be funded. This rate is derived from the historical performance of the United States Treasury.

Schedule of Funding Progress for the Retiree Health Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability</u> (AAL) - Simplified Entry Age	<u>Unfunded AAL</u> (UAAL)	<u>Funded Ratio</u>
12/31/11	\$ -0-	\$1,528,275.00	\$1,510,711.00	1.00%

NOTE 15: SPECIAL IMPROVEMENT DISTRICT

The Special Improvement District is a separate entity which was established in 2007. The Special Improvement District has a budget which is based on the assessed value of a number of designated property owners in the Borough. The rate for 2011 is \$0.319.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On March 6, 2003, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

The Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$500.00 to each eligible volunteer who accumulates minimum service points based on criteria established by Borough Ordinance No. 2000-05. The amount of the LOSAP award cannot exceed \$500.00 annually. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2011 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES

Federal and State Awards

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2011 may be impaired. In the opinion of management, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

Tax Appeals

The Borough has established a Reserve for Tax Appeals Pending in the amount of \$362,734.47.

**BOROUGH OF NEW PROVIDENCE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010
(CONTINUED)**

NOTE 17: COMMITMENTS AND CONTINGENT LIABILITIES, (continued)

Litigation

The Borough of New Providence is a defendant in certain lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, would be funded from future taxation.

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SUPPLEMENTARY DATA

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COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax Rate:	<u>4.209</u>	<u>4.082</u>	<u>3.903</u>	<u>3.739</u>	<u>3.582</u>
Apportionment of Tax Rate:					
Municipal	.851	.890	.856	.815	.750
Municipal Open Space	.002	.002	.002	.010	.010
Municipal Library	.065				
County	.805	.739	.687	.632	.618
County Open Space	.030	.030	.030	.029	.028
Local School	2.456	2.421	2.328	2.253	2.176

Assessed Valuation:

2011	\$1,300,519,201.00
2010	1,294,367,988.00
2009	1,297,143,937.00
2008	1,297,140,632.00
2007	1,294,153,494.00

COMPARISON OF TAX LEVIES AND COLLECTIONS CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2011*	\$54,946,873.61	\$54,632,371.81	99.43%
2010*	53,062,716.95	52,856,696.58	99.61
2009*	51,026,148.60	50,690,570.28	99.34
2008*	48,714,651.46	48,441,643.27	99.43
2007*	46,622,626.79	46,390,617.98	99.50

*Includes Special Improvement District Taxes.

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the last five years. A comparison of the outstanding assessment and assessment title liens for the past five years is also shown.

<u>Taxes and Liens</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Delinquent Taxes	\$260,939.00	\$157,580.10	\$256,292.76	\$215,533.43	\$214,290.63
Tax Title Liens	<u>139,002.80</u>	<u>127,569.26</u>	<u>116,481.10</u>	<u>105,272.00</u>	<u>95,722.59</u>
Totals	<u>\$399,941.80</u>	<u>\$285,149.36</u>	<u>\$372,773.86</u>	<u>\$320,805.43</u>	<u>\$310,013.22</u>
Percentage of each Years Tax Levy	.73%	.54%	.73%	.65%	.66%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

There was no property sold or acquired during the year.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of properties, was as follows:

<u>Year</u>	<u>Amount</u>
2011	\$11,955
2010	11,955
2009	11,955
2008	11,955
2007	11,955

COMPARATIVE SCHEDULE OF FUND BALANCE

<u>Current Fund</u>		
<u>Fund Balance December 31,</u>		<u>Utilized in Budget of Succeeding Year</u>
2011	\$2,461,742.41	\$2,000,000.00*
2010	2,791,057.69	2,117,000.00
2009	2,324,184.30	1,900,000.00
2008	2,441,873.57	1,971,000.00
2007	1,903,897.95	1,310,000.00

*Introduced Budget

ROSTER OF OFFICIALS IN OFFICE AND REPORT ON SURETY BONDS

DECEMBER 31, 2011

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
J. Brooke Hern	Mayor	\$
Michael Gennaro	Council President	
James A. Cucco	Councilman	
Armand Galluccio	Councilman	
Alan Lesnewich	Councilman	
Robert Muñoz	Councilman	
Vincas Vyzas	Councilman	
Kenneth DeRoberts	Chief Financial Officer	125,000.00
Douglas Marvin	Administrator	
Wendi B. Barry	Borough Clerk	
Monica S. Marino	Tax Collector	300,000.00
Carl Woodward, III	Borough Attorney	
Donald Bogosian	Borough Judge	25,000.00
Macrina Carra	Court Administrator	
Patricia Spychala	Tax Assessor	

All surety bonds were issued by the Selective Insurance Company of America.

The Municipal Court Administrator was covered under a separate blanket bond in the amount of \$25,000.00

An Employee Theft Bond in the amount of \$250,000.00 and a Forgery or Alteration Bond in the amount of \$100,000.00 covers each Borough employee not separately bonded.

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SCHEDULE A

BOROUGH OF NEW PROVIDENCE, N.J.

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133.

SCHEDULE B**BOROUGH OF NEW PROVIDENCE, N.J.****SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS****FOR THE YEAR ENDED DECEMBER 31, 2011**

State Funding Department	State Program	State Grant (Award) No.	Grant Award Amount	Balance Jan. 1, 2011	Receipts	Expended	Balance Dec. 31, 2011	Cumulative Total Expenditures	
								Memo	
Department of Environmental Protection	Clean Communities Program	4900-765-042-4900	15,256.33	6,825.07	3,657.90	3,167.17	3,167.17	12,089.16	*
	Clean Communities Program	4900-765-042-4900	19,470.94	19,470.94			19,470.94	19,470.94	*
	Clean Communities Program	4900-765-042-4900	20,361.47	20,361.47			20,361.47	20,361.47	*
	Clean Communities Program	4900-765-042-4900	19,357.48	19,357.48			19,357.48	19,357.48	*
	Recycling Tonnage Grant	4900-752-042-4900	17,619.00	13,669.28	5,347.00	5,347.00	8,322.28	9,296.72	*
	Recycling Tonnage Grant	4900-752-042-4900	27,620.61	27,620.61			27,620.61	27,620.61	*
	Recycling Tonnage Grant	4900-752-042-4900	41,633.83	41,633.83			41,633.83	41,633.83	*
	Recycling Tonnage Grant	4900-752-042-4900	44,458.24	44,458.24			44,458.24	44,458.24	*
	Recycling Tonnage Grant	4900-752-042-4900	18,113.41	18,113.41			18,113.41	18,113.41	*
									*
Department of Law and Public Safety	Body Armor Fund	1020-718-066-1020	5,103.49	2,297.27	357.50	357.50	1,939.77	3,163.72	*
	Body Armor Fund	1020-718-066-1020	2,528.19	2,528.19			2,528.19	2,528.19	*
	Body Armor Fund	1020-718-066-1020	3,684.89	3,684.89			3,684.89	3,684.89	*
	Body Armor Fund	1020-718-066-1020	2,544.98	2,544.98			2,544.98	2,544.98	*
	Drunk Driving Enforcement Fund	6400-100-078-6400	8,822.47	1,736.25	1,422.99	1,422.99	313.26	8,509.21	*
	Drunk Driving Enforcement Fund	6400-100-078-6400	2,433.71	2,433.71			2,433.71	2,433.71	*
	Drunk Driving Enforcement Fund	6400-100-078-6400	2,493.56	2,493.56			2,493.56	2,493.56	*
	Drunk Driving Enforcement Fund	6400-100-078-6400	4,968.99	4,968.99			4,968.99	4,968.99	*
									*
									*
Pass Through County of Union	Municipal Alliance on Alcoholism and Drug Abuse	10-ALL-103	17,583.00	(4,889.19)	7,416.63	2,527.44	(8,805.34)	17,513.96	*
	Municipal Alliance on Alcoholism and Drug Abuse	11-ALL-103	17,583.00		4,536.28	13,341.62		13,341.62	*
									*
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	419.83	21.40			21.40	21.40	*
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	402.18	402.18			402.18	402.18	*
	Alcohol, Education & Rehab Fund	9735-760-098-Y900	431.48	431.48			431.48	431.48	*
									*
									*
									*
									*
NJDEP	Green Communities		3,000.00	(3,000.00)	3,000.00			3,000.00	*
	Municipal Aid Program -	6320-480-078-6320	185,000.00	6,178.71			6,178.71	6,178.71	*
	Livingston Avenue	6320-480-078-6320	282,100.00	(36,714.72)	178,101.11		(82,944.18)	178,821.29	*
	Central Avenue	6320-480-078-6320	190,000.00	(14,181.11)				261,045.29	*
	Pearl Street - Section 2	6320-480-078-6320	50,000.00					(22,352.37)	*
	Safe Streets Program	6320-480-078-6320	245,000.00					(22,098.10)	*
	Streetscape Phase II								*
									*
									*
									*
Department of Transportation			92,572.34	282,028.60			281,255.38	94,245.56	579,278.50
									*
									*
									*
									*
									*
									*
									*
									*
									*

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH N.J. OMB CIRCULAR 04-04.

Borough of New Providence, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	Current <u>Fund</u>	Federal & State Grant <u>Fund</u>
Balance - December 31, 2010	A	4,409,966.11	28,703.80
Increased by Receipts:			
Interest and Costs on Taxes	A-2	45,165.39	
Miscellaneous Revenue Not Anticipated	A-2	202,100.39	
Petty Cash	A-6	1,750.00	
Due From State - Senior Citizen and Veteran Deductions	A-7	105,345.89	
Taxes Receivable	A-8	54,488,210.92	
Revenue Accounts Receivable	A-11	2,613,350.66	
Other Accounts Receivable	A-12	1,909.26	
Interfunds	A-13	521.57	
Prepaid Taxes	A-16	272,207.63	
Various Cash Liabilities and Reserves	A-21	195,859.10	
Federal and State Grants Receivable	A-22		454,089.02
Matching Funds for Grants	A-23		6,196.00
Unappropriated Reserves	A-24		2,544.98
Interfund - Current Fund	A-25		4,011.35
		<u>57,926,420.81</u>	<u>466,841.35</u>
		<u>62,336,386.92</u>	<u>495,545.15</u>
Decreased by Disbursements:			
Refund of Prior Year Revenue	A-1	1,586.20	
Current Year Budget Appropriations	A-3	14,242,780.89	
Matching Funds for Grants	A-3	6,196.00	
Petty Cash	A-6	1,750.00	
Interfunds	A-13	54,726.30	
Appropriation Reserves	A-14	558,444.62	
Special Improvement District Taxes	A-17	114,927.00	
Local District School Taxes	A-19	31,936,573.00	
County Taxes Payable	A-20	10,879,680.68	
Various Cash Liabilities and Reserves	A-21	141,227.27	
Federal & State Grant Appropriations	A-23		<u>429,702.95</u>
		<u>57,937,891.96</u>	<u>429,702.95</u>
Balance - December 31, 2011	A	<u>4,398,494.96</u>	<u>65,842.20</u>

Exhibit A-5

Borough of New Providence, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	<u>150.00</u>
Balance - December 31, 2011	A	<u>150.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		50.00
Clerk		50.00
Municipal Court		<u>50.00</u>
		<u>150.00</u>

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Increased by:		
Disbursed	A-4	<u>1,750.00</u>
Decreased by:		
Returned to Treasurer	A-4	<u>1,750.00</u>

Borough of New Providence, N.J.

**Schedule of Amount Due to/from State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2011

Ref.

Balance - December 31, 2010	- Due to	A	1,935.53
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Increased by:

Senior Citizens' and Veterans' Deductions	
Disallowed by Tax Collector	750.00

Decreased by:

Senior Citizens' and Veterans' Deductions	
Per Tax Billings	105,500.00
Senior Citizens' and Veterans' Deductions	
Allowed by Tax Collector	<u>4,250.00</u>

A-8	<u>(109,000.00)</u>
-----	---------------------

(107,064.47)

Cash Receipts	A-4	<u>105,345.89</u>
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Balance - December 31, 2011	- Due from	A	<u>1,718.58</u>
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Borough of New Providence, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2011

Year	Balance, Dec. 31, 2010	Levy	Added Taxes	Collected 2010	2011	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Cancelled	Balance, Dec. 31, 2011
2010	157,580.10				157,830.10	(250.00)			
2011		54,853,782.79	93,090.82	192,740.99	54,330,380.82	109,250.00	10,749.79	42,813.01	260,939.00
	<u>157,580.10</u>	<u>54,853,782.79</u>	<u>93,090.82</u>	<u>192,740.99</u>	<u>54,488,210.92</u>	<u>109,000.00</u>	<u>10,749.79</u>	<u>42,813.01</u>	<u>260,939.00</u>
	<u>A</u>			<u>A-2/A-16</u>	<u>A-2/A-4</u>	<u>A-2/A-7</u>	<u>A-9</u>	<u>A</u>	

Analysis of Tax Levy

Ref.

Tax yield:	54,609,528.10
General Purpose Tax	129,327.25
Utilities	114,927.44
Special Taxes	<u>93,090.82</u>
Added Tax (R.S. 54:4-63.1 et seq.)	
	<u>54,946,873.61</u>

Tax Levy:	
Municipal Open Space Tax	32,513.00
Added Municipal Open Space Tax	<u>39.67</u>
	<u>32,552.67</u>
Special Improvement District Taxes	
Local District School Tax	114,927.00
County Tax - General	31,936,573.00
County Tax - Open Space	384,103.52
Added County Taxes	<u>18,333.70</u>
	<u>10,873,719.44</u>
Local Tax for Municipal Purposes	42,957,772.11
Additional Taxes	<u>78,540.24</u>
	<u>11,989,101.50</u>
	<u>54,946,873.61</u>

Exhibit A-9

Borough of New Providence, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	127,569.26
Increased by:		
Penalties	A-12	683.75
Transfers from Taxes Receivable	A-8	<u>10,749.79</u>
		<u>11,433.54</u>
Balance - December 31, 2011	A	<u>139,002.80</u>

Exhibit A-10

**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	<u>11,955.00</u>
Balance - December 31, 2011	A	<u>11,955.00</u>

Analysis of Balance:

<u>Block-Lot</u>	<u>Amount</u>
41-36	9,200.00
44-07	800.00
153-12	225.00
204-25	200.00
239-01	125.00
362-01	230.00
363-01	760.00
363-02	75.00
364-01	70.00
365-01	115.00
366-02	60.00
372-08	95.00
	<u>11,955.00</u>

Borough of New Providence, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2011

		Balance Ref. Dec. 31, 2010	Accrued	Collected	Balance Dec. 31, 2011
Clerk:					
Licenses:					
Alcoholic beverages	A-2		7,740.00	7,740.00	
Other	A-2	240.00	3,995.00	4,175.00	60.00
Fees and Permits	A-2	363.25	8,135.35	8,231.60	267.00
Police					
Fees and Permits	A-2		4,581.02	4,581.02	
Engineering Department					
Fees and Permits	A-2		16,894.00	16,894.00	
Registrar					
Other Licenses	A-2	3.00	132.00	132.00	3.00
Fees and Permits	A-2	255.00	1,971.25	2,121.25	105.00
Board of Health					
Other Licenses	A-2	375.00	14,650.00	15,025.00	
Planning Board					
Fees and Permits	A-2		5,380.00	4,320.00	1,060.00
Board of Adjustment					
Fees and Permits	A-2		19,440.00	19,440.00	
Municipal Court :					
Fines and Costs	A-2	9,208.42	128,726.47	128,851.69	9,083.20
Uniform Construction Code Fees					
Construction Fees	A-2	30,837.00	283,673.00	290,061.00	24,449.00
Fees and Permits	A-2		1,215.00	1,065.00	150.00
Energy Receipts Taxes					
A-2		1,195,393.00	1,195,393.00	1,195,393.00	
Consolidated Municipal Property Tax					
Relief Aid	A-2		108,426.00	108,426.00	
Contribution from NP Athletic Foundation					
A-2		65,000.00	65,000.00		
Contribution from Recreation Trust Fund					
A-2		10,000.00	10,000.00		
Fire Alarm Revenue					
A-2		1,059.00	1,059.00		
Smoke Detector Certificate Fee					
A-2		1,300.00	4,250.00	5,550.00	
Library Reimbursement					
A-2		66,000.00	66,000.00		
Leaf Collection Revenue					
A-2		150.00	53,471.00	53,121.00	500.00
General Capital Fund Balance					
A-2		175,000.00		175,000.00	
Berkeley Heights Shared Court					
A-2		24,000.00	24,000.00		
Uniform Fire Safety Act					
A-2		6,170.00	24,017.95	23,312.95	6,875.00
Parking Meters					
A-2		17,345.40	17,345.40		
Sewer Rentals					
A-2		2,140.00	199,640.00	194,420.00	7,360.00
Cat Licenses					
A-2		1,430.00	1,430.00		
Parking Permits					
A-2		132,905.00	135,880.00	2,405.00	
Rental of Municipal Owned Property					
A-2		65,444.37	65,444.37		
Cable TV Franchise Fee					
A-2		154,331.38	154,331.38		
		<u>56,421.67</u>	<u>2,794,246.19</u>	<u>2,798,350.66</u>	<u>52,317.20</u>
		A			A

	Ref.	
Interfund - General Capital Fund	A-13	175,000.00
Interfund - Other Trust Fund (Recreation)	A-13	10,000.00
Receipts	A-4	2,613,350.66
		<u>2,798,350.66</u>

Exhibit A-12

Borough of New Providence, N.J.

Schedule of Other Accounts Receivable

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	1,909.26
Increased by:		
Penalty Charges	Reserve	<u>7,352.75</u>
		9,262.01
Decreased by:		
Collections	A-2/A-4	1,909.26
Transferred to Tax Title Liens	A-9	<u>683.75</u>
		<u>2,593.01</u>
Balance - December 31, 2011	A	<u><u>6,669.00</u></u>

Borough of New Providence, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2011

<u>Fund</u>	<u>Ref.</u>	Due From/(To)		Due From/(To)	
		Balance <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2011</u>
Other Trust Fund	A	152.95	279.62	129.57	2.90
General Capital Fund	A	(2,526.94)	44.35	193,072.38	190,501.09
Federal and State Grant Fund	A	(3,025.80)	821.26	6,810.22	2,963.16
Assessment Trust Fund	A	(592.80)	197.60		(790.40)
Open Space Trust Fund	A		32,552.67	32,513.00	(39.67)
Recreation Trust Fund	A			10,000.00	10,000.00
		<u>(5,992.59)</u>	<u>33,895.50</u>	<u>242,525.17</u>	<u>202,637.08</u>
<u>Analysis</u>					
Due to Current Fund	A/A-1	152.95			203,467.15
Due From Current Fund	A	<u>(6,145.54)</u>			<u>(830.07)</u>
		<u>(5,992.59)</u>			<u>202,637.08</u>
Disbursed	A-4			54,726.30	
Received	A-4		521.57		
Cancellation of Grants Receivable	A-25		821.26		
Cancellation of Appropriated Reserves	A-25			2,798.87	
Capital Surplus Revenue	A-11			175,000.00	
Recreation Trust Revenue	A-11			10,000.00	
Municipal Open Space Tax	A-18		32,552.67		
			<u>33,895.50</u>	<u>242,525.17</u>	

Borough of New Providence, N.J.

Schedule of Appropriation Reserves

Page 1 of 3

Current Fund

Year Ended December 31, 2011

	Balance after Transfers			
	Balance, Dec. 31, 2010	and Encumbrances	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	2,400.00	2,425.00	314.36	2,110.64
Human Resources	561.16	561.16		561.16
Clerk	0.10	0.10		0.10
Financial Administration	1,871.42	1,871.42	182.00	1,689.42
Public Works	851.96	851.96	471.48	380.48
Engineering Services and Costs	20.00	20.00		20.00
Planning Board	1,013.45	1,013.45	1,013.45	
Board of Adjustment	739.55	739.55		739.55
Police	20,637.67	20,637.67	15,221.98	5,415.69
Police Dispatch / 911	56.89	56.89		56.89
Municipal Court	43.80	43.80	43.80	
Waste Water Treatment Plant	3,896.34	3,896.34	2,868.04	1,028.30
Board of Health	108.37	608.37		608.37
Health Services	1,000.00	1,000.00		1,000.00
Community Services	3.64	3.64		3.64
Senior Citizens' Programs	2,848.80	2,848.80	1,112.60	1,736.20
Construction Official	1,369.94	1,369.94	436.80	933.14
 Total Salaries and Wages Within "CAPS"	 37,423.09	 37,948.09	 21,664.51	 16,283.58

Other Expenses Within "CAPS":

Administrative and Executive	1,359.28	12,662.23	12,587.23	75.00
Human Resources	21,441.15	29,957.00	20,835.28	9,121.72
Mayor and Council	5,203.89	1,203.89	82.00	1,121.89
Clerk	3,818.56	3,818.56	1,701.03	2,117.53
Financial Administration	5,660.00	6,710.00	6,710.00	
Audit Services	4,975.00	475.00	475.00	
Collection of Taxes	763.00	860.00	97.00	763.00
Assessment of Taxes	46,112.64	30,092.94	15,957.55	14,135.39
Legal Services and Costs	718.97	74,551.43	74,192.27	359.16
Public Works	6,527.32	6,527.32	4,921.79	1,605.53
Traffic Signal Maintenance	2,178.47	8,755.47	7,097.00	1,658.47
Engineering Services and Costs	31,446.49	22,274.89	22,274.89	
Public Building and Grounds	57,291.03	46,945.43	13,553.16	33,392.27
Planning Board	3,360.98	3,360.98	3,360.98	

Borough of New Providence, N.J.

Page 2 of 3

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance after Transfers			
	Balance, Dec. 31, 2010	and Encumbrances	Paid or Charged	Balance Lapsed
Board of Adjustment	1,593.37	1,888.37	853.49	1,034.88
Motor Supplies	11,599.52	12,433.14	11,135.87	1,297.27
Insurance:				
General Liability	19,438.00	19,438.00		19,438.00
Workers' Compensation	5,000.00	5,000.00	201.78	4,798.22
Group Insurance for Employees	50,843.50	51,113.50	24,278.58	26,834.92
Police	18,813.52	20,950.18	20,257.67	692.51
Police Dispatch / 911	1,000.00	1,000.00		1,000.00
Emergency Management Services	1,092.90	1,092.90		1,092.90
Fire	28,881.22	22,614.09	17,875.99	4,738.10
Uniform Fire Safety	1,836.06	2,473.55	637.49	1,836.06
Municipal Court	2,391.89	3,137.25	745.36	2,391.89
Road Repairs and Maintenance	11,056.85	114,896.85	104,406.57	10,490.28
Fleet Maintenance	525.97	3,410.30	2,929.83	480.47
Solid Waste / Recycling Collection	16,446.06	24,117.90	7,671.84	16,446.06
Landfill / Solid Waste Disposal Costs	18,076.11	46,324.03	43,247.92	3,076.11
Waste Water Treatment Plant	4,937.15	20,750.09	20,272.58	477.51
Board of Health	25,113.42	25,113.42	25,113.42	
Animal Control	62.50	62.50		62.50
Health Services	2,785.00	2,785.00	879.08	1,905.92
Community Services	967.71	967.71		967.71
Senior Citizens' Programs	6,880.59	6,880.59	2,599.27	4,281.32
Tuition Reimbursement Program		370.00	370.00	
Electricity	82,028.92	40,028.92	25,354.82	14,674.10
Telephone & Telegraph	16,713.56	16,713.56	1,871.58	14,841.98
Natural Gas	51,178.52	61,088.70	9,910.18	51,178.52
Water	1,751.97	1,751.97	691.06	1,060.91
Street Lighting	13,498.41	23,890.01	11,370.55	12,519.46
Contingent	500.00	500.00		500.00
 Total Other Expenses Within "CAPS"	 585,869.50	 778,987.67	 516,520.11	 262,467.56

Borough of New Providence, N.J.

Schedule of Appropriation Reserves

Page 3 of 3

Current Fund

Year Ended December 31, 2011

	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Balance, Dec. 31, <u>2010</u>			
Deferred Charges and Statutory Expenditures			
Within "CAPS":			
Public Employees' Retirement System	5,000.00	5,000.00	5,000.00
Social Security (O.A.S.I.)	<u>38,526.67</u>	<u>38,526.67</u>	<u>38,526.67</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>43,526.67</u>	<u>43,526.67</u>	<u>43,526.67</u>
Total Reserves Within "CAPS"	<u>666,819.26</u>	<u>860,462.43</u>	<u>538,184.62</u>
			<u>322,277.81</u>
Salaries & Wages Excluded From "CAPS":			
Council on Affordable Housing	<u>2,260.00</u>	<u>2,260.00</u>	<u>2,260.00</u>
Total Salary & Wages Excluded From "CAPS"	<u>2,260.00</u>	<u>2,260.00</u>	<u>2,260.00</u>
Other Expenses Excluded From "CAPS":			
Sewer System			
Berkley Heights Expenses	964.23	964.23	964.23
Emergency Services Volunteer Length of Service Award Program	<u>30,000.00</u>	<u>30,000.00</u>	<u>18,000.00</u>
			<u>12,000.00</u>
Total Other Expenses Excluded from "CAPS"	<u>30,964.23</u>	<u>30,964.23</u>	<u>18,000.00</u>
			<u>12,964.23</u>
Total Reserves Excluded from "CAPS"	<u>33,224.23</u>	<u>33,224.23</u>	<u>20,260.00</u>
			<u>12,964.23</u>
Total Reserves	<u>700,043.49</u>	<u>893,686.66</u>	<u>558,444.62</u>
	<u>A</u>		<u>335,242.04</u>
			<u>A-1</u>
	Ref.		
Appropriation Reserves	above	700,043.49	
Transfer from Reserve for Encumbrances	A-15	<u>193,643.17</u>	
		<u>893,686.66</u>	
Cash Disbursements	A-4		
		558,444.62	
		<u>558,444.62</u>	

Exhibit A-15

Borough of New Providence, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	193,643.17
Increased by:		
Transfer from Current Appropriations	A-3	<u>266,919.16</u>
		460,562.33
Decreased by:		
Transfer to Appropriation Reserves	A-14	<u>193,643.17</u>
Balance - December 31, 2011	A	<u>266,919.16</u>

Exhibit A-16

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	192,740.99
Increased by:		
Receipts - Prepaid 2012 Taxes	A-4	<u>272,207.63</u>
		464,948.62
Decreased by:		
Applied to 2011 Taxes	A-8	<u>192,740.99</u>
Balance - December 31, 2011	A	<u>272,207.63</u>

Exhibit A-17

Borough of New Providence, N.J.

Schedule of Due to Special Improvement District

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	A	3,331.20
Increased by:		
Levy Calendar Year - 2011	A-1/A-8	<u>114,927.00</u>
		118,258.20
Decreased by:		
Disbursed	A-4	<u>114,927.00</u>
Balance - December 31, 2011	A	<u>3,331.20</u>

Exhibit A-18

Schedule of Municipal Open Space Taxes Payable

Current Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Increased by:		
Levy Calendar Year - 2011	A-8	32,513.00
Added and Omitted Taxes	A-8	<u>39.67</u>
	A-1	32,552.67
Decreased by:		
Transfer to Municipal Open Space Trust	A-13	<u>32,552.67</u>

Exhibit A-19

Borough of New Providence, N.J.

Schedule of Local District School Tax Payable

Current Fund

Year Ended December 31, 2011

Ref.

Increased by:

Levy Calendar Year , 2011 A-1/A-8 31,936,573.00

Decreased by:

Payments A-4 31,936,573.00

Exhibit A-20

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2011

Ref.

Balance - December 31, 2010 A 24,298.94

Increased by:

Levy - General County A-1/A-8 10,471,278.22

Levy - Open Space A-1/A-8 384,103.52

Added and Omitted Taxes A-1/A-8 18,337.70

10,873,719.44

10,898,018.38

Decreased by:

Payments A-4 10,879,680.68

Balance - December 31, 2011 A 18,337.70

Borough of New Providence, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2011

<u>Liabilities and Reserves</u>	Balance, Dec. 31, 2010	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, 2011
<u>Liabilities:</u>				
Tax Overpayments	57.56	95,859.10	95,916.66	
Prepaid Revenue	104,675.00	100,000.00	95,000.00	109,675.00
<u>Reserves for:</u>				
Sale of Municipal Assets	84,141.92			84,141.92
Tax Appeals	308,045.08	100,000.00	45,310.61	362,734.47
	<u>496,919.56</u>	<u>295,859.10</u>	<u>236,227.27</u>	<u>556,551.39</u>
	A			A

	<u>Ref.</u>	
2011 Anticipated Revenue	A-2	95,000.00
2011 Budget Appropriation	A-3	100,000.00
Receipts	A-4	195,859.10
Disbursed	A-4	141,227.27
		<u>295,859.10</u>
		<u>236,227.27</u>

Borough of New Providence, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, <u>2010</u>	Budget <u>Revenue</u>	Received	Canceled	Balance, Dec. 31, <u>2011</u>
County & Local Grants:					
Union County Kids Recreation Trust					
	164,197.43		133,375.00		30,822.43
Union County Recycling Enhancement		6,000.00	6,000.00		
Summit Area Public Foundation		7,600.00	7,600.00		
	<u>164,197.43</u>	<u>13,600.00</u>	<u>146,975.00</u>		<u>30,822.43</u>
Federal Grants:					
Community Development Block Grant:					
Senior Citizen High Risk Health - 2010	7,247.00		7,247.00		
Senior Citizen High Risk Health - 2011		6,522.00			6,522.00
Senior Exercise and Arts & Crafts - 2010	5,575.00		5,575.00		
Senior Exercise and Arts & Crafts - 2011		5,701.00			5,701.00
Senior Citizen Transportation - 2010	6,334.00		6,334.00		
Senior Citizen Transportation - 2011		5,018.00			5,018.00
Senior Citizen Facility Improvements - 2011		38,000.00			38,000.00
Safe Routes to Schools	180,000.00				180,000.00
Over the Limit Under Arrest		4,400.00	4,400.00		
Drive Sober or Get Pulled Over		5,000.00			5,000.00
Bulletproof Vest Partnership		3,174.40	3,174.40		
	<u>199,156.00</u>	<u>67,815.40</u>	<u>26,730.40</u>		<u>240,241.00</u>
State County Grants					
Alcohol Education & Rehab Grant		431.48	431.48		
NJDEP Trails Grant		9,000.00			9,000.00
Municipal Alliance on Alcoholism and Drug Abuse - 2010	8,237.89		7,416.63	821.26	
Municipal Alliance on Alcoholism and Drug Abuse - 2011		17,583.00	4,536.28		13,046.72
Recycling Tonnage Grant		62,571.65	62,571.65		
Clean Communities		19,357.48	19,357.48		
Drunk Driving Enforcement Fund		4,968.99	4,968.99		
NJ Transportation Trust - Central Ave	282,100.00		178,101.11		103,998.89
NJ Transportation Trust - Streetscape	245,000.00				245,000.00
NJ Transportation Trust - Pearl Street		190,000.00			190,000.00
NJ Safe Streets Program	22,352.37				22,352.37
Green Communities	3,000.00		3,000.00		
	<u>560,690.26</u>	<u>303,912.60</u>	<u>280,383.62</u>	<u>821.26</u>	<u>583,397.98</u>
	<u>924,043.69</u>	<u>385,328.00</u>	<u>454,089.02</u>	<u>821.26</u>	<u>854,461.41</u>
	A	A-2		A-1/A-5	A

Cash Receipts	Ref	
	A-4	454,089.02
Transferred from Unappropriated Reserves	A-24	
		<u>454,089.02</u>

Borough of New Providence, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund					
Year Ended December 31, 2011					
<u>Grant</u>	Balance, Dec. 31, 2010	Transfer From 2011 Budget	Expended	Canceled	Balance, Dec. 31, 2011
County & Local Grants:					
Union County Kids Recreation Trust	7,456.34				7,456.34
Union County Kids Recreation Trust - 2009	60,000.00		60,000.00		
Union County Kids Recreation Trust - 2010	50,000.00		50,000.00		
Union County Recycling Enhancement		6,000.00			6,000.00
Knights of Columbus Donation	518.62				518.62
Fields of Dreams - Board of Education	5,018.57				5,018.57
Summit Junior League Youth Center	727.45		250.00		477.45
Summit Area Foundation - Special Needs	150.00		150.00		
Summit Area Foundation - Background Checks		7,600.00	476.00		7,124.00
	<u>123,870.98</u>	<u>13,600.00</u>	<u>110,876.00</u>		<u>26,594.98</u>
Federal Grants:					
Community Development Block Grant:					
Senior Citizen High Risk Health - 2009	214.00		30.00		184.00
Senior Citizen High Risk Health - 2010	7,050.00		7,050.00		
Senior Citizen High Risk Health - 2011		6,522.00	1,065.00		5,457.00
Senior Exercise and Arts & Crafts - 2010	6,334.00		6,334.00		
Senior Exercise and Arts & Crafts - 2011		5,701.00			5,701.00
Senior Citizen Transportation - 2010	5,575.00		5,575.00		
Senior Citizen Transportation - 2011		5,018.00			5,018.00
Senior Citizen Facility Improvements - 2011		38,000.00			38,000.00
Safe Routes to Schools	155,316.87		10,876.79		144,440.08
Bulletproof Vest Partnership	2,098.23	3,174.40	142.00		5,130.63
Over the Limit Under Arrest		4,400.00	4,400.00		
Drive Sober or Get Pulled Over		5,000.00			5,000.00
Stormwater Management Grant	74.00		74.00		
	<u>176,662.10</u>	<u>67,815.40</u>	<u>35,546.79</u>		<u>208,930.71</u>
State Grants:					
Drunk Driving Enforcement Fund	6,663.52	4,968.99	1,422.99		10,209.52
NJ Safe Streets	8,171.26		8,171.26		
Body Armor Replacement Grant	8,510.35		357.50		8,152.85
NJ Transportation Trust - Livingston Ave	6,178.71				6,178.71
NJ Transportation Trust - Central Ave	245,385.28		224,330.57		21,054.71
NJ Transportation Trust - Pearl Street		190,000.00			190,000.00
NJ Transportation Trust - Streetscape	245,000.00		22,099.10		222,900.90
NJDEP Trails Grant					
State Share		9,000.00			9,000.00
Local Share		1,800.00			1,800.00
Clean Communities Grant	46,657.48	19,357.48	3,657.90		62,357.06
Recycling Tonnage Grant	82,923.72	62,571.65	5,347.00		140,148.37
Municipal Alliance on Alcoholism & Drug Abuse					
State Share - 2010	2,596.48		2,527.44	69.04	
Local Share - 2010	2,729.83			2,729.83	
Municipal Alliance on Alcoholism & Drug Abuse					
State Share - 2011		17,583.00	13,341.62		4,241.38
Local Share - 2011		4,396.00	2,024.78		2,371.22
Alcohol Education & Rehab Grant	423.58	431.48			855.06
	<u>655,240.21</u>	<u>310,108.60</u>	<u>283,280.16</u>	<u>2,798.87</u>	<u>679,269.78</u>
	<u>955,773.29</u>	<u>391,524.00</u>	<u>429,702.95</u>	<u>2,798.87</u>	<u>914,795.47</u>
	A		A-4	A-1/A-25	A

	Ref.
State and Federal Grants	A-3 385,328.00
Matching Funds for Grants	A-3,A-4 6,196.00
	<u>391,524.00</u>

Borough of New Providence, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

<u>Grant</u>	Transfer			<u>Balance</u> <u>Dec. 31, 2011</u>
	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>To 2011</u> <u>Budget</u>	<u>Received</u>	
Body Armor Replacement Fund			2,544.98	2,544.98
	<hr/>	<hr/>	<hr/>	<hr/>
	A	A-22	A-4	A

Borough of New Providence, N.J.**Schedule of Interfund Current Fund****Federal and State Grant Fund****Year Ended December 31, 2011**

		<u>Ref.</u>	
Balance - December 31, 2010	- Due From	A	3,025.80
Increased by:			
Cancellation of Grants Receivable		A-13/A-22	<u>821.26</u>
			3,847.06
Decreased by:			
Cancellation of Appropriated Reserves		A-13/A-23	2,798.87
Cash Receipts		A-4	<u>4,011.35</u>
			<u>6,810.22</u>
Balance - December 31, 2011	- Due to	A	<u>2,963.16</u>

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Borough of New Providence, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Assessment Trust Fund</u>	<u>Animal License Fund</u>	<u>Other Trust Fund</u>	<u>Emergency Services Volunteers LOSAP</u>
Balance - December 31, 2010	B	\$ <u>5,204.70</u>		<u>1,237,269.77</u>	<u>199,558.98</u>
Increase by Receipts:					
Assessments Receivable	B-5	197.60			
Interfund - Current Fund	B-6			129.57	
Other Receivables	B-7			230,973.87	
Dog License Fees - Borough	B-4		7,286.40		
Replacement/Late Fees	B-4		185.00		
Other Trust Funds	B-11			888,265.65	
Construction & Other Deposits	B-13			313,597.75	
Unemployment Trust Fund	B-14			7,362.72	
Reserve for Municipal Open Space	B-16			240,116.94	
LOSAP Contributions	B-17				18,000.00
Net Assets Available for Benefits	B-18				1,210.18
Total Receipts		<u>197.60</u>	<u>7,471.40</u>	<u>1,680,446.50</u>	<u>19,210.18</u>
		<u>197.60</u>	<u>12,676.10</u>	<u>2,917,716.27</u>	<u>218,769.16</u>
Decreased by Disbursements:					
Interfund - Current Fund	B-6	197.60		279.62	
Reserve for Dog Expenditures	B-9		2,510.99		
Other Trust Funds	B-11			1,035,671.61	
Construction & Other Deposits	B-13			244,452.50	
Unemployment Trust Fund	B-14			3,649.66	
Reserve Grant Expenditures	B-15			4,755.72	
Reserve for Municipal Open Space	B-16			22.50	
Net Assets Available for Benefits	B-18				1,725.00
Total Disbursements		<u>197.60</u>	<u>2,510.99</u>	<u>1,288,831.61</u>	<u>1,725.00</u>
Balance - December 31, 2011	B	\$ <u>10,165.11</u>		<u>1,628,884.66</u>	<u>217,044.16</u>

Borough of New Providence, N.J.

Analysis of Assessment Cash

Assessment Trust Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Fund Balance	B-1	\$ 790.40
Interfund - Current Fund	B-6	<u>(790.40)</u>

Exhibit B-4

Schedule of Cash Dog License Collector

Animal License Trust Fund

Year Ended December 31, 2011

<u>Ref.</u>	B
Balance - December 31, 2010	33.00
Increased by:	
Dog License Fees - Borough Share	B-9 7,314.00
Replacement/Late Fees	B-9 185.00
State Fees Collected	B-10 750.00
	<u>8,249.00</u>
Decreased by:	
Dog License Fees Paid to Treasurer	B-2 7,286.40
Replace/Late Fees Paid to Treasurer	B-2 185.00
State Fees Paid to State	B-10 744.60
	<u>8,216.00</u>
Balance - December 31, 2011	33.00

Exhibit B-5

Borough of New Providence, N.J.

Schedule of Assessments Receivable

Trust Funds

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Annual Install- ments</u>	<u>Confir- mation</u>	<u>Due Dates</u>	<u>Balance Dec. 31, 2010</u>	<u>Collected</u>	<u>Balance Dec. 31, 2011</u>	<u>Balance Pledged to</u>	
								<u>Capital Fund</u>	<u>Reserve</u>
1999-03	Curbing on Dogwood Lane	10	10-15-02	11/15/2011	197.60	197.60			

Exhibit B-6**Borough of New Providence , N.J.****Schedule of Due from/(to) Current Fund****Trust Funds****Year Ended December 31, 2011**

	<u>Ref.</u>	<u>Total</u>	<u>Assessment Fund</u>	<u>Open Space Fund</u>	<u>Other Trust Funds</u>	<u>Recreation Trust Fund</u>
Balance - December 31, 2010	B	\$ 439.85	592.80		(152.95)	
Increased by:						
Added Open Space Tax	B-16	39.67		39.67		
Disbursed	B-2	477.22	197.60		279.62	
		956.74	790.40	39.67	126.67	0.00
Decreased by:						
Anticipated Budget Revenue	B-11	10,000.00				10,000.00
Receipts	B-2	129.57			129.57	
Balance - December 31, 2011	B	\$ (9,172.83)	790.40	39.67	(2.90)	(10,000.00)
			B-3			

Exhibit B-7**Borough of New Providence , N.J.****Other Accounts Receivable - Outside Police Duty****Trust Funds****Year Ended December 31, 2011**

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 20,984.35
Increased by:		
Outside Police Duty Services	B-11	219,200.45
		240,184.80
Decreased by:		
Receipts	B-2	230,973.87
Balance - December 31, 2011	B	\$ 9,210.93

Exhibit B-8

Borough of New Providence, N.J.

Schedule Reserve for Assessments Receivable

Trust Funds

Year Ended December 31, 2011

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Collections</u>		
		<u>Balance Dec. 31, 2010</u>	<u>to Fund Balance</u>	<u>Balance Dec. 31, 2011</u>
1999-03	Curbing on Dogwood Lane	197.60	197.60	
		\$ <u>197.60</u>	<u>197.60</u>	<u>B</u>

Borough of New Providence , N.J.

Reserve for Animal License Fund Expenditures

Trust Funds

Year Ended December 31, 2011

Ref.

Balance - December 31, 2010	B	\$ 5,203.50
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Increased by:

Dog License Fees - Borough Share	B-4	7,314.00
Replacement/Late Fees	B-4	<u>185.00</u>
		<u>7,499.00</u>

12,702.50

Decreased by:

Expenditures Under N.J.S. 40A:4-39	B-2	<u>2,510.99</u>
------------------------------------	-----	-----------------

Balance - December 31, 2011	B	\$ <u>10,191.51</u>
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License Fees Collected

2010		7,704.12
2009		<u>7,898.20</u>
		\$ <u>15,602.32</u>

Due to State of New Jersey

Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010	<u>Ref.</u>	\$ 1.20
	B	

Increased by:

State Share of Dog License Fee	B-4	<u>750.00</u>
		<u>751.20</u>

Decreased by:

Disbursed	B-4	<u>744.60</u>
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Balance - December 31, 2011	B	\$ <u>6.60</u>
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Borough of New Providence, N.J.

Schedule of Other Trust Funds

Trust Funds

Year Ended December 31, 2011

Purpose	Balance Dec. 31, 2010	Increase	Decrease	Balance Dec. 31, 2011
Affordable Housing	\$ 9.12	400.17		409.29
Employee Flex Spending	3,811.45	9,275.30	9,911.34	3,175.41
Forfeitures	12,257.92	159.80	2,388.45	10,029.27
Municipal Alliance	11,034.29	1,995.00	1,500.00	11,529.29
Parking Offenses Adjudication Act	3,006.67	306.00		592.21
Outside Employment of Police	52,769.54	219,200.45	235,236.44	36,733.55
Public Defender Fees	6,135.99	2,578.50		8,714.49
Snow Removal Reserve	156,089.14	319,414.15	309,718.88	165,784.41
Donation - Special Needs	734.97		734.97	
Unclaimed Property - Police	719.17			719.17
Recreation	163,781.00	548,661.73	485,589.32	226,853.41
Tree Replacement Program	1,050.00	5,475.00		6,525.00
	<u>\$ 411,399.26</u>	<u>1,107,466.10</u>	<u>1,045,671.61</u>	<u>473,193.75</u>
				B
Receipts			Ref.	
Disbursed			B-2	888,265.65
Interfund - Current Fund			B-2	1,035,671.61
Other Accounts Receivable			B-6	10,000.00
			B-7	<u>219,200.45</u>
				<u>1,107,466.10</u>
				<u>1,045,671.61</u>

Exhibit B-12

Borough of New Providence, N.J.

Schedule of Payroll Deductions Payable

Trust Funds

Year Ended December 31, 2011

<u>Account</u>	<u>Balance Dec. 31, 2010</u>	<u>Receipts</u>	<u>Disbursed</u>	<u>Balance Dec. 31, 2011</u>
Net Salaries & Wages	\$ 4,257,695.84		4,257,695.84	
Payroll Agency	<u>39,116.68</u>	<u>3,638,808.36</u>	<u>3,633,931.77</u>	<u>43,993.27</u>
	<u>\$ 39,116.68</u>	<u>7,896,504.20</u>	<u>7,891,627.61</u>	<u>43,993.27</u>
	<u><u>B</u></u>			<u><u>B</u></u>

Borough of New Providence, N.J.

Schedule of Construction and Other Deposits

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Total</u>	<u>Performance Bonds</u>	<u>Sewer Openings</u>	<u>Road Openings</u>	<u>Well Abandonment</u>	<u>Lot Grading</u>	<u>Eggers Court Storm Water Detention</u>
Balance - December 31, 2010	B	\$ 432,028.22	377,943.72	1,000.00	14,419.50	3,500.00	33,165.00	2,000.00
Increased by:								
Receipts	B-2	<u>313,597.75</u>	<u>279,662.75</u>	<u>1,000.00</u>	<u>11,035.00</u>	<u>25,454.50</u>	<u>3,500.00</u>	<u>22,900.00</u>
		<u><u>745,625.97</u></u>	<u><u>657,606.47</u></u>	<u><u>1,000.00</u></u>	<u><u>25,454.50</u></u>	<u><u>3,500.00</u></u>	<u><u>56,065.00</u></u>	<u><u>2,000.00</u></u>
Decreased by:								
Disbursed	B-2	<u>244,452.50</u>	<u>212,112.50</u>	<u>1,000.00</u>	<u>11,820.00</u>	<u>3,500.00</u>	<u>20,520.00</u>	<u>2,000.00</u>
Balance - December 31, 2011	B	<u><u>\$ 501,173.47</u></u>	<u><u>445,493.97</u></u>	<u><u>1,000.00</u></u>	<u><u>13,634.50</u></u>	<u><u>3,500.00</u></u>	<u><u>35,545.00</u></u>	<u><u>2,000.00</u></u>

Borough of New Providence, N.J.

Schedule of Reserve for Unemployment Insurance

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 48.55
Increased by:		
Receipts	B-2	<u>7,362.72</u>
		<u>7,411.27</u>
Decreased by:		
Disbursed	B-2	<u>3,649.66</u>
Balance - December 31, 2011	B	<u>\$ 3,761.61</u>

Schedule of Reserve for Grant Expenditures
Pocket Parks Grant

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 4,755.72
Decreased by:		
Disbursed	B-2	<u>4,755.72</u>
Balance - December 31, 2011	B	<u>\$ 0.00</u>

Schedule of Reserve for Municipal Open Space

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 409,869.42
Increased by:		
Interest On Investments	B-2	228.44
Greenacres Grant Reimbursement	B-2	207,375.50
Tax Levy	B-2	32,513.00
Added Taxes	B-6	<u>39.67</u>
		<u>240,156.61</u>
		<u>650,026.03</u>
Decreased by:		
Disbursed	B-2	<u>22.50</u>
Balance - December 31, 2011	B	<u>\$ 650,003.53</u>

Exhibit B-17

Borough of New Providence , N.J.

LOSAP Contribution Receivable

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 18,000.00
Increased by:		
Borough Contributions	B-18	<u>20,500.00</u>
		38,500.00
Decreased by:		
Received	B-2	<u>18,000.00</u>
Balance - December 31, 2011	B	\$ <u>20,500.00</u>

Exhibit B-18

**Schedule of Emergency Services Volunteer Length
of Service Award Program - Net Assets Available for Benefits**

Trust Funds

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	B	\$ 217,558.98
Increased by:		
Borough Contributions	B-17	20,500.00
Appreciation	B-2	<u>1,210.18</u>
		<u>21,710.18</u>
		<u>239,269.16</u>
Decreased by:		
Withdrawals		
Administrative Charges	B-2	<u>1,725.00</u>
		<u>1,725.00</u>
Balance - December 31, 2011	B	<u>237,544.16</u>

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Exhibit C-2

Borough of New Providence, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	701,936.49
Increased by Receipts:		
Premium Sale of BAN'S	C-1	19,377.13
Interfund - Current Fund	C-7	2,572.38
Deferred Charges Unfunded	C-6	11,850.00
Bond Anticipation Notes	C-10	5,823,240.00
Budget Appropriations:		
Capital Improvement Fund	C-12	50,000.00
Various Reserves	C-13	<u>44,544.00</u>
		<u>5,951,583.51</u>
		6,653,520.00
Decreased by Disbursements:		
Bond Anticipation Notes	C-10	5,323,240.00
Interfund Current Fund	C-7	44.35
Improvement Authorizations	C-11	<u>1,090,464.75</u>
		<u>6,413,749.10</u>
Balance - December 31, 2011	C	<u>239,770.90</u>

Borough of New Providence, N.J.**Analysis of Cash****General Capital Fund****Year Ended December 31, 2011**

	<u>Ref.</u>	
Fund Balance	C-1	343,921.82
Due from Current Fund	C-7	190,501.09
Capital Improvement Fund	C-13	5,984.13
Various Reserves	C-13	44,544.00
Cash on Hand to Pay Bond Anticipation Notes		22,267.14

Improvement Authorizations:

Ordinance

<u>Number</u>	<u>Improvement Description</u>	
05-06	Various Capital Improvements	2,405.00
06-11	Various Capital Improvements	7,758.00
06-14	Sidewalk and Streetscape Improvements	22,846.56
06-16	Rescue Squad Headquarters Building	(664,900.00)
07-08	Various Capital Improvements	334,405.43
07-18	Stream Bank Restoration Supplemental	63,992.98
08-07	Various Capital Improvements	(184,206.08)
08-12	Academy Street Project	(34,449.90)
08-13	Downtown Streetscape Project	(47,239.63)
09-13	Various Capital Improvements	119,874.39
10-13	Various Capital Improvements	(118,464.29)
10-19	Lighting at Lieder Field	(89,046.24)
11-09	Acquisition of Equipment	24,881.53
11-17	Various Capital Improvements	194,694.97
		<hr/>
		239,770.90
		<hr/> <hr/> C

Exhibit C-4

Borough of New Providence, N.J.

Schedule of Various Receivables

General Capital Fund

Year Ended December 31, 2011

	<u>Balance Dec. 31, 2010</u>	<u>Grants/ Contributions</u>	<u>Cash Received</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2011</u>
<u>Voluntary Contribution</u>					
Ord. 10-19 Lighting at Lieder Field	113,342.97				113,342.97
	<u>113,342.97</u>	<u> </u>	<u> </u>	<u> </u>	<u>113,342.97</u>
					<u>C</u>

Borough of New Providence, N.J.

**Schedule of Deferred Charges to Future
Taxation - Funded**

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>	
Balance - December 31, 2010	C	7,209,952.40
Decreased by:		
Paid by Current Year Budget Appropriations:		
Serial Bonds	C-9	970,000.00
NJEIT Trust / Loans Payable	C-8	<u>389,599.86</u>
		<u>1,359,599.86</u>
Balance - December 31, 2011	C	<u>5,850,352.54</u>

Borough of New Providence, N.J.

Schedule of Deferred Charges to Future Taxation - Unsunded

General Capital Fund

Year Ended December 31, 2011

Borough of New Providence, N.J.

Schedule of Interfund - Current Fund

General Capital Fund

Year Ended December 31, 2011

			<u>Ref.</u>
Balance - December 31, 2010	- Due from	C	2,526.94
Increased by:			
Disbursed		C-2	<u>44.35</u>
			<u>44.35</u>
			2,571.29
Decreased by:			
Interest Earned		C-2	38.21
Bond Anticipation Notes Paid by Current		C-10	15,500.00
Capital Surplus Anticipated as Revenue		C-1	175,000.00
Receipts		C-2	<u>2,534.17</u>
			<u>193,072.38</u>
Balance - December 31, 2011	- Due to	C, C-3	<u>190,501.09</u>

Borough of New Providence, N.J.

Schedule of New Jersey Environmental Infrastructure Trust/Loans Payable

General Capital Fund

Year Ended December 31, 2011

	<u>Ref.</u>	<u>Total</u>	<u>Series 1998F</u>	<u>Series 1994B</u>
Balance - December 31, 2010	C	1,239,952.40	990,000.00	249,952.40

Decreased by:

Principal Paid	C-5	<u>389,599.86</u>	<u>225,000.00</u>	<u>164,599.86</u>
Balance - December 31, 2011	C	<u>850,352.54</u>	<u>765,000.00</u>	<u>85,352.54</u>

Payment Schedule:

Due Date	Rate	Total	Series 1998F	Series 1994B
3/1/2012	6.50%	325,352.54	240,000.00	85,352.54
3/1/2013	6.50%	255,000.00	255,000.00	
3/1/2014	6.50%	270,000.00	270,000.00	
		<u>850,352.54</u>	<u>765,000.00</u>	<u>85,352.54</u>

Borough of New Providence, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding, December 31, 2011</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2010</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2011</u>		
			<u>Date</u>	<u>Amount</u>						
General Improvement Bonds	7/15/2001	2,340,000.00	7/15/2012	175,000.00	4.38%	940,000.00	175,000.00	765,000.00		
			7/15/2013	200,000.00	4.50%					
			7/15/2014	200,000.00	4.50%					
			7/15/2015	190,000.00	4.63%					
Refunding Bonds	12/1/2003	4,600,000.00	10/15/2012	535,000.00	3.50%	1,410,000.00	535,000.00	875,000.00		
			10/15/2013	340,000.00	3.75%					
General Improvement Bonds	8/1/2006	4,165,000.00	8/1/2012	340,000.00	4.125%	3,620,000.00	260,000.00	3,360,000.00		
			8/1/2013	340,000.00	4.125%					
			8/1/2014	340,000.00	4.125%					
			8/1/2015	340,000.00	4.125%					
			8/1/2016	340,000.00	4.125%					
			8/1/2017	340,000.00	4.125%					
			8/1/2018	340,000.00	4.125%					
			8/1/2019	340,000.00	4.125%					
			8/1/2020	340,000.00	4.250%					
			8/1/2021	300,000.00	4.250%					
						<u>5,970,000.00</u>	<u>970,000.00</u>	<u>5,000,000.00</u>		
						<u>C</u>	<u>C-5</u>	<u>C</u>		

Borough of New Providence, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
05-06	Various Capital Improvements	584,905.00	1/30/2008	7/20/2011	1/27/2012	1.00%	584,905.00	524,905.00		524,905.00
05-17	Acq. Emergency Comm. Equipment	56,500.00	1/30/2008	7/20/2011	1/27/2012	1.00%	56,500.00	56,500.00		56,500.00
06-04	Sidewalk & Streetscape Improvements	800,000.00	2/22/2007	7/20/2011	1/27/2012	1.00%	645,000.00	550,000.00		550,000.00
06-11	Various Capital Improvements	222,020.00	1/30/2008	7/20/2011	1/27/2012	1.00%	222,020.00	222,020.00		222,020.00
06-14	Sidewalk & Streetscape Improvements	380,000.00	2/22/2007	7/20/2011	1/27/2012	1.00%	380,000.00	380,000.00		380,000.00
06-15	Reconstruction of Borough Roads	123,800.00	1/30/2008	7/20/2011	1/27/2012	1.00%	123,800.00	123,800.00		123,800.00
07-08	Various Capital Improvements	400,000.00	12/28/2007	7/20/2011	1/27/2012	1.00%	394,900.00	388,900.00		388,900.00
07-08	Various Capital Improvements	1,246,875.00	1/30/2008	7/20/2011	1/27/2012	1.00%	1,246,875.00	1,246,875.00		1,246,875.00
07-08	Various Capital Improvements	80,000.00	7/20/2010	7/20/2011	1/27/2012	1.00%	80,000.00	80,000.00		80,000.00
07-13	Downtown Streetscape Project	190,000.00	1/30/2008	7/20/2011	1/27/2012	1.00%	190,000.00	190,000.00		190,000.00
07-18	Stream Bank Stabilization	570,000.00	1/30/2008	7/20/2011	1/27/2012	1.00%	570,000.00	570,000.00		570,000.00
08-07	Various Capital Improvements	705,240.00	7/20/2010	7/20/2011	1/27/2012	1.00%	705,240.00	705,240.00		705,240.00
09-13	Various Capital Improvements	285,000.00	7/20/2010	7/20/2011	1/27/2012	1.00%	285,000.00	285,000.00		285,000.00
11-17	Various Capital Improvements	500,000.00	7/20/2011	7/20/2011	1/27/2012	1.00%	500,000.00	500,000.00		500,000.00

<u>5,484,240.00</u>	<u>5,823,240.00</u>	<u>5,484,240.00</u>	<u>5,823,240.00</u>
<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>

Ref.	Issued for Cash	Renewals	Paid by Budget Appropriation	Paid by Cash on Hand
C-2/C-15	500,000.00			
C-2	5,323,240.00			
C-6		145,500.00		
C-2		15,500.00		
			<u>5,484,240.00</u>	<u>5,484,240.00</u>
			<u>5,823,240.00</u>	<u>5,823,240.00</u>

Borough of New Providence, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Deferred Charges to Future Taxation - Grants Capital Improvement Fund

Borough of New Providence, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2011

Ref.

Balance - December 31, 2010	C	69,169.13
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Increased by:

Budget Appropriation	C-2	<u>50,000.00</u>
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119,169.13

Decreased by:

Appropriated to Finance Improvement Authorizations	C-11	<u>113,185.00</u>
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Balance - December 31, 2011	C/C-3	<u>5,984.13</u>
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Exhibit C-13**Borough of New Providence, N.J.****Schedule of Various Reserves****General Capital Fund****Year Ended December 31, 2011**

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
Debt Service	44,544.00			44,544.00
	_____	_____	_____	_____
	44,544.00			44,544.00
	<u><u>C</u></u>	<u><u>C-2</u></u>		<u><u>C/C-3</u></u>

Exhibit C-14**Schedule of Reserve for Various Grants Receivable****General Capital Fund****Year Ended December 31, 2011**

	<u>Balance</u> <u>Dec. 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2011</u>
<u>Voluntary Contribution</u>				
Ord. 10-19 Lighting at Lieder Field	113,342.97			113,342.97
	_____	_____	_____	_____
	113,342.97			113,342.97
	<u><u>C</u></u>	<u><u></u></u>	<u><u></u></u>	<u><u>C</u></u>

Borough of New Providence, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2011

Grant Receipts Notes Issued

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BOROUGH OF NEW PROVIDENCE

PART II

LETTER ON INTERNAL CONTROL AND COMPLIANCE

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2011

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Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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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

March 29, 2012

The Honorable Mayor and
Members of the Borough Council
Borough of New Providence
New Providence, NJ 07974

We have audited the financial statements-regulatory basis of the Borough of New Providence in the County of Union as of and for the year ended December 31, 2011, and have issued our report thereon dated March 29, 2012. Our report disclosed that, as described in note 1 to the financial statements-regulatory basis, the Borough of New Providence prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of New Providence'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-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of New Providence's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of New Providence'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.

FWCC

Honorable Mayor and
Members of the Borough Council
Page 2.

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 Borough of New Providence's financial statements-regulatory basis 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.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

March 29, 2012

GENERAL COMMENTS

Contracts and Agreements

N.J.S.A. 40A:11-4 states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

Effective April 17, 2000 and thereafter the bid thresholds in accordance with N.J.S.A. 40A:11-3 (as amended) is \$17,500.00 and \$25,000.00 with a qualified purchasing agent. On July 1, 2010 the threshold was increased to \$36,000.00 with a qualified purchasing agent.

N.J.S.A. 40A:11-2 contains definitions for terms used throughout N.J.S.A. 40A:11-1 et seq. and was amended under P.L. 1999, c.440. It includes as subsection (23) the term 'competitive contracting', which is defined as "the method described in sections 1 through 5 of P.L. 1999, c.440 (C.40:11-4.1 through C.40A:11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors' formal proposals are evaluated by the purchasing agent or counsel; and the governing body awards a contract to a vendor or vendors from among the formal proposals received."

N.J.S.A. 40A:11-3 was amended with P.L. 1999, c.440 to raise the bid threshold and require award by governing body resolution. "When the cost or price of any contract awarded by the purchasing agent in the aggregate does not exceed in a contract year the total sum of \$17,500.00, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids and bidding therefore, except that the governing body may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations."

N.J.S.A. 40A:11-15 was amended with P.L. 1999, c.440 to extend the base contract period. "Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (1) of subsection (a) of N.J.S.A. 40A:11-5 may be awarded for a period not exceeding 12 consecutive months."

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the contract year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Lieder Field Lighting
Reconstruction of Tennis Courts
Garden Waste Collection

Sidewalk Improvements
Generator Municipal Complex

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 3, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes and year end penalty:

BE IT RESOLVED by the Mayor and Council of the Borough of New Providence, County of Union, State of New Jersey, that the interest rate on delinquent taxes shall be established at the rate of eight percent (8%) per annum on amounts up to \$1,500.00 and eighteen percent (18%) per annum on amounts over \$1,500.00 and that pursuant to N.J.S.A. 54:4-67, as amended, there is hereby imposed a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00, who fails to pay said delinquency prior to December 31, 2011. The penalty be and the same hereby is fixed at six percent (6%) of the amount of delinquency, and that the penalty as herein provided shall be in addition to all other interest and penalty provisions now existing for unpaid taxes.

BE IT FURTHER RESOLVED, that there is hereby established, pursuant to New Jersey Statute 54:4-67, as amended, a ten (10) day grace period for the payment of any current year tax installment. During said ten-day grace period, no interest shall be chargeable upon the then-current tax installment payments due.

It appears from our test of the collector's record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 1, 2011 and was complete.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2011	3
2010	3
2009	3

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices.

The result of the test, which was made for the year ending December 31, 2011, is not yet known, but a separate report will be rendered if any irregularities are developed. In addition we utilized analytical review procedures to ascertain the validity of the receivables.

COMMENTS

Fixed Asset Records

The Borough's fixed asset records were not updated for any additions or deletions during the year.

Finance

During the testing of expenditures it was noted that fourteen vouchers included in our sample to not contain Council signatures.

Employer's share of contributions toward the Defined Contribution Retirement Plan were charged to the incorrect budget account.

The Borough Attorney and Planning Board Attorney are being paid through payroll and voucher for services rendered. According to IRS regulations these individuals are considered outside contractors and should not be compensated through payroll.

Contracts

Performance Bond for Tennis Court Reconstruction Project was not available for audit.

Other Departments

The fees being charged by the Construction Code Office for permit fees was not in accordance with the Borough Fee Ordinance. This was due to a computer programing error.

Other Comments

The payroll processing service provider did not report correctly to the State of New Jersey for employee contributions for State Unemployment Insurance for the 2nd and 3rd quarters of 2011. Overpayments were made to the State. One overpayment was refunded to the Borough and one was credited towards a Department of Labor bill for unemployment charges to the Borough. The payroll service provider did not realize this and subsequently did not make payment for the 4th quarter.

Annual Financial Disclosure forms were not on file for several individuals required to file them.

There was no Division of Local Government Services approval on file for several Other Trust Reserve accounts.

RECOMMENDATIONS

1. That the fixed asset accounting records be updated for additions and deletions.
2. That all vouchers contain Council approval signatures.
3. That employer's share of contributions toward the Defined Contribution Retirement Plan be budgeted and charged to the correct budget account.
4. That the Borough Attorney and Planning Board Attorney not be compensated through payroll salary.
5. That performance bonds for contracts be available for audit.
6. That the Construction Code Office billing system be updated to be in agreement with the Borough fee ordinance.
7. That the Borough follow up with the payroll service provider to ensure that employee unemployment contributions are correctly remitted to the State.
8. That Annual Financial Disclosure forms be filed for all required individuals.
9. That Division of Local Government Service approval be requested for Other Trust Reserve Accounts that have not been previously approved.

STATUS OF PRIOR YEAR AUDIT FINDINGS/RECOMMENDATIONS

A review was performed on all prior year recommendations and corrective action was taken on all items.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Very truly yours,



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants