

**METUCHEN SCHOOL DISTRICT**  
Metuchen, New Jersey

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015**



**BAKER TILLY**

Candor. Insight. Results.

METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015

Prepared by:  
**Vincent Caputo**  
**Superintendent of Schools**  
**Michael Harvier**  
**Business Administrator/Board Secretary**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE METUCHEN SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**INTRODUCTORY SECTION**

**The Metuchen Schools  
16 Simpson Place  
Metuchen, New Jersey 08840**

December 14, 2015

Honorable President and  
Members of the Board of Education  
Metuchen Public Schools  
County of Middlesex  
Metuchen, NJ 08840

Dear Board Members:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the Metuchen School District (the "District") for the fiscal year ended June 30, 2015. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in the report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and the results of operations of the District. This report will provide the taxpayers of the Metuchen Public School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs.

The Comprehensive Annual Financial Report is presented in four sections as follows:

The Introductory Section contains a Table of Contents, this Letter of Transmittal, Roster of Officials, and an Organizational Chart of the School District and a list of Consultants and Advisors.

The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.

The Statistical Section includes selected financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information.

The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and the State Treasury Circular Letter 04-04 OMB", "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, are included in the single audit section of this report.

**School District Organization**

The Metuchen School District has approximately 2,200 students. There are four school buildings: Pre K and Kindergarten, Elementary, Middle and High School. The population of the town is approximately 13,500.

An elected nine member Board of Education (the "Board") serves as the policy maker for the District. The Superintendent is the chief executive officer of the District, responsible to the Board for total educational and support operations. The Business Administrator / Board Secretary is chief financial officer of the District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as permitted by New Jersey law.

#### Reporting Entity

The Metuchen School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14 as amended by GASB 39 and GASB 61. All funds of the District are included in this report. The Metuchen Board of Education and all of its schools constitute the District's reporting entity.

#### Economic Condition and Outlook

Due to its relatively small size, Metuchen has no real room for development or expansion. The tax base may increase slightly from year to year, but the basis for the increase is due, largely, to limited residential building. Since there is no room for major development or industrial growth, the Borough has no means to significantly expand the tax base.

The District completed the 2014-2015 fiscal year with an enrollment of 2184 students which is about 59 students greater than the previous year's enrollment. The forecast for student enrollment is for moderate growth over the next five years with 30 students projected in 2015-2016.

The District along with many other public school systems in the state, still face some difficult economic situations in the future since the primary funding source is property tax revenue. The proposed budget for the fiscal year 2015-2016 was passed by the voters. The District's administration is closely monitoring the cost of operations and continues to look for new funding sources in order to maintain the quality educational services that the school district has been accustomed to providing.

The School District attributes much of its past education success to the community's demand for, and support of, both a traditional and quality school system. The District will remain accountable to the residents and taxpayers who make the District their system of choice.

#### Educational Program

The Metuchen School District is based on successful collaboration among school personnel and community members and is dedicated to providing the highest quality of education to all students. Our mission statement conveys our strong commitment to excellence:

*"The Metuchen Public School District will provide all students with a safe and nurturing environment in which to foster academic, social and emotional growth. The District is committed to allowing every student to develop to their fullest potential by providing a strong foundation of skills based on academic excellence and high performance standards. The District expects all students to achieve the New Jersey Core Curriculum Content Standards at all grade levels. The District will provide a curriculum which is fully inclusive and recognizes the high expectations of the community."*

The early childhood elementary program promotes developmentally appropriate expectations to enhance the growth of the whole child, including cognitive, language, social, emotional and physical domains. A balanced literacy approach to reading, consisting of phonics, writing, oral language and readiness skills is

incorporated into the elementary programs. We believe that a strong elementary education includes project-oriented, interdisciplinary, hands on learning. A dedication to inclusion, a strong partnership between home and school, and the setting of high standards for students and teachers are the underpinnings of the District's philosophy.

The middle school offers a comprehensive program to students in grades five through eight. The academic program presents challenging learning experiences in core subjects which are enhanced with a cycle program offering enrichment courses in art, music, computers/technology and industrial arts. Students also participate in an extensive music program which includes ensemble performance groups in band, orchestra and chorus. An extensive co-curricular athletic program is offered.

The comprehensive high school includes students in grades nine through twelve. The high school curriculum emphasizes a strong college preparatory program with 91% of the Class of 2015 pursuing post-secondary education. Of the 148 graduates in the Class of 2015, 14 students were designated National Merit Commended Scholars. Our SAT scores exceeded state and national averages with the MHS Class of 2015 averaging 556 in Critical Reading, 566 in Mathematics, and 562 in Writing.

Metuchen School District employs highly competent teaching, supervisory and administrative staff with approximately 46% certified with a BA degree, 51% with a Master's Degree and 3% with a PhD/EdD. The professional staff continues to enhance their skills through curriculum development and strong, consistent professional development either through workshops or college level courses.

#### Financial Information

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

As recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is also subject to periodic evaluation by the District's management.

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriation of fund

balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at fiscal year end.

#### Cash Management

The District is guided by state statutes as detailed in "Notes to Basic Financial Statements" Note 2. The district has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA")

GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The laws require governmental units to deposit public funds only in public depositories located in New Jersey where the funds are secured in accordance with the Act.

#### Risk Management

The board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. The Board Secretary oversees risk management for the District. A schedule of insurance coverage is found in J-20.

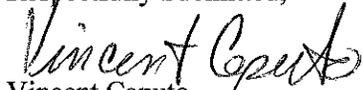
#### Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of ParenteBeard LLC was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996, and the related U.S. Office of Management and Budget Circular, "Audits of State, Local Governments and Non-Profit Organizations," A-133, and the State Treasury Circular Letter 04-04 OMB "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid." The independent auditors' report on the basic financial statements and specific required supplemental information opines on the financial section of this report. The independent auditors' report related specifically to the single audit is included in the single audit section of this report.

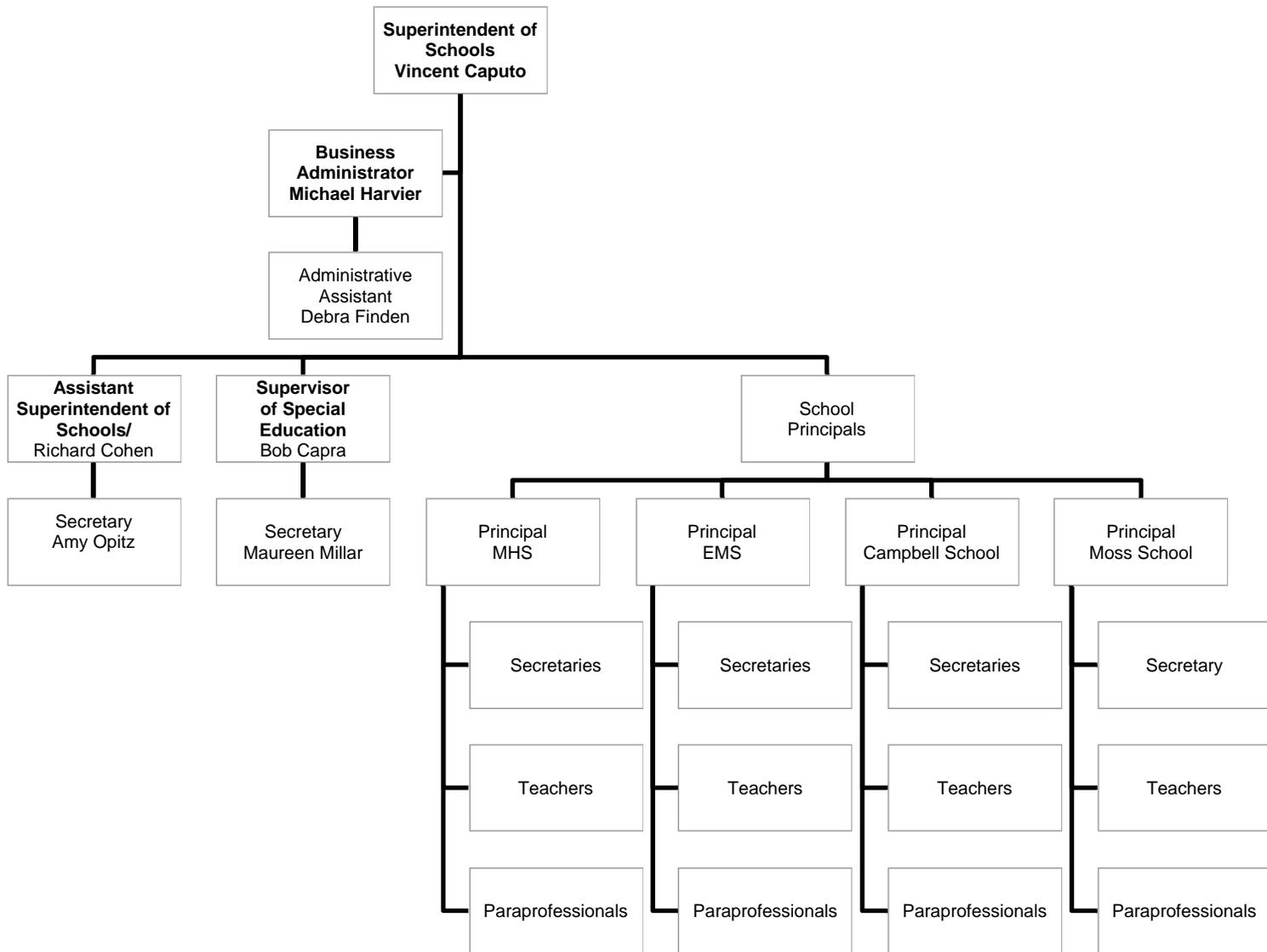
#### Acknowledgements

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

Respectfully Submitted,

  
Vincent Caputo  
Superintendent

  
Michael Harvier  
Business Administrator/Board Secretary



**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2015**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Jonathan Lifton, President	2016
Aileen McGuire, Vice-President	2015
Rose de Vries	2016
Dan E. Benderly	2017
Michael Stern	2016
Benjamin Small	2017
Lea Lanton	2015
Tara Matisse	2015
Jacqueline Gibson	2017

**Other Officials**

Vincent Caputo, Superintendent of Schools  
Michael Harvier, Business Administrator/Board Secretary  
Richard Cohen, Assistant Superintendent of Schools/Principal Moss School  
Robert Capra, Supervisor of Student Personnel Services  
Rebecca A. Cuthbert, Treasurer

METUCHEN SCHOOL DISTRICT  
**Consultants and Advisors**

**Architect**

E I Associates  
Eight Ridgedale Avenue  
Cedar Knolls, New Jersey 07927

**Audit Firm**

Baker Tilly Virchow Krause LLP  
100 Walnut Avenue  
Suite 200  
Clark, NJ 07066

**Attorney**

Busch Law Group, LLP  
450 Main Street  
Metuchen, NJ 08840

**Official Depository**

TD Bank, N.A.  
2035 Limestone Drive  
Wilmington, DE 19808

**Bond Counsel**

McManimon & Scotland, L.L.C.  
Attorneys at Law  
One Riverfront Plaza, Fourth Floor  
Newark, New Jersey 07102-5408

**FINANCIAL SECTION**

## Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
Metuchen School District  
County of Middlesex, New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Metuchen School District, County of Middlesex, New Jersey (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Metuchen School District as of June 30, 2015 and the respective changes in net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As disclosed in Notes 1, 9 and 17 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, for the year ended June 30, 2015 to conform with accounting principles generally accepted in the United States of America. The District recognized its net pension liability, restated its beginning net position for this adoption, expanded its note disclosures and included required supplementary information with respect to employees' pension benefits. Our opinion was not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of District's proportionate share of the net pension liability, and schedule of District's contributions on pages 11-19, 56-60, 62-64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, which includes the introductory section, combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and long term debt schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Robert A. Fodera  
Licensed Public School Accountant  
No. CS-00262500



Baker Tilly Virchow Krause, LLP

December 14, 2015  
Clark, New Jersey

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

As management of the Metuchen School District (the "District"), we offer readers of the District's financial statements this narrative discussion and analysis, which will provide a general overview of the District's financial performance and activities for the fiscal year ended June 30, 2015. While the intent of this discussion and analysis is to look at the District's financial performance as a whole, we encourage readers to review the basic financial statements and notes to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of required supplementary information specified in the Governmental Accounting Standards Boards (GASB) Statement No. 34 - "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" issued in June of 1999.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- ◆ In total, net position increased by \$892,011 which represents a 10.8% increase from 2014.
- ◆ For fiscal year 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is effective for fiscal years beginning after June 15, 2014. This standard was designed to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. As required by GASB 68, a liability was recorded using the actuarial report provided by the Public Employees' Retirement System (PERS) of New Jersey and the schedules of employer allocations provided in the audited financial statements for the year ended June 30, 2014. The estimated value of the PERS retirement liability recorded was \$7.8 million as of June 30, 2015. Refer to note 9 for further details.
- ◆ General revenues accounted for \$39,154,756 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$2,184,969 or 5% of total revenues of \$41,339,725.
- ◆ Total assets of governmental activities decreased by \$1,321,937. Cash and cash equivalents and receivable decreased by \$385,768, liabilities increased by \$5,704,196 and net capital assets decreased by \$1,157,690.
- ◆ The School District had \$40,447,714 in expenses; only \$2,184,969 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$39,154,756 were adequate to provide for these programs.
- ◆ Among governmental funds, the general fund had \$36,852,762 in revenues and \$36,214,854 in expenditures. The general fund's fund balance increased by \$637,908 over 2014. The Board of Education did not anticipate this at the time the budget was prepared.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Metuchen School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The focus of governmental accounting differs from that of business enterprises. In government, the financial statement user is concerned with determining accountability for funds, evaluating operating results, and assessing the level of service that can be provided by the government along with its ability to meet obligations as they become due. In comparison, the primary emphasis in the private sector, from both an operational and reporting perspective, is on the maximization of profits.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Metuchen School District, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position at June 30, 2015 and changes in net position for the year then ended. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some non-financial. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- ◆ Governmental Activities - All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities - This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and after-school program enterprise funds are reported as business activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the District's funds begins on page 22. Fund financial statements provide detailed information about the District's funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

**Governmental Funds**

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Enterprise Fund**

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30 to 55 of this report.

**The District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition, and payment of debt, the acquisition, and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the District's net position for 2015 and 2014.

**Table 1 - Net Position**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>
<b>Assets</b>		
Current and other assets	\$ 4,556,627	\$ 4,734,264
Capital assets	38,765,971	39,910,271
<b>Total assets</b>	43,322,598	44,644,535
Deferred Outflows of Resources – Pension	734,037	-
<b>Total assets and deferred outflows of resources</b>	\$44,056,635	\$44,644,535
<b>Liabilities</b>		
Long-term liabilities	31,672,155	27,384,204
Other liabilities	2,764,109	1,347,864
<b>Total liabilities</b>	34,436,264	28,732,068
Deferred Inflows of Resources - Pension	466,906	-
<b>Net Position</b>		
Net investment in capital assets	14,410,971	14,908,398
Restricted	2,086,947	1,993,016
Unrestricted	(7,344,453)	(988,947)
<b>Total net position</b>	\$ 9,153,465	\$15,912,467

**METUCHEN SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 2 shows the changes in net position from fiscal years 2015 and 2014.

**Table 2 - Changes in Net Position**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Revenues</b>		
Program Revenues	\$ 607,668	\$ 578,874
Operating grants and contributions	1,577,301	1,504,918
<b>General Revenues</b>		
Property taxes	34,483,655	33,354,035
Grants and entitlements	4,471,564	4,228,349
Other	199,537	252,703
<b>Total revenues</b>	<u>41,339,725</u>	<u>39,918,879</u>
<b>Expenses</b>		
Program Expenses		
Instruction	22,513,693	21,379,670
<b>Support services</b>		
Pupils and instructional staff	7,291,677	8,193,205
General administration, school administration, business operations and maintenance of facilities	6,899,905	6,650,572
Pupil transportation	2,047,847	2,105,130
Interest on debt	970,012	1,090,274
Business - type activities	724,580	664,034
<b>Total expenses</b>	<u>40,447,714</u>	<u>40,082,885</u>
<b>Decrease) increase in net position</b>	<u>\$ 892,011</u>	<u>\$ (164,036)</u>

**Governmental Activities**

The District's total governmental revenues as they appear on A-2 were \$40,608,027 for the year ended June 30, 2015. Property taxes made up 85% of revenues for governmental activities for fiscal years 2014 and 2015. Property tax revenue increased from 2014 by \$1,129,620. The federal, state, and local grants totaled 11% of revenue for governmental activities for the Metuchen Public School District for fiscal years 2014 and 2015.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Business-Type Activities**

Revenues for the District's business-type activities (food service program, after school program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service expenses exceeded revenues by \$33,355 in 2015 and revenues exceeded expenses by \$7,708 in 2014.
- ◆ The after school program revenues exceeded expenses by \$40,473 in 2015 and revenues exceeded expenses by \$32,839 in 2014.
- ◆ Charges for services represent \$607,668 of revenue in 2015 and \$578,874 in 2014. This represents amounts paid by patrons for daily food service and use of the after school program.
- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches and donated commodities was \$124,030 in 2015 and \$125,707 in 2014.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
<b>Instruction</b>				
Governmental activities:				
Instruction	\$22,513,693	\$ 22,513,693	\$21,379,670	\$ 21,379,670
Support Services:				
Instruction	7,291,677	6,101,398	8,193,205	7,076,745
General administrative services	6,899,905	6,899,905	6,650,572	6,650,572
School administrative services:				
Plant operations and maintenance				
Pupil transportation	2,047,847	2,047,847	2,105,130	2,105,130
Interest on long-term debt	970,012	707,020	1,090,274	827,523
	<u>\$39,723,134</u>	<u>\$ 38,269,863</u>	<u>\$39,418,851</u>	<u>\$ 38,039,640</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

**The District's Funds**

Information about the District's funds are presented in the fund financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (general fund, special revenue fund, capital projects and debt service fund) are considered major funds, and had total revenues of \$40,608,332 and expenditures of \$40,419,914. The net change in fund balance for the year was an increase of \$188,418.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal years ended June 30, 2014 and 2015, and the amount and percentage of increases and decreases in relation to prior year revenues:

<b>2015</b>				
<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/ (Decrease) From 2014</b>	<b>Percent Increase/ (Decrease)</b>
Local source	\$ 34,483,655	85%	\$ 1,129,620	3%
State sources	5,178,192	13%	326,384	7%
Federal sources	746,643	2%	(9,109)	(1)%
Miscellaneous	199,842	0%	(52,590)	(21)%
Total	<u>\$ 40,608,332</u>	<u>100%</u>	<u>\$ 1,394,305</u>	<u>4%</u>
<b>2014</b>				
<b>Revenue</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/ (Decrease) From 2013</b>	<b>Percent Increase/ (Decrease)</b>
Local source	\$ 33,354,035	85%	\$ 532,838	2%
State sources	4,851,808	12%	(11,175)	.2%
Federal sources	755,752	2%	3,229	.4%
Miscellaneous	252,432	1%	(114)	(.1)%
Total	<u>\$ 39,214,027</u>	<u>100%</u>	<u>\$ 524,778</u>	<u>.1%</u>

Rising salaries and health benefits costs primarily necessitate the increase in Local Sources.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2015 and 2014 and the amount and percentage of increases and decreases in relation to the prior year:

<b>2015</b>				
<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/ (Decrease) From 2014</b>	<b>Percent Increase/ (Decrease)</b>
Current				
Instruction	\$ 15,715,926	39%	\$ 1,180,909	8%
Undistributed expenditures	21,005,535	52%	(572,136)	(3)%
Capital outlay	1,046,613	3%	280,385	37%
Debt service				
Principal	1,665,000	4%	75,000	5%
Interest	986,840	2%	(67,788)	(6)%
Total	<u>\$ 40,419,914</u>	<u>100%</u>	<u>\$ 896,370</u>	<u>2%</u>
<b>2014</b>				
<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/ (Decrease) From 2013</b>	<b>Percent Increase/ (Decrease)</b>
Current				
Instruction	\$ 14,535,017	37%	\$ 325,619	2%
Undistributed expenditures	21,577,671	55%	68,024	0%
Capital outlay	766,228	2%	303,516	40%
Debt service				
Principal	1,590,000	4%	95,000	6%
Interest	1,054,628	3%	(80,308)	(8)%
Total	<u>\$ 39,523,544</u>	<u>100%</u>	<u>\$ 711,851</u>	<u>(2)%</u>

The increase in Current - Instruction is attributed to the increase in salaries and technology expenditures.

The increase in Current - Undistributed Expenditures is attributed to increase in employee benefits and student transportation costs.

The increase in capital outlay is attributed to the capital project at Campbell Elementary School.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

**General Fund Budgeting Highlights**

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2015, the District amended its General Fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line items. Several of these revisions bear notation:

- ◆ Staffing changes based on student needs resulting in the increase in the number of special aids needed.
- ◆ On-behalf TPAF pension and social security benefits are not required to be included in the original budget; however, both items must be reflected as revenue and expenditures in the basic financial statements.
- ◆ Changes in the allocation of transportation costs.
- ◆ Tuition costs for out-of-district special education students are budgeted based on the actual students known when the budget is completed. Transfers are made between the tuition line items based on actual placements during the year.
- ◆ Changes in appropriations to prevent budget overruns.

**Capital Assets**

At the end of the fiscal year 2015, the District's governmental activities had \$38,671,076 invested in land, buildings and improvement, furniture and equipment, and vehicles. Table 4 shows fiscal 2014 balances compared to 2015.

**Table 4 - Capital Assets (Net of Depreciation)**

	<b>June 30, 2015</b>	<b>June 30, 2014</b>
Land	\$ 178,952	\$ 178,952
Construction in progress	1,451,319	1,016,846
Buildings and improvements	36,799,718	38,414,387
Machinery and equipment	240,942	218,741
<b>Totals</b>	<b>\$ 38,670,931</b>	<b>\$ 39,828,926</b>

The overall cost of the capital assets decreased \$1,157,995 from fiscal year 2015 to fiscal year 2014. Depreciation expenses for the District totaled \$2,063,571 for the fiscal year 2015, of which \$2,042,820 related to governmental activities and was allocated across all functions. The remaining depreciation expense of \$20,751 was recorded in the business type activities. The notes to the basic financial statements provide the reader with more detailed information.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

**Debt and Other Long-Term Liability Administration**

At June 30, 2015, the District had \$33,464,708 as outstanding long-term liabilities. Of this amount \$7,834,707 for the District's proportionate share of the PERS net pension liability, \$1,016,171 is for compensated absences, \$258,830 for capital leases and the balance \$24,355,000 for bonds for school construction.

**For the Future**

The Metuchen School District is in very good financial condition presently. The unassigned, unrestricted general fund balance is \$821,663 this year. A major concern is the reliance of local property taxes to fund the budget.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, bondholders, and creditors with a general overview of the District's finances and to show the District's accountability for the revenue it receives. If you have questions about this report or need additional information, contact Michael Harvier, Business Administrator at Metuchen Board of Education, 16 Simpson Place, Metuchen, NJ 08840 or email at maharvier@metboe.k12.nj.us.

**BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**METUCHEN SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

A-1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,761,555	\$ 385,680	\$ 2,147,235
Account receivables	1,087,581	5,489	1,093,070
Internal balances	224,618	(224,618)	-
Inventory	-	2,450	2,450
Restricted assets:			
Cash and cash equivalents	1,313,872	-	1,313,872
Capital assets, net	38,670,931	95,040	38,765,971
<b>Total Assets</b>	<b>43,058,557</b>	<b>264,041</b>	<b>43,322,598</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension	734,037	-	734,037
<b>Total Assets and Deferred Outflow of Resources</b>	<b>43,792,594</b>	<b>264,041</b>	<b>44,056,635</b>
<b>LIABILITIES</b>			
Cash overdraft	170,186	-	170,186
Accounts payable	322,662	5,081	327,743
Unearned revenue	246,777	-	246,777
Accrued interest payable	226,850	-	226,850
Noncurrent liabilities:			
Due within one year	1,792,553	-	1,792,553
Due beyond one year	31,672,155	-	31,672,155
<b>Total Liabilities</b>	<b>34,431,183</b>	<b>5,081</b>	<b>34,436,264</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Pension	466,906	-	466,906
<b>NET POSITION</b>			
Net investment in capital assests	14,315,931	95,040	14,410,971
Restricted for:			
Other purposes	2,086,947	-	2,086,947
Unrestricted	(7,508,373)	163,920	(7,344,453)
<b>Total Net Position</b>	<b>\$ 8,894,505</b>	<b>\$ 258,960</b>	<b>\$ 9,153,465</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**METUCHEN SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Instruction:							
Regular programs	\$ 17,325,592	\$ -	\$ -	\$ -	\$ (17,325,592)		\$ (17,325,592)
Special education programs	3,792,555	-	-	-	(3,792,555)		(3,792,555)
Other instructional programs	1,395,546	-	-	-	(1,395,546)		(1,395,546)
Support services:							
Instruction	2,156,707	-	1,190,279	-	(966,428)		(966,428)
Student and instruction related services	5,134,970	-	-	-	(5,134,970)		(5,134,970)
General administrative services	725,554	-	-	-	(725,554)		(725,554)
School administrative services	2,341,479	-	-	-	(2,341,479)		(2,341,479)
Plant operations and maintenance	3,678,707	-	-	-	(3,678,707)		(3,678,707)
Pupil transportation	2,047,847	-	-	-	(2,047,847)		(2,047,847)
Business and other support services	154,165	-	-	-	(154,165)		(154,165)
Interest on long-term debt	970,012	-	262,992	-	(707,020)		(707,020)
<b>Total governmental activities</b>	<b>39,723,134</b>	<b>-</b>	<b>1,453,271</b>	<b>-</b>	<b>(38,269,863)</b>	<b>-</b>	<b>(38,269,863)</b>
<b>Business-type activities:</b>							
Food service	584,238	426,853	124,030	-	-	(33,355)	(33,355)
After school program (The Zone)	140,342	180,815	-	-	-	40,473	40,473
<b>Total business-type activities</b>	<b>724,580</b>	<b>607,668</b>	<b>124,030</b>	<b>-</b>	<b>-</b>	<b>7,118</b>	<b>7,118</b>
<b>Total primary government</b>	<b>\$ 40,447,714</b>	<b>\$ 607,668</b>	<b>\$ 1,577,301</b>	<b>\$ -</b>	<b>(38,269,863)</b>	<b>7,118</b>	<b>(38,262,745)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					32,181,436	-	32,181,436
Taxes levied for debt service					2,302,219	-	2,302,219
Federal and State aid restricted					4,471,564	-	4,471,564
Miscellaneous Income					199,537	-	199,537
<b>Total general revenues</b>					<b>39,154,756</b>	<b>-</b>	<b>39,154,756</b>
<b>Change in Net Position</b>					<b>884,893</b>	<b>7,118</b>	<b>892,011</b>
<b>Net Position—beginning</b>							
As previously reported					15,660,625	251,842	15,912,467
Effect of adoption of GASB 68					(7,651,013)	-	(7,651,013)
As restated					8,009,612	251,842	8,261,454
<b>Net Position—ending</b>					<b>\$ 8,894,505</b>	<b>\$ 258,960</b>	<b>\$ 9,153,465</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

The individual fund statements and schedules present more detailed information for the individual funds in a format that segregates information by fund type.

**METUCHEN SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015**

B-1

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,254,447	\$ -	\$ 507,108	\$ -	\$ 1,761,555
Due from other funds	875,705	-	104,255	-	979,960
Receivables from other governments	300,086	504,658	282,837	-	1,087,581
Restricted cash - reserve account	1,313,872	-	-	-	1,313,872
	<u>\$ 3,744,110</u>	<u>\$ 504,658</u>	<u>\$ 894,200</u>	<u>\$ -</u>	<u>\$ 5,142,968</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash overdraft	\$ -	\$ 170,186	\$ -	\$ -	\$ 170,186
Accounts payable	151,038	171,624	-	-	322,662
Due to other funds	143,373	-	611,969	-	755,342
Unearned revenue	83,929	162,848	-	-	246,777
	<u>378,340</u>	<u>504,658</u>	<u>611,969</u>	<u>-</u>	<u>1,494,967</u>
<b>Total liabilities</b>					
Fund Balances:					
Restricted for:					
Excess surplus	490,844	-	-	-	490,844
Emergency reserve	300,000	-	-	-	300,000
Maintenance reserve	350,000	-	-	-	350,000
Capital reserve account	663,872	-	282,231	-	946,103
Committed to:					
Encumbrances	459,391	-	-	-	459,391
Assigned to:					
Subsequent year's expenditures	280,000	-	-	-	280,000
Unassigned	821,663	-	-	-	821,663
	<u>3,365,770</u>	<u>-</u>	<u>282,231</u>	<u>-</u>	<u>3,648,001</u>
<b>Total fund balances</b>					
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,744,110</u>	<u>\$ 504,658</u>	<u>\$ 894,200</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$63,170,648 and the accumulated depreciation is \$24,499,717.	38,670,931
Deferred outflows related to net pension liability are not reported in the governmental funds, however, are reported in the statement of net position.	734,037
Deferred inflows related to net pension liability are not reported in the governmental funds, however, are reported in the statement of net position.	(466,906)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(24,355,000)
Accrued interest on bonds	(226,850)
Capital lease payable	(258,830)
Net pension liability	(7,834,707)
Compensated absences	(1,016,171)
Net assets of governmental activities	<u>\$ 8,894,505</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**METUCHEN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 32,181,436	\$ -	\$ -	\$ 2,302,219	\$ 34,483,655
Transportation fees from Individuals	102,804	-	-	-	102,804
Miscellaneous	96,958	-	80	-	97,038
<b>Total - Local Sources</b>	<b>32,381,198</b>	<b>-</b>	<b>80</b>	<b>2,302,219</b>	<b>34,683,497</b>
State sources	4,463,226	451,974	-	262,992	5,178,192
Federal sources	8,338	738,305	-	-	746,643
<b>TOTAL REVENUES</b>	<b>36,852,762</b>	<b>1,190,279</b>	<b>80</b>	<b>2,565,211</b>	<b>40,608,332</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	11,104,573	811,833	-	-	11,916,406
Special education instruction	2,701,516	-	-	-	2,701,516
Other special instruction	1,098,004	-	-	-	1,098,004
Support services:					
Tuition	2,156,707	-	-	-	2,156,707
Student & instruction related services	3,402,471	378,446	-	-	3,780,917
School administrative services	583,522	-	-	-	583,522
Other administrative services	1,854,484	-	-	-	1,854,484
Plant operations and maintenance	2,583,870	-	-	-	2,583,870
Pupil transportation	1,668,592	-	-	-	1,668,592
Employee benefits	8,377,443	-	-	-	8,377,443
Debt service:					
Principal	-	-	-	1,665,000	1,665,000
Interest and other charges	-	-	-	986,840	986,840
Capital outlay	683,672	-	362,941	-	1,046,613
<b>TOTAL EXPENDITURES</b>	<b>36,214,854</b>	<b>1,190,279</b>	<b>362,941</b>	<b>2,651,840</b>	<b>40,419,914</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>637,908</b>	<b>-</b>	<b>(362,861)</b>	<b>(86,629)</b>	<b>188,418</b>
<b>FUND BALANCE - July 1</b>	<b>2,727,862</b>	<b>-</b>	<b>645,092</b>	<b>86,629</b>	<b>3,459,583</b>
<b>FUND BALANCE - June 30</b>	<b>\$ 3,365,770</b>	<b>\$ -</b>	<b>\$ 282,231</b>	<b>\$ -</b>	<b>\$ 3,648,001</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

**METUCHEN SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Total net change in fund balances - governmental funds (from B-2)** \$ 188,418

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

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

Depreciation expense	\$ (2,042,820)	
Capital outlays	<u>885,130</u>	(1,157,690)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,665,000

The repayment of extended term financing is an other financing use in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of repayment of principal of the extended term financing during the current period. 61,168

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. This represents the change in accrued interest during the current period. 16,828

Net pension liability is considered long-term in nature, and is not reported as a liability within the governmental funds. Such liability is, however, reported within the statement of net position, and changes in the liability, including changes in the related deferred outflow and deferred inflow, are reflected within the statement of activities. This represents the change in net pension liability, deferred outflow of resources, and deferred inflow of resources during the current period. 83,131

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). 28,038

**Change in net position of governmental activities** \$ 884,893

**METUCHEN SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

B-4

	<u>Enterprise Funds Totals</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 385,680
Accounts receivable	5,489
Interfund receivables	39,117
Inventories	<u>2,450</u>
Total current assets	<u>432,736</u>
Noncurrent assets:	
Furniture, machinery & equipment	431,697
Less accumulated depreciation	<u>336,657</u>
Total noncurrent assets	<u>95,040</u>
<b>TOTAL ASSETS</b>	<u><u>527,776</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Overdraft payable	-
Accounts payable	5,081
Interfund payable	<u>263,735</u>
Total current liabilities	<u>268,816</u>
<b>NET POSITION</b>	
Net investment in capital assets	95,040
Unrestricted	<u>163,920</u>
Total net position	<u><u>\$ 258,960</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**METUCHEN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

B-5

	<u>Enterprise Funds Totals</u>
<b>OPERATING REVENUES:</b>	
Local sources:	
Food service sales	\$ 426,853
Registration fees	<u>180,815</u>
Total operating revenues	<u>607,668</u>
<b>OPERATING EXPENSES:</b>	
Salaries	288,276
Employee benefits	75,232
Cost of sales	268,625
Supplies and materials	22,056
Repairs and maintenance	20,960
Insurance	1,697
Management service fee	20,635
Miscellaneous	6,348
Depreciation	<u>20,751</u>
Total operating expenses	<u>724,580</u>
<b>OPERATING LOSS</b>	<u>(116,912)</u>
<b>NONOPERATING REVENUES:</b>	
State sources:	
State school lunch program	4,556
Federal sources:	
National school lunch program	81,414
Food distribution program	<u>38,060</u>
<b>TOTAL NONOPERATING REVENUES</b>	<u>124,030</u>
<b>CHANGE IN NET POSITION</b>	7,118
<b>TOTAL NET POSITION - BEGINNING</b>	<u>251,842</u>
<b>TOTAL NET POSITION - ENDING</b>	<u><u>\$ 258,960</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**METUCHEN SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

B-6

	Enterprise Funds Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 607,668
Payments to employees	(288,276)
Payments for employee benefits	(75,232)
Payments to suppliers	(334,042)
	(89,882)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	4,556
Federal Sources	119,489
Local Sources - Interfund changes	132,236
	256,281
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(34,446)
	131,953
Cash and cash equivalents	
Balances—beginning of year	253,727
Balances—end of year	\$ 385,680
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (116,912)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	20,751
Decrease in inventories	3,808
Decrease in accounts payable	2,471
	27,030
Net cash used in operating activities	\$ (89,882)

**Noncash Noncapital Financing Activities:**

During the year, the District received \$38,060 of food commodities from the U.S. Department of Agriculture.

The accompanying notes to the basic financial statements are an integral part of this statement.

**METUCHEN SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

B-7

	Unemployment Compensation Trust	Private Purpose Fund	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 250,725	\$ 4,882	\$ 482,876
Total assets	250,725	4,882	\$ 482,876
<b>LIABILITIES</b>			
Payable to student groups	-	-	182,317
Payroll deductions and withholdings	-	-	300,559
Total liabilities	-	-	\$ 482,876
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	\$ 250,725	\$ 4,882	

The accompanying notes to the basic financial statements are an integral part of this statement.

**METUCHEN SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

B-8

	Unemployment Compensation Trust	Private Purpose Fund
<b>ADDITIONS</b>		
Contributions:		
Plan members	\$ 51,651	\$ -
Other	-	26,884
	51,651	26,884
Total Contributions		
Investment earnings:		
Interest	11	-
	51,662	26,884
Total additions		
<b>DEDUCTIONS</b>		
Quarterly contribution reports	27,517	-
Scholarships awarded	-	32,957
	27,517	32,957
Total deductions		
Change in net position	24,145	(6,073)
Net position—beginning of the year	226,580	10,955
Net position—end of the year	\$ 250,725	\$ 4,882

The accompanying notes to the basic financial statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Board of Education (the "Board") of Metuchen School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. The operations of the District include elementary, middle and high schools located in Metuchen, New Jersey.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include two elementary schools, a middle school, and a high school located in the Borough of Metuchen. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation, Basis of Accounting:

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties (the user).

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Basis of Presentation, Basis of Accounting: (Continued)

The statement of net position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary* and *fiduciary* - are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each government fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Governmental Fund Types

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

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution, if spending growth limitation adjustment had not been used.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Basis of Presentation, Basis of Accounting: (Continued)

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

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

Enterprise Fund: The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations and an after school program (the "Zone"). The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports:

Fiduciary Funds: The fiduciary funds are used to account for assets held by the District on behalf of others and includes the student activities fund, payroll agency fund and unemployment compensation insurance trust fund.

Basis of Accounting: Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality or county is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B. Basis of Presentation, Basis of Accounting: (Continued)

New Accounting Principles

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, for the year ended June 30, 2015. This statement establishes accounting and financial reporting standards for the activities of pension plans that are administered through trusts and meet certain criteria. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain requirements. The District implemented the accounting and financial reporting requirements as of July 1, 2014. The effect of this adoption decreased the District's governmental activities net position at July 1, 2014 by \$7,651,013 and expanded note disclosures and required supplementary information.

The District adopted GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* for the year ended June 30, 2015. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The District implemented the accounting and financial reporting requirements as of July 1, 2014. The effect of this adoption did not materially change the District's accounting and reporting policies.

The District adopted GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for the year ended June 30, 2015. This statement provides accounting and financial reporting guidance for state and local governments that offer or receive nonexchange financial guarantees. The District implemented the accounting and financial reporting requirements as of July 1, 2014. The effect of this adoption was to expand note disclosures related to long-term debt guarantees.

The District adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for the year ended June 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The District implemented the accounting and financial reporting requirements as of July 1, 2014. The provisions of GASB No. 71 are to be applied simultaneously with the provisions of GASB No. 68.

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county office for approval. Budgets are prepared using the modified accrual basis of accounting, except for special revenue funds as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. Budgetary transfers were made during the current and prior fiscal years; however, such transfers were not of a material amount. The over-expenditure in the general fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. Budgets/Budgetary Control: (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

The General Fund budgetary revenue differs from the GAAP revenue due to the difference in revenue recognition of the final two state aid payments. These payments, which are recognized as revenue for budgeting purposes, must be excluded from revenue on the GAAP financial statements since the State records the payments in the subsequent fiscal year. N.J.S.A. 18A:22-44.2 provides that, in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

However, for intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the final two state aid payments in subsequent fiscal year, school districts cannot recognize this revenue on the GAAP financial statements until the year the State records the payable.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to the difference in revenue recognition of Schools Development Authority ("SDA") grant funds. On the budgetary basis, SDA grants are recognized in full when the grant is awarded. On the GAAP financial statement, SDA funds are recognized as they are expended and requested for reimbursement.

GASB 34 requires a reconciliation of inflows and outflows from the budgetary comparison schedules to the GAAP basis funds statements. The reconciliation between budgetary inflows and outflows and GAAP revenues and expenditures is detailed on Schedules C-3 in the required supplementary information section of this report.

D. Assets, Liabilities, and Equity:

Cash, Cash Equivalents and Investments: Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, Liabilities, and Equity: (Continued)

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

If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Interfund Transactions: Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances and due to/from other funds.

Allowance for Uncollectible Accounts: No allowance for uncollectible accounts has been recorded as management believes all amounts are collectible.

Encumbrance Accounting: Under encumbrance accounting, purchase orders, contracts and/or other commitments that are issued in the current year that will be honored in the subsequent year are considered reservations of fund balance in order to reserve a portion of the applicable appropriation. Open encumbrances do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in the governmental funds, other than the Special Revenue Fund, are reported as restricted, committed, and/or assigned fund balances at fiscal year-end, depending on their level of restriction. The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount at the end of the current fiscal year.

Open encumbrances in the Special Revenue Fund are reflected in the balance sheet as unearned revenue at fiscal year-end in accordance with grant accounting procedures.

Inventories: Inventories, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, Liabilities and Equity: (Continued)

Capital Assets: The District has established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1993 are recorded at original cost. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The capitalization threshold used by school districts in the State of New Jersey is \$2,000. Capital assets are reflected as expenditures in the applicable governmental funds. Expenditures which enhance the asset or significantly extend the useful life of the asset are considered improvements and are added to the fixed asset's currently capitalized cost.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

Asset Class	Estimated Useful Lives
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences: The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The entire compensated absence liability is reported on the District-wide financial statements.

District employees are granted personal days and vacation and sick leave in varying amounts under the District's employment contracts.

In the district-wide Statement of Net Position, compensated absences are reported as liabilities and are broken down between those that are due within one year and those payable beyond one year.

Pension: The District provides eligible employees with retirement benefits through the Public Employer's Retirement System (PERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PERS was established as of January 1, 1955, pursuant to the provisions of N.J.S.A 43:15A.

In addition, the District is a participant in the Teacher's Pension and Annuity Fund ("TPAF"), a governmental cost-sharing multiple-employer defined benefit plan with a special funding situation (the State of New Jersey is legally responsible for making 100% of the required employer contributions directly to the plan). TPAF was established as of January 1, 1955, pursuant to the provisions of N.J.S.A. 18A:66.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, Liabilities, and Equity: (Continued)

Pension (continued)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and TPAF's and additions to/deductions from PERS's and TPAF's fiduciary net position have been determined on the same basis as they are reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

Unearned Revenue: Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations: All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds are recognized as a liability on the fund financial statements when due and paid.

Fund Balance Restrictions, Commitments, and Assignments:

The *restricted* fund balance category includes amounts constrained for specific purposes as stipulated by external parties, constitutional provision, or enabling legislation. At June 30, 2015, the District had restricted fund balances for capital reserve, emergency reserve, and maintenance reserve.

The *committed* fund balance classification includes amounts that can be used only for specific purposes as determined by formal action of the District's highest level of decision-making authority. The Board of Education has the authority to formally commit resources for specific purposes through a formal motion or resolution that is passed by a majority of the members for the Board of Education at a public meeting. Such process must also be used to remove or change the commitment of resources.

Amounts in the *assigned* fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. In governmental funds other than the General Fund, assigned fund balances represent the remaining amount that is not restricted or committed. At June 30, 2015, the District had committed resources for year-end encumbrances and assigned resources for amounts designated for subsequent year's expenditures.

*Unassigned* fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, Liabilities, and Equity: (Continued)

Fund Balance Restrictions, Commitments, and Assignments: (Continued)

The following is an analysis of the June 30, 2015 fund balance classifications:

General Fund: Of the \$3,365,770 fund balance at June 30, 2015, \$663,872 is restricted for capital reserve; \$300,000 is restricted for emergency reserve, \$350,000 is restricted for maintenance reserve; \$459,391 is committed and \$280,000 has been assigned for year-end encumbrances, \$490,844 is restricted for excess surplus and \$821,663 is unassigned.

Capital Projects Fund: The \$282,331 fund balance at June 30, 2015 is restricted for future capital expenditure.

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to unrestricted resources.

When an expenditure is incurred that can be paid using either committed, assigned, or unassigned amounts, the District's policy is generally to apply the expenditure to committed resources, then to assigned resources, and then to unassigned resources.

Net Position: Net position represents the difference between assets and liabilities. The District's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Revenues - Exchange and Nonexchange Transactions: Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available is defined as within sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used for the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end; property taxes available as an advance, interest and tuition.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D. Assets, Liabilities, and Equity: (Continued)

Fund Balance Restrictions, Commitments, and Assignments: (Continued)

Operating Revenues and Expenses: Proprietary Funds distinguish operating revenues/expenses from non-operating items. Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund. All revenues and expenses not meeting this definition are reported as non-operating.

Allocation of Indirect Expenses: The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are not reported separately in the statement of activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of the related program. Depreciation expense, where practicable, is specifically identified by function. Depreciation expenses that could not be attributed to a specific function are considered an indirect expense and are reported separately on the statement of activities as unallocated depreciation expense.

E. Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

On-behalf TPAF Pensions and Social Security Payments: The District's contribution to the Teachers Pension and Annuity Fund (TPAF) and the District's share of social security related to TPAF members is made by the State of New Jersey on behalf of the Board. On-behalf payments have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24. On-behalf payments made by the State of New Jersey are not budgeted. These amounts are offset by related revenues and, as such, do not represent budgetary overexpenditures.

F. Operating Costs - Enterprise Fund:

Certain operating costs, which are borne by the Board of Education, such as utilities, custodial and maintenance costs, general facility costs, etc. are not charged or otherwise allocated to the enterprise fund since these costs are not readily determinable.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

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

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which a government's deposits and investments are exposed to custodial credit risk. Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" (GASB 40), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of June 30, 2015, all of the District's deposits, except as noted below, were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk.

As of June 30, 2015, the carrying amount of the District's deposits for all funds was \$4,208,648 and the bank balance was \$4,844,823. All bank deposits, as of the balance sheet date are entirely insured or collateralized by a collateral pool maintained by public depositories as required by GUDPA.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Permissible Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external fact;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Certain agreements for the repurchase of fully collateralized securities, provided they meet specific criteria detailed in the statute.

As of June 30, 2015, the District's Cash and Cash Equivalents consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 4,208,648
Restricted (money market)	1,313,872
Total	\$ 2,894,776

*Custodial Credit Risk:* The investments are held separately from bank assets, at the Federal Reserve Bank. The District does not have a policy for custodial credit risk.

*Credit Risk:* The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed above.

*Interest Rate Risk:* In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is minimal interest rate risk. The average maturity of the District's investments is less than one year.

3. CAPITAL RESERVE ACCOUNT:

A capital reserve account provides for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

3. CAPITAL RESERVE ACCOUNT: (Continued)

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget times or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for July 1, 2014 to June 30, 2015 fiscal year as follows:

Beginning balance July 1, 2014	\$	363,872
Increased by deposit:		300,000
Decreased by withdraws:		-
Ending balance June 30, 2015	\$	663,872

4. RECEIVABLES:

Governmental fund receivables at June 30, 2015, amounting to \$1,087,581, consisted of state and local aid receivables. Proprietary fund receivables at June 30, 2015 amounting to \$5,489, consisted of federal and state grant receivables. All receivables are considered collectible in full.

5. INTERFUND BALANCES / TRANSFERS:

On the fund financial statements, interfund loans are classified as interfund accounts receivable/payable on the respective balance sheets. Interfund loans between the governmental fund types are eliminated in the statement of net position while interfund loans between the governmental fund types and the fiduciary funds are reflected in the statement of net position as interfund accounts receivable/payable. Interfund loans between the governmental fund types and the proprietary fund types are reflected on the statement of net position as internal balances between governmental and business type activities. The following is a summary of interfund receivable and payable balances at June 30, 2015:

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$ 875,705	\$ 143,373
Capital Projects Fund	104,255	611,969
Enterprise Fund	39,117	263,735
Total	\$ 1,019,077	\$ 1,019,077

The amounts due between funds are comprised of temporary interfund borrowings accumulated over time wherein a periodic "settling up" has yet to take place.

The following is a summary of internal balances at June 30, 2015:

Due to General Fund from Enterprise Fund		\$224,618
Due from Enterprise Fund to General Fund		224,618
Total Interfund Balance - Fund Financial Statements		
Elimination of Governmental Interfund Activities	\$	-

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

6. INVENTORY:

Inventory in the Food Service Fund at June 30, 2015 consisted of \$2,450 in food commodities.

The value of federal donated commodities as reflected on Schedule B-5 and K-3 (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

7. CAPITAL ASSETS:

Capital Asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements / Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 178,952	\$ -	\$ -	\$ 178,952
Construction in progress	1,016,756	434,563	-	1,451,319
Total capital assets not being depreciated	<u>1,195,708</u>	<u>434,563</u>	<u>-</u>	<u>1,630,271</u>
Capital assets being depreciated:				
Site and site improvements	800,275	-	-	800,275
Building and building improvements	57,276,426	362,941	-	57,639,367
Machinery and equipment	3,013,109	87,626	-	3,100,735
Totals at historical cost	<u>61,089,810</u>	<u>450,567</u>	<u>-</u>	<u>61,540,377</u>
<b>Less accumulated depreciation for:</b>				
Site and site improvements	(805,403)	(30)	5,158	(800,275)
Building and improvements	(18,856,851)	(1,977,335)	(5,463)	(20,839,649)
Machinery and equipment	(2,794,338)	(65,455)	-	(2,859,793)
Total accumulated depreciation	<u>(22,456,592)</u>	<u>(2,042,820)</u>	<u>(305)</u>	<u>(24,499,717)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>38,633,218</u>	<u>(1,592,253)</u>	<u>(305)</u>	<u>37,040,660</u>
<b>Government activities capital assets, net</b>	<u>\$ 39,828,926</u>	<u>\$ (1,157,690)</u>	<u>\$ (305)</u>	<u>38,670,931</u>
<b>Business-type activities:</b>				
Equipment	\$ 397,251	\$ 34,446	\$ -	\$ 431,697
Less accumulated depreciation for:				
Equipment	(315,906)	(20,751)	-	(336,657)
Business-type activities capital assets, net	<u>\$ 81,345</u>	<u>\$ 13,695</u>	<u>\$ -</u>	<u>\$ 95,040</u>

Depreciation expense was charged to governmental functions as follows:

Regular programs instruction	\$ 776,700
Special education program	163,426
Other instructional programs	81,713
School administrative services	428,564
Student and instruction related services	224,710
General administrative services	61,285
Plant operations and maintenance	142,997
Pupil transportation	<u>163,425</u>
Total depreciation expense	<u>\$ 2,042,820</u>

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

8. LONG-TERM OBLIGATIONS:

Long-term obligations activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable					
School construction	\$ 26,020,000	\$ -	\$ 1,665,000	\$ 24,355,000	\$ 1,730,000
Other liabilities					
Compensated absences	1,044,207	69,030	97,066	1,016,171	-
Capital lease obligation	319,999	-	61,169	258,830	62,553
Net pension liability (see note 9)	7,651,013	183,694	-	7,834,707	-
<b>Total all governmental activities</b>	<b><u>\$ 35,035,219</u></b>	<b><u>\$ 252,724</u></b>	<b><u>\$ 1,823,235</u></b>	<b><u>\$ 33,464,708</u></b>	<b><u>\$ 1,792,553</u></b>

Bonds:

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

Debt Service Requirements:

	Issue Dates	Original Issue Amount	Interest Rates	Date of Maturity	Principal Balance June 30, 2015
Bonds Payable	3/15/2005	\$17,247,000	4.125-4.500%	8/15/2016	\$ 1,745,000
	10/1/2012	8,620,000	2.125-4.000%	8/15/2024	8,560,000
	3/15/2005	18,830,000	4.25-4.50%	8/15/2027	14,050,000
<b>Total Bonds</b>					<b><u>\$ 24,355,000</u></b>

Debt service requirements on serial bonds payable at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,730,000	\$ 916,122	\$ 2,646,122
2017	1,805,000	842,469	2,647,469
2018	1,885,000	770,831	2,655,831
2019	1,950,000	701,556	2,651,556
2020	2,020,000	629,756	2,649,756
2021-2025	11,205,000	1,928,678	13,133,678
2026-2029	3,760,000	252,900	4,012,900
	<b><u>\$ 24,355,000</u></b>	<b><u>\$ 6,042,312</u></b>	<b><u>\$ 30,397,312</u></b>

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total interest expense on long-term debt in 2015 was \$986,840. No interest was capitalized (i.e. added to the carrying value of capital assets) in 2015.

The District's bonds payable are all secured (guaranteed) by the New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17, et. Seq.) in full. Since issuance of each of the District's respective bonds payable, the District has met each of its periodic debt service payment requirements.

Capital Lease Obligations:

The District leases equipment under the terms of capital leases. The economic substance of the leases is that the District is financing the acquisition of the equipment through such leases. The following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments at June 30, 2014:

2016	\$ 66,759	
2017	67,087	
2018	67,422	
2019	67,765	
Total minimum lease payments		269,033
Less amount representing interest		10,203
Total present value of net minimum lease payments		258,830
Less amounts due within one year		62,553
Long-term		\$196,277

9. PENSION PLANS:

Description of Plans:

All required employees of the District are covered by either the Public Employees' Retirement System ("PERS") or the Teachers' Pension and Annuity Fund ("TPAF") (cost-sharing multiple-employer defined benefit pension plans) which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or by visiting [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

**Teachers' Pension and Annuity Fund (TPAF)**

Benefits Provided:

TPAF was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. TPAF is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related noncontributing employers.

Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

9. PENSION PLANS: (Continued)

Benefits Provided: (Continued)

Service retirement benefits range from 1/55<sup>th</sup> of final average salary for each year of service credit is available to members upon reaching age 60 to 1/60<sup>th</sup> of final average salary for each year of service credit upon reaching age 62. Early retirement benefits are available to certain members before reaching age 60 with 25 or more years of service. Benefits are reduced by a fraction of a percentage for each month that a member retires prior to their retirement age. Deferred retirement is available to members who have at least 10 years of service credit and have not reached their service retirement age.

Contributions:

The contribution policy is set by N.J.S.A 18A:66 and requires contributions by active members and contributing employers. State legislature has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers (e.g. the District) are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers generally do not contributed directly to the plan, there is no net pension liability, deferred outflows or deferred inflows of resources to report in the District's governmental activity financial statements.

The District's proportionate share of employer contributions paid by the State for each of the past three years was \$2,075,453, \$1,640,879, and \$2,007,518 for the years ended June 30, 2015, 2014 and 2013, respectively.

During the fiscal year ended June 30, 2015, the State of New Jersey contributed \$2,076,453 to the TPAF for post-retirement medical benefits on behalf of the District. In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,101,182 during the fiscal year ended June 30, 2015, for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District's proportionate share of the TPAF net pension liability was 0%, which was the same as the District's proportionate share at June 30, 2014. The TPAF collective components of the net pension liability, recorded by the State of New Jersey were as follows:

Total pension liability	\$ 81,095,320,000
Plan fiduciary net position	<u>27,282,252,461</u>
Net pension liability	<u>\$ 53,813,067,539</u>

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

9. PENSION PLANS: (Continued)

Actuarial Assumptions:

The total pension liability as of June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	Vary based on experience
Investment rate of return	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return:

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00 %	0.50 %
Core bonds	1.00	1.38
Intermediate-term bonds	11.20	2.60
Mortgages	2.50	2.84
High yield bonds	5.50	4.15
Inflation-indexed bonds	2.50	1.30
Broad US equities	25.90	5.88
Developed foreign entities	12.70	6.05
Emerging market equities	6.50	8.90
Private equity	8.25	9.15
Hedge funds / absolute return	12.25	3.85
Real estate (property)	3.20	4.43
Commodities	2.50	3.60
	<u>100.00 %</u>	

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

9. PENSION PLANS: (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 4.68%. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29%, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the State, calculated using the discount rate of 4.68 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<b>1% Decrease (3.68%)</b>	<b>Current Discount Rate (4.68%)</b>	<b>1% Increase (5.68%)</b>
Net pension liability	\$ 64,722,984,539	\$ 53,813,067,539	\$ 44,738,870,539

**Public Employees' Retirement System (PERS)**

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

As of June 30, 2015, the District reported the following amounts in the accompanying financial statements related to their participation in PERS:

	<b>Governmental Activities</b>	<b>Business Type Activity</b>	<b>Total</b>
Deferred Outflow of Resources	\$ 734,037	\$ -	\$ 734,037
Net Pension Liability	7,834,707	-	7,834,707
Deferred Inflow of Resources	466,906	-	466,906

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

9. PENSION PLANS: (Continued)

Vesting and Benefit Provisions:

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

Contribution Requirements:

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The District's contributions amounted to \$345,376, \$310,969, and \$331,472 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources:

At June 30, 2015, the District reported a liability of \$7,834,707 for its proportionate share of the PERS net pension liability. The PERS net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward the June 30, 2013 actuarial valuation to June 30, 2014. The District's proportion of the PERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2014, the District's proportion was .0418%, which was an increase from its proportion measured as of June 30, 2013 of .0018%.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

9. PENSION PLANS: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$456,619. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 466,906
Changes in proportion and differences between District contributions and proportionate share of contributions	292,763	-
Changes in assumptions	246,365	-
District contributions subsequent to the measurement date	194,909	-
Total	\$ 734,037	\$ 466,906

\$194,909 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2016	\$ (17,622)
2017	(17,622)
2018	(17,622)
2019	(17,620)
2020	99,105
Thereafter	43,603
Total	\$ 72,222

Actuarial Assumptions

The total pension liability as of June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate		3.01%
Salary increases	2.15 – 4.40% for 2012 – 2021 and 3.15 – 5.40% thereafter, based	on age
Investment rate of return		7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females), with adjustment for mortality improvements from the base year of 2012 based on Projection Scale AA.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

9. PENSION PLANS (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-term Expected Rate of Return:

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target allocation as of June 30, 2014 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	6.00 %	0.80 %
Core bonds	1.00	2.49
Intermediate bonds	11.20	2.26
Mortgages	2.50	2.17
High yield bonds	5.50	4.82
Inflation-indexed bonds	2.50	3.51
Broad US equities	25.90	8.22
Developed foreign entities	12.70	8.12
Emerging market equities	6.50	9.91
Private equity	8.25	13.02
Hedge fund / absolute return	12.25	4.92
Real estate (property)	3.20	5.80
Commodities	2.50	5.35
	100 %	

Discount Rate:

The discount rate used to measure the total pension liability was 5.39%. This single blended discount rates was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 4.29% based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining total pension liability.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

9. PENSION PLANS (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 5.39 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	<b>1% Decrease (4.39%)</b>	<b>Current Discount Rate (5.39%)</b>	<b>1% Increase (6.39%)</b>
District's proportionate share of the net pension liability	\$ 9,544,122	\$ 7,834,707	\$ 6,400,036

10. POST-RETIREMENT BENEFITS:

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Public Laws 2007, Chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate fund outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126 which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in fiscal year 2014.

11. DEFERRED COMPENSATION:

The Board offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. Deferred compensation plans are available from the following providers:

- Variable Life Insurance Co.
- Equitable
- Met Life
- USAA
- T.P.A.F. Supplemental Annuity
- P.E.R.S. Supplemental Annuity

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

12. COMPENSATED ABSENCES:

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

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policies. Upon termination, employees are paid for accrued vacation. The District's policies permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year are reported in two components - the amount, due within one year and, the amount, due in more than one year.

There is no liability for vested compensated absences of the proprietary fund types.

13. RISK MANAGEMENT:

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2014 - 2015	\$ -	\$ 51,651	\$ 11	\$ 27,517	\$ 250,725
2013 - 2014	-	52,013	10	33,913	226,580
2012 - 2013	-	52,090	89	54,016	208,470

14. OPERATING LEASES:

The District has a number of operating leases for copiers which expire at various dates in subsequent periods. Annual operating lease payments are based on usage is included in the General Fund budget and reflected as expenditures during the year of payment.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

15. CONTINGENCIES

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that may result in the disallowance of program expenditures. Further, a significant reduction in the level of support, if this were to occur, may have an adverse effect on the District's programs and activities.

The District is involved, from time to time, in various legal actions. In the opinion of the District, these matters either are adequately covered by insurance or will not have a material effect on the District's financial statements.

16. CALCULATION OF EXCESS SURPLUS:

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve a portion of the General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. This District had \$490,844 excess fund balance at June 30, 2015.

17. EFFECT OF ADOPTION OF GASB STATEMENT NO. 68

The District adopted GASB Statement No. 68 for its fiscal year ended June 30, 2015 which requires that the effects be applied to the earliest period presented. The changes within the District's June 30, 2015 governmental activities, liabilities, and net position are as follows:

	<b>Governmental Activities</b>	<b>Business Type Activity</b>	<b>Total</b>
Net position, as previously reported, at July 1, 2014	\$ 15,660,625	\$ 251,842	\$ 15,912,467
Net pension liability	(7,651,013)	-	(7,651,013)
Restated net position at July 1, 2014	<b>\$ 8,009,612</b>	<b>\$ 251,842</b>	<b>\$ 8,261,454</b>

18. SUBSEQUENT EVENTS

In July 2015, the District issued its Refunding School Bonds in the principal amount of \$12,085,000, bearing interest at rates ranging between 2.00% and 5.00% per annum, with final maturity scheduled for 2027. The proceeds of the refunding school bonds are to be used towards (1) the current refunding of all of the outstanding callable refunding school bonds of the District issued in the principal amount of \$18,830,000, dated March 15, 2005 and maturing on or after September 15, 2016, and (2) paying the costs of issuance with respect to the bonds.

**METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

19. PENDING CHANGES IN ACCOUNTING PRINCIPLES

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements and to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. To the extent applicable, the District is required to adopt Statement No. 72 for its fiscal 2016 financial statements.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. To the extent applicable, the District is required to adopt Statement No. 73 for its fiscal 2017 financial statements.

In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. To the extent applicable, the District is required to adopt Statement No. 74 for its fiscal 2017 financial statements.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. To the extent applicable, the District is required to adopt Statement No. 75 for its fiscal 2018 financial statements.

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. To the extent applicable, the District is required to adopt Statement No. 76 for its fiscal 2016 financial statements.

In August 2015, the GASB issued Statement No. 77, Tax Abatement Disclosures. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. To the extent applicable, the District is required to adopt Statement No. 75 for its fiscal 2017 financial statements.

District management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local tax levy	\$ 32,181,436	\$ -	\$ 32,181,436	32,181,436	\$ -
Tuition	95,000	-	95,000	88,959	(6,041)
Transportation Fees from Individuals	110,000	-	110,000	102,804	(7,196)
Miscellaneous	10,000	-	10,000	7,999	(2,001)
<b>Total - Local Sources</b>	<b>32,396,436</b>	<b>-</b>	<b>32,396,436</b>	<b>32,381,198</b>	<b>(15,238)</b>
State Sources:					
Special education aid	914,044	-	914,044	914,044	-
Security	35,358	-	35,358	35,358	-
Transportation Aid	59,865	-	59,865	59,865	-
Other Aid	42,150	-	42,150	42,150	-
Extraordinary aid	-	-	-	237,061	237,061
Non Public Transportation Aid	-	-	-	10,614	10,614
TPAF pension (on-behalf - non-budgeted)	-	-	-	2,076,453	2,076,453
Reimbursed TPAF social security (reimbursed - non-budgeted)	-	-	-	1,101,182	1,101,182
<b>Total State Sources</b>	<b>1,051,417</b>	<b>-</b>	<b>1,051,417</b>	<b>4,476,727</b>	<b>3,425,310</b>
Federal Sources:					
Medicaid Reimbursement	12,198	-	12,198	8,338	(3,860)
<b>Total - Federal Sources</b>	<b>12,198</b>	<b>-</b>	<b>12,198</b>	<b>8,338</b>	<b>(3,860)</b>
<b>TOTAL REVENUES</b>	<b>33,460,051</b>	<b>-</b>	<b>33,460,051</b>	<b>36,866,263</b>	<b>3,406,212</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction					
Preschool/Kindergarten - salaries of teachers	426,552	(67,000)	359,552	359,255	297
Grades 1-5 - salaries of teachers	3,479,667	(35,500)	3,444,167	3,443,742	425
Grades 6-8 - salaries of teachers	2,920,878	(62,000)	2,858,878	2,858,747	131
Grades 9-12 - salaries of teachers	3,636,809	(27,000)	3,609,809	3,600,140	9,669
General supplies	508,078	203,562	711,640	693,346	18,294
Textbooks	196,801	(8,000)	188,801	149,343	39,458
<b>Total Regular Programs - Instruction</b>	<b>11,168,785</b>	<b>4,062</b>	<b>11,172,847</b>	<b>11,104,573</b>	<b>68,274</b>
Special Education - Instruction					
Cognitive Mild					
Other Salaries for instruction	530,000	205,000	735,000	727,873	7,127
<b>Total Cognitive Mild</b>	<b>530,000</b>	<b>205,000</b>	<b>735,000</b>	<b>727,873</b>	<b>7,127</b>
Resource Room/Resource Center:					
Salaries of teachers	1,684,295	4,000	1,688,295	1,687,535	760
General supplies	6,400	-	6,400	4,670	1,730
Textbooks	6,000	-	6,000	3,152	2,848
Other objects	2,000	-	2,000	-	2,000
<b>Total Resource Room/Resource Center</b>	<b>1,698,695</b>	<b>4,000</b>	<b>1,702,695</b>	<b>1,695,357</b>	<b>7,338</b>
Preschool Disabilities - Part-Time:					
Salaries of teachers	137,305	40,600	177,905	177,774	131
Purchased technical services	75,000	(10,000)	65,000	64,818	182
General supplies	6,500	10,400	16,900	5,805	11,095
<b>Total Preschool Disabilities - Part-Time</b>	<b>218,805</b>	<b>41,000</b>	<b>259,805</b>	<b>248,397</b>	<b>11,408</b>
Home Instruction					
Salaries of teachers	26,000	3,900	29,900	29,889	11
<b>Total Special Education Instruction</b>	<b>2,473,500</b>	<b>253,900</b>	<b>2,727,400</b>	<b>2,701,516</b>	<b>25,884</b>
Basic Skills/Remedial - Instruction					
Salaries of teachers	371,114	(9,600)	361,514	328,777	32,737
General supplies	3,000	-	3,000	-	3,000
<b>Total Basic Skills/Remedial - Instruction</b>	<b>374,114</b>	<b>(9,600)</b>	<b>364,514</b>	<b>328,777</b>	<b>35,737</b>

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Bilingual Education - Instruction</b>					
Salaries of teachers	\$ 35,417	\$ 500	\$ 35,917	\$ 35,833	\$ 84
General supplies	500	-	500	-	500
Total Bilingual Education - Instruction	<u>35,917</u>	<u>500</u>	<u>36,417</u>	<u>35,833</u>	<u>584</u>
<b>School-Spon. Cocurricular Actvts. - Inst.</b>					
Salaries	154,918	26,000	180,918	180,125	793
Supplies and materials	17,213	-	17,213	15,507	1,706
Total School-Spon. Cocurricular Actvts. - Inst.	<u>172,131</u>	<u>26,000</u>	<u>198,131</u>	<u>195,632</u>	<u>2,499</u>
<b>School-Spon. Cocurricular Athletics - Inst.</b>					
Salaries	370,811	3,000	373,811	373,761	50
Purchased services (300-500 series)	34,000	1,400	35,400	35,364	36
Supplies and materials	51,808	110	51,918	51,857	61
Other objects	70,797	11,508	82,305	76,780	5,525
Total School-Spon. Cocurricular Athletics - Inst.	<u>527,416</u>	<u>16,018</u>	<u>543,434</u>	<u>537,762</u>	<u>5,672</u>
<b>Other Instructional Programs - Instruction</b>					
Salaries	3,000	-	3,000	-	3,000
Total Other Instructional Programs - Instruction	<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
<b>TOTAL INSTRUCTION</b>	<u>14,754,863</u>	<u>290,880</u>	<u>15,045,743</u>	<u>14,904,093</u>	<u>141,650</u>
<b>UNDISTRIBUTED EXPENDITURES:</b>					
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to other LEAs within the state - regular	68,572	-	68,572	56,220	12,352
Tuition to other LEAs within the state - special	789,370	(115,000)	674,370	609,617	64,753
Tuition to private schools for the disabled - within state	1,570,048	(128,306)	1,441,742	1,436,696	5,046
Tuition - state facilities	30,000	2,306	32,306	32,306	-
Total Undistributed Expenditures - Instruction:	<u>2,457,990</u>	<u>(241,000)</u>	<u>2,216,990</u>	<u>2,134,839</u>	<u>82,151</u>
<b>Undist. Expend. - Health Services</b>					
Salaries	319,943	600	320,543	320,481	62
Purchased professional and technical services	275,000	46,750	321,750	320,876	874
Supplies and materials	4,000	-	4,000	3,807	193
Other objects	4,300	22,379	26,679	25,111	1,568
Total Undistributed Expenditures - Health Services	<u>603,243</u>	<u>69,729</u>	<u>672,972</u>	<u>670,275</u>	<u>2,697</u>
<b>Undist. Expend. - Speech/Occupational Therapy, Physical Therapy &amp; Related Services</b>					
Salaries of other professional staff	180,975	14,000	194,975	194,964	11
Supplies and materials	1,800	-	1,800	1,287	513
Total Undist. Expend. - Speech/Occ Therapy, PT & Related Serv.	<u>182,775</u>	<u>14,000</u>	<u>196,775</u>	<u>196,251</u>	<u>524</u>
<b>Undist. Expend. - Guidance Services</b>					
Salaries of other professional staff	612,258	8,840	621,098	621,092	6
Salaries of secretaries and clerical assistants	54,720	160	54,880	54,872	8
Supplies and materials	47,248	572	47,820	41,643	6,177
Total Undist. Expend. - Guidance Services	<u>714,226</u>	<u>9,572</u>	<u>723,798</u>	<u>717,607</u>	<u>6,191</u>
<b>Undist. Expend. - Child Study Teams</b>					
Salaries of other professional staff	780,736	11,100	791,836	791,738	98
Salaries of secretarial and clerical assistants	45,590	8,500	54,090	54,073	17
Supplies and materials	9,800	478	10,278	9,428	850
Other objects	6,160	-	6,160	2,573	3,587
Total Undist. Expend. - Child Study Teams	<u>842,286</u>	<u>20,078</u>	<u>862,364</u>	<u>857,812</u>	<u>4,552</u>
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of supervisor of instruction	670,960	(92,160)	578,800	523,290	55,510
Salaries of other professional staff	37,490	310	37,800	37,795	5
Purchased prof- educational services	84,635	28,046	112,681	54,403	58,278
Other objects	3,800	871	4,671	3,951	720
Total Undist. Expend. - Improvement of Inst. Serv.	<u>796,885</u>	<u>(62,933)</u>	<u>733,952</u>	<u>619,439</u>	<u>114,513</u>

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 218,447	\$ (665)	\$ 217,782	\$ 207,686	\$ 10,096
Salaries - Tech Coordinator	81,080	665	81,745	81,741	4
Supplies and materials	50,500	-	50,500	45,440	5,060
Other objects	8,550	-	8,550	6,220	2,330
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>358,577</u>	<u>-</u>	<u>358,577</u>	<u>341,087</u>	<u>17,490</u>
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	218,299	3,125	221,424	218,626	2,798
Legal services	88,315	300	88,615	78,996	9,619
Audit Services	42,636	14	42,650	42,650	-
Purchased technical services	16,500	20,210	36,710	29,319	7,391
Communications/telephone	83,750	37,000	120,750	120,065	685
Supplies and materials	16,500	2,500	19,000	18,562	438
Miscellaneous expenditures	77,000	-	77,000	75,304	1,696
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>543,000</u>	<u>63,149</u>	<u>606,149</u>	<u>583,522</u>	<u>22,627</u>
Undist. Expend. - Support Serv. - School Admin.					
Salaries of principals/assistant principals	692,534	123,500	816,034	814,771	1,263
Salaries of secretarial and clerical assistants	496,507	-	496,507	485,807	10,700
Other purchased services (400-500 series)	39,000	-	39,000	34,000	5,000
Supplies and materials	6,150	-	6,150	6,962	(812)
Other objects	105,517	626	106,143	86,742	19,401
Total Undist. Expend. - Support Serv. - School Admin.	<u>1,339,708</u>	<u>124,126</u>	<u>1,463,834</u>	<u>1,428,282</u>	<u>35,552</u>
Undist. Expend. - Central Services					
Salaries	340,625	2,984	343,609	343,331	278
Interest on Current Loan	5,269	16	5,285	5,284	1
Miscellaneous expenditures	2,000	-	2,000	1,770	230
Total Undist. Expend. - Central Services	<u>347,894</u>	<u>3,000</u>	<u>350,894</u>	<u>350,385</u>	<u>509</u>
Undist. Expend. - Admin. Info Tech.					
Salaries	53,512	(3,018)	50,494	50,249	245
Other purchased services (400-500 series)	20,000	12,500	32,500	25,568	6,932
Total Undist. Expend. - Admin. Info Tech	<u>73,512</u>	<u>9,482</u>	<u>82,994</u>	<u>75,817</u>	<u>7,177</u>
Undist. Expend. -Required Maintenance for School Facilities					
Salaries	141,391	61,900	203,291	152,965	50,326
Cleaning, repair, and maintenance services	90,000	179,527	269,527	191,435	78,092
General supplies	40,000	23,000	63,000	56,192	6,808
Total Undist. Expend. -Required Maintenance for School Facilities	<u>271,391</u>	<u>264,427</u>	<u>535,818</u>	<u>400,592</u>	<u>135,226</u>
Undist. Expend. - Custodial Services					
Salaries	1,112,893	(53,900)	1,058,993	1,053,895	5,098
Cleaning, repair and maintenance services	99,040	9,000	108,040	90,594	17,446
Other purchased property services	43,400	500	43,900	43,827	73
Insurance	190,000	27,000	217,000	216,250	750
General supplies	96,000	6,000	102,000	89,065	12,935
Energy (heat and electricity)	546,850	(12,000)	534,850	508,885	25,965
Other objects	47,250	(2,000)	45,250	41,148	4,102
Total Undist. Expend. - Custodial Services	<u>2,135,433</u>	<u>(25,400)</u>	<u>2,110,033</u>	<u>2,043,664</u>	<u>66,369</u>
Undistributed Expenses - Care and Upkeep of Grounds					
Salaries	55,034	48,000	103,034	102,835	199
Cleaning,Repair, and Maintenance Services	46,825	(9,000)	37,825	36,779	1,046
Total Undist. Expend. - Care and Upkeep of Grounds	<u>101,859</u>	<u>39,000</u>	<u>140,859</u>	<u>139,614</u>	<u>1,245</u>
Total Maintenance , Custodial and Grounds	<u>2,508,683</u>	<u>278,027</u>	<u>2,786,710</u>	<u>2,583,870</u>	<u>202,840</u>
Undist. Expend. - Student Transportation Serv.					
Sal. for pup.trans. (bet. home and school) - special	194,627	(12,000)	182,627	178,021	4,606
Sal. For Pup. Trans. (Other than Bet. Home and School)	75,805	-	75,805	59,620	16,185
Other Purchased Professional and Technical Services	70,000	3,000	73,000	55,582	17,418
Cleaning, Repair and Maintenance Services	42,000	-	42,000	40,062	1,938
Contract services - (between home and school) - vendors	558,058	(121,985)	436,073	429,403	6,670
Contr Serv (Spl. Ed. Students) - Vendors	775,000	117,000	892,000	846,971	45,029
Contr services - aid in lieu payments	40,800	12,000	52,800	52,023	777
Supplies and Materials	4,200	3,400	7,600	6,910	690
Total Undist. Expend. - Student Transportation Serv.	<u>1,760,490</u>	<u>1,415</u>	<u>1,761,905</u>	<u>1,668,592</u>	<u>93,313</u>

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits:					
Social security contributions	\$ 393,984	\$ -	\$ 393,984	\$ 367,308	\$ 26,676
Other benefits	330,593	25,193	355,786	351,363	4,423
Workmen's compensation	166,953	5,000	171,953	171,325	628
Health benefits	5,223,906	(642,101)	4,581,805	4,224,460	357,345
Tuition Reimbursement	26,000	-	26,000	17,698	8,302
Other Employee Benefits	70,000	-	70,000	67,654	2,346
Total Unallocated benefits	<u>6,211,436</u>	<u>(611,908)</u>	<u>5,599,528</u>	<u>5,199,808</u>	<u>397,374</u>
On-behalf TPAF pension contributions (non- budgeted)	-	-	-	2,076,453	(2,076,453)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	1,101,182	(1,101,182)
Total On-Behalf Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,177,635</u>	<u>(3,177,635)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>6,211,436</u>	<u>(611,908)</u>	<u>5,599,528</u>	<u>8,377,443</u>	<u>(2,780,261)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>18,740,705</u>	<u>(323,263)</u>	<u>18,417,442</u>	<u>20,605,221</u>	<u>987,510</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>33,495,568</u>	<u>(32,383)</u>	<u>33,463,185</u>	<u>35,509,314</u>	<u>1,129,160</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed expenditures equipment	181,169	167,304	348,473	148,795	199,678
Total Equipment	<u>181,169</u>	<u>167,304</u>	<u>348,473</u>	<u>148,795</u>	<u>199,678</u>
Facilities Acquisition and Construction Services					
Other Purchased Prof. & Tech. Serv.	100,314	-	100,314	100,314	-
Construction services	-	637,597	637,597	434,563	203,034
Total Facilities Acquisition and Construction Services	<u>100,314</u>	<u>637,597</u>	<u>737,911</u>	<u>534,877</u>	<u>203,034</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>281,483</u>	<u>804,901</u>	<u>1,086,384</u>	<u>683,672</u>	<u>402,712</u>
Transfer of Funds to Charter Schools	23,000	-	23,000	21,868	1,132
<b>TOTAL EXPENDITURES</b>	<u>33,800,051</u>	<u>772,518</u>	<u>34,572,569</u>	<u>36,214,854</u>	<u>1,533,004</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(340,000)</u>	<u>(772,518)</u>	<u>(1,112,518)</u>	<u>651,409</u>	<u>4,939,216</u>
Fund Balance, July 1	-	-	-	2,801,117	2,801,117
Fund Balance, June 30	<u>\$ (340,000)</u>	<u>\$ (772,518)</u>	<u>\$ (1,112,518)</u>	<u>3,452,526</u>	<u>\$ 7,740,333</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				\$ 663,872	
Maintenance Reserve				350,000	
Emergency reserve				300,000	
Excess Surplus- Current Year				490,844	
<b>Committed Fund Balance</b>					
Year- End Encumbrances				459,391	
<b>Assigned Fund Balance</b>					
Designated for Subsequent Year's Expenditures				280,000	
<b>Unassigned Fund Balance</b>				<u>908,419</u>	
				3,452,526	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payment not recognized on GAAP basis				(86,756)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,365,770</u>	

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 451,974	\$ -	\$ 451,974	\$ 451,974	\$ -
Federal sources	738,305	-	738,305	738,305	-
<b>TOTAL REVENUES</b>	<b>1,190,279</b>	<b>-</b>	<b>1,190,279</b>	<b>1,190,279</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of teachers	63,757	-	63,757	63,757	-
Purchased professional - educational services	138,791	-	138,791	138,791	-
Other purchased services (400-500 series)	43,925	-	43,925	43,925	-
General supplies	26,490	-	26,490	26,490	-
Textbooks	78,958	-	78,958	78,958	-
<b>Total Instruction</b>	<b>811,833</b>	<b>-</b>	<b>811,833</b>	<b>811,833</b>	<b>-</b>
Support Services					
Salaries of other professional staff	82,022	-	82,022	82,022	-
Personal services - employee benefits	31,811	-	31,811	31,811	-
Purchased professional - educational services	226,558	-	226,558	226,558	-
Other purchased professional services	22,100	-	22,100	22,100	-
Other purchased Services (400-500 series)	6,841	-	6,841	6,841	-
<b>Total Support Services</b>	<b>378,446</b>	<b>-</b>	<b>378,446</b>	<b>378,446</b>	<b>-</b>
Facilities acquisition and const. serv.:					
Instructional Equipment	-	-	-	-	-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>1,190,279</b>	<b>-</b>	<b>1,190,279</b>	<b>1,190,279</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**METUCHEN SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET-TO-GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 36,866,263	\$ 1,190,279
Difference - budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(86,756)	-
State aid payment recognized for GAAP statements not for budgetary purposes.	73,255	-
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 36,852,762</u>	<u>\$ 1,190,279</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 36,214,854	\$ 1,190,279
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 36,214,854</u>	<u>\$ 1,190,279</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

# Metuchen School District

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## Schedule of the District's Proportionate Share of the Net Pension Liability - PERS Year Ended June 30, 2015

Last 10 Fiscal Years  
(Dollar amounts in thousands)

	<u>2015</u>
District's proportion of the net pension liability	0.0418%
District's proportionate share of the net pension liability	\$ 7,834,707
District's covered-employee payroll	\$ 2,845,142
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.37%
Plan fiduciary net position as a percentage of the total pension liability	42.74%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of District Contributions - PERS

Year Ended June 30, 2015

Last 10 Fiscal Years\*  
(Dollar amounts in thousands)

	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 344,972	\$ 301,637
Contributions in relation to the contractually required contribution	<u>344,972</u>	<u>301,637</u>
Contribution deficiency (excess)	<u>\$ 689,944</u>	<u>\$ 603,274</u>
District's covered-employee payroll	<u>\$ 2,845,142</u>	<u>\$ 2,839,397</u>
Contributions as a percentage of covered-employee payroll	<u>12.12%</u>	<u>10.62%</u>

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF  
 Year Ended June 30, 2015

Last 10 Fiscal Years  
 (Dollar amounts in thousands)

	<u>2015</u>
District's proportion of the net pension liability	0.00%
District's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability	<u>53,813,067,539</u>
Total	<u>\$ 53,813,067,539</u>
District's covered-employee payroll	<u>\$ 14,910,351</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	33.64%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of special revenue sources (other than major capital projects) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**METUCHEN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

E-1

	New Jersey Nonpublic Aid		
	Textbooks	Technology Services	Nursing Services
<b>REVENUES:</b>			
State sources	\$ 78,958	\$ 43,925	\$ 114,032
Federal sources	-	-	-
<b>Total Revenues</b>	<b>78,958</b>	<b>43,925</b>	<b>114,032</b>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	-	-	-
Other salaries for instruction	-	-	-
Purchased professional - educational services	-	-	-
Purchased professional and technical services	-	-	114,032
Tuition	-	-	-
Other purchased services (400 - 500 series)	-	43,925	-
General supplies	-	-	-
Other objects	-	-	-
Textbooks	78,958	-	-
<b>Total instruction</b>	<b>78,958</b>	<b>43,925</b>	<b>114,032</b>
Support services:			
Salaries of other professional staff	-	-	-
Other salaries	-	-	-
Personal services - employee benefits	-	-	-
Purchased professional - educational services	-	-	-
Other purchased professional services	-	-	-
Purchased technical services	-	-	-
Rentals	-	-	-
Other Purchased Services (400-500 series)	-	-	-
Tuition	-	-	-
Supplies and materials	-	-	-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>
Facilities acquisition and const. serv.:			
Instructional Equipment	-	-	-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>78,958</b>	<b>43,925</b>	<b>114,032</b>
Expenditures and Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**METUCHEN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

New Jersey Nonpublic Aid

Chapter 192 Auxiliary Services				Chapter 193 Handicapped		
English as a Second Language	Home Instruction	Transp.	Compensatory Education	Examination and Classification	Corrective Speech	Supp. Instruction
\$ 10,049	\$ 1,805	\$ 16,268	\$ 25,774	\$ 43,950	\$ 34,457	\$ 22,756
-	-	-	-	-	-	-
10,049	1,805	16,268	25,774	43,950	34,457	22,756
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,049	1,805	-	25,774	43,950	34,457	22,756
-	-	16,268	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,049	1,805	16,268	25,774	43,950	34,457	22,756
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,049	1,805	16,268	25,774	43,950	34,457	22,756
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
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**METUCHEN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

E-1

	Title I Part A	Title I Part A CO	Title II Part A	Title IIA CO
<b>REVENUES:</b>				
State sources	\$ -	\$ -	\$ -	\$ -
Federal sources	101,278	14,282	35,876	7,361
<b>Total Revenues</b>	<b>101,278</b>	<b>14,282</b>	<b>35,876</b>	<b>7,361</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers	50,095	13,662	-	-
Other salaries for instruction	-	-	-	-
Purchased professional - educational services	-	-	-	-
Purchased professional and technical services	-	-	-	-
Tuition	-	-	-	-
Other purchased services (400 - 500 series)	-	-	-	-
General supplies	11,867	-	1,000	-
Other objects	-	-	-	-
Textbooks	-	-	-	-
<b>Total instruction</b>	<b>61,962</b>	<b>13,662</b>	<b>1,000</b>	<b>-</b>
Support services:				
Salaries of other professional staff	-	-	-	-
Other salaries	4,978	-	2,044	-
Personal services - employee benefits	4,245	620	170	-
Purchased professional - educational services	11,474	-	24,819	7,063
Other purchased professional services	14,100	-	-	-
Purchased technical services	-	-	-	-
Rentals	-	-	-	-
Other Purchased Services (400-500 series)	-	-	6,543	298
Tuition	-	-	-	-
Supplies and materials	4,519	-	1,300	-
<b>Total support services</b>	<b>39,316</b>	<b>620</b>	<b>34,876</b>	<b>7,361</b>
Facilities acquisition and const. serv.:				
Instructional Equipment	-	-	-	-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>101,278</b>	<b>14,282</b>	<b>35,876</b>	<b>7,361</b>
Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -

**METUCHEN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

I.D.E.A.						
Title III Part A	Basic Regular	Basic Regular CO	Achievement Coaches Grant	Preschool CO	Preschool Current CO	Totals
\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ 451,974
10,185	542,639	15,919	-	10,765	-	738,305
10,185	542,639	15,919	60,000	10,765	-	1,190,279
-	-	-	-	-	-	63,757
-	319,612	-	-	10,000	-	329,612
-	-	-	-	-	-	138,791
-	-	-	-	-	-	114,032
-	-	-	-	-	-	16,268
-	-	-	-	-	-	43,925
-	13,623	-	-	-	-	26,490
-	-	-	-	-	-	-
-	-	-	-	-	-	78,958
-	333,235	-	-	10,000	-	811,833
-	-	-	60,000	-	-	60,000
-	15,000	-	-	-	-	22,022
-	26,011	-	-	765	-	31,811
10,185	157,098	15,919	-	-	-	226,558
-	8,000	-	-	-	-	22,100
-	3,295	-	-	-	-	3,295
-	-	-	-	-	-	-
-	-	-	-	-	-	6,841
-	-	-	-	-	-	-
-	-	-	-	-	-	5,819
10,185	209,404	15,919	60,000	765	-	378,446
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,185	542,639	15,919	60,000	10,765	-	1,190,279
<u>\$ -</u>	<u>          </u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CAPITAL PROJECTS FUND  
DETAILS STATEMENT**

The Capital Projects fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds.

METUCHEN SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2015
			Prior Years	Current Year	
Edgar Boiler Replacement	April 28th 2014	\$ 410,147	\$ 35,942	\$ 210,506	\$ 163,699
Campbell Boiler Replacement	April 28th 2014	296,944	26,027	152,435	118,482
Totals		<u>\$ 707,091</u>	<u>\$ 61,969</u>	<u>\$ 362,941</u>	<u>\$ 282,181</u>

**METUCHEN SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Revenues and Other Financing Sources**

Transfer from Capital Outlay	\$	-
State Sources - Grants		-
Bond proceeds and transfers		-
Lease proceeds		-
Contribution from private sources		-
Transfer from capital reserve		-
Transfer from capital outlay		80
Interest income		-
Total revenues		80

**Expenditures and Other Financing Uses**

Purchased professional and technical services		23,250
Construction services		338,872
State Fees		819
Total expenditures		362,941
Excess (deficiency) of revenues over (under) expenditures		(362,861)
Fund balance - beginning		645,092
Fund balance - ending	\$	282,231

**METUCHEN SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
EDGAR BOILERS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
Interest Income	\$ -	\$ 59	\$ 59	\$ 59
State Sources - Grants	164,059	-	164,059	164,059
Transfer Capital Outlay	60,473	-	60,473	60,473
Leasing Proceeds	185,615	-	185,615	185,615
Total revenues	<u>410,147</u>	<u>59</u>	<u>410,206</u>	<u>410,206</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	28,005	13,960	41,965	41,965
Construction services	7,937	196,546	204,483	204,483
Total expenditures	<u>35,942</u>	<u>210,506</u>	<u>246,448</u>	<u>246,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 374,205</u>	<u>\$ (210,447)</u>	<u>\$ 163,758</u>	<u>\$ 163,758</u>

**Additional Project Information:**

Project Number	3120-070-14-1002
Grant Date/Letter of Notification	April 28 2014
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$410,147
Additional Authorized Cost	\$0
Revised Authorized Cost	\$410,147
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	5%
Original Target Completion Date	November 1 2014
Actual Completion Date	

**METUCHEN SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS - BUDGETARY BASIS  
CAMPBELL BOILERS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
Interest Income	\$ -	\$ 21	\$ 21	\$ 21
State Sources - Grants	118,778	-	118,778	118,778
Transfer Capital Outlay	43,782	-	43,782	43,782
Leasing Proceed	134,384	-	134,384	134,384
Total revenues	296,944	21	296,965	296,944
 <b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	20,280	10,109	30,389	30,389
Construction services	5,747	142,326	148,073	148,073
Total expenditures	26,027	152,435	178,462	178,462
Excess (deficiency) of revenues over (under) expenditures	\$ 270,917	\$ (152,414)	\$ 118,503	\$ 118,482

**Additional Project Information:**

Project Number	3120-060-14-1001
Grant Date/Letter of Notification	March 28h 2014
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$296,944
Additional Authorized Cost	\$0
Revised Authorized Cost	\$296,944
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	5%
Original Target Completion Date	November 1 2014
Actual Completion Date	

**ENTERPRISE FUND  
DETAIL STATEMENTS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's board is that the costs of providing goods or services be financed through user charges.

**Food Service Fund** - This fund provides for the operation of food services in all schools within the District.

**After School Program Fund (The Zone)** - This fund provides for the operation of an after-school program which was initially funded by an operating grant and is referred within the District as "The Zone."

**METUCHEN SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

G-1

	Enterprise Funds		
	Food Service	The Zone	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 30,427	\$ 355,253	\$ 385,680
Accounts receivable			
Federal	5,104	-	5,104
State	385	-	385
Interfund receivables	39,117	-	39,117
Inventories	2,450	-	2,450
<b>Total current assets</b>	<b>77,483</b>	<b>355,253</b>	<b>432,736</b>
Noncurrent assets:			
Furniture, machinery & equipment	172,532	259,165	431,697
Less accumulated depreciation	77,492	259,165	336,657
<b>Total noncurrent assets</b>	<b>95,040</b>	<b>-</b>	<b>95,040</b>
<b>TOTAL ASSETS</b>	<b>172,523</b>	<b>355,253</b>	<b>527,776</b>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities:			
Overdraft payable	-	-	-
Accounts payable	5,081	-	5,081
Interfund payable	-	263,735	263,735
<b>Total current liabilities</b>	<b>5,081</b>	<b>263,735</b>	<b>268,816</b>
<b>Total liabilities</b>	<b>5,081</b>	<b>263,735</b>	<b>268,816</b>
<b>NET POSITION</b>			
Net investment in capital assets	95,040	-	95,040
Unrestricted	72,402	91,518	163,920
<b>Total net position</b>	<b>\$ 167,442</b>	<b>\$ 91,518</b>	<b>\$ 258,960</b>

**METUCHEN SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

G-2

	Enterprise Funds		
	Food Service	The Zone	Total
<b>OPERATING REVENUES:</b>			
Local sources:			
Food service sales	\$ 426,853	\$ -	\$ 426,853
Registration fees	-	180,815	180,815
Total operating revenues	<u>426,853</u>	<u>180,815</u>	<u>607,668</u>
<b>OPERATING EXPENSES:</b>			
Salaries	165,437	122,839	288,276
Employee benefits	65,835	9,397	75,232
Cost of sales	260,519	8,106	268,625
Supplies and materials	22,056	-	22,056
Repairs and maintenance	20,960	-	20,960
Insurance	1,697	-	1,697
Management service fee	20,635	-	20,635
Miscellaneous	6,348	-	6,348
Depreciation	20,751	-	20,751
Total operating expenses	<u>584,238</u>	<u>140,342</u>	<u>724,580</u>
OPERATING (LOSS) INCOME	<u>(157,385)</u>	<u>40,473</u>	<u>(116,912)</u>
<b>NONOPERATING REVENUES:</b>			
State sources:			
State school lunch program	4,556	-	4,556
Federal sources:			
National school lunch program	81,414	-	81,414
Food distribution program	38,060	-	38,060
TOTAL NONOPERATING REVENUES	<u>124,030</u>	<u>-</u>	<u>124,030</u>
CHANGE IN NET POSITION	(33,355)	40,473	7,118
TOTAL NET POSITION - BEGINNING	<u>200,797</u>	<u>51,045</u>	<u>251,842</u>
TOTAL NET POSITION - ENDING	<u>\$ 167,442</u>	<u>\$ 91,518</u>	<u>\$ 258,960</u>

**METUCHEN SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

G-3

	Enterprise Funds		
	Food Service	The Zone	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 426,853	\$ 180,815	\$ 607,668
Payments to employees	(165,437)	(122,839)	(288,276)
Payments for employee benefits	(65,835)	(9,397)	(75,232)
Payments to suppliers	(325,936)	(8,106)	(334,042)
Net cash (used in) provided by operating activities	<u>(130,355)</u>	<u>40,473</u>	<u>(89,882)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	4,556	-	4,556
Federal Sources	119,489	-	119,489
Local - Interfund change	-	132,236	132,236
Net cash provided by non-capital financing activities	<u>124,045</u>	<u>132,236</u>	<u>256,281</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(34,446)	-	(34,446)
Net (decrease) increase in cash and cash equivalents	(40,756)	172,709	131,953
Cash and cash equivalents—beginning of year	71,183	182,544	253,727
Cash and cash equivalents—end of year	<u>\$ 30,427</u>	<u>\$ 355,253</u>	<u>\$ 385,680</u>
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:</b>			
Operating (loss) income	\$ (157,385)	\$ 40,473	\$ (116,912)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities			
Depreciation	20,751	-	20,751
Decrease in inventories	3,808	-	3,808
Increase in accounts payable	2,471	-	2,471
Total adjustments	<u>27,030</u>	<u>-</u>	<u>27,030</u>
Net cash (used in) provided by operating activities	<u>\$ (130,355)</u>	<u>\$ 40,473</u>	<u>\$ (89,882)</u>

**Noncash Noncapital Financing Activities:**

During the year, the district received \$38,060 of food commodities from the U.S. Department of Agriculture.

**FIDUCIARY FUNDS  
DETAIL STATEMENTS**

Fiduciary funds are used to account for funds received by the school district for a specific purpose.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

**Student Activity Fund** - This agency fund is used to account for student funds held at the schools.

**Payroll Fund** - This agency fund is used to account for the payroll transactions of the school district.

**METUCHEN SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015**

	Trust Funds			Agency Fund	Total
	Unemployment Compensation Trust	Private Purpose Fund	Total Trust Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 250,725	\$ 4,882	\$ 255,607	\$ 482,876	\$ 738,483
Total assets	<u>250,725</u>	<u>4,882</u>	<u>255,607</u>	<u>482,876</u>	<u>738,483</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-		-
Payable to student groups	-	-	-	182,317	182,317
Payroll deductions and withholdings	-	-	-	300,559	300,559
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,876</u>	<u>482,876</u>
<b>NET ASSETS</b>					
Reserved	<u>250,725</u>	<u>4,882</u>	<u>255,607</u>	<u>-</u>	<u>255,607</u>
Total net position	<u>250,725</u>	<u>4,882</u>	<u>255,607</u>	<u>-</u>	<u>255,607</u>
Total liabilities and net position	<u>\$ 250,725</u>	<u>\$ 4,882</u>	<u>\$ 255,607</u>	<u>\$ 482,876</u>	<u>\$ 738,483</u>

**METUCHEN SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Fund</u>	<u>Total Trust Funds</u>
<b>ADDITIONS</b>			
Contributions:			
Plan member	\$ 51,651	\$ -	\$ 51,651
Other	-	26,884	26,884
Total Contributions	<u>51,651</u>	<u>26,884</u>	<u>78,535</u>
Investment earnings:			
Interest	11	-	11
Net investment earnings	<u>11</u>	<u>-</u>	<u>11</u>
Total additions	<u>51,662</u>	<u>26,884</u>	<u>78,546</u>
<b>DEDUCTIONS</b>			
Quarterly contribution reports	27,517		27,517
Projects Awarded		32,957	32,957
Total deductions	<u>27,517</u>	<u>32,957</u>	<u>60,474</u>
Change in net position	24,145	(6,073)	18,072
Net position—beginning of the year	<u>226,580</u>	<u>10,955</u>	<u>237,535</u>
Net position—end of the year	<u>\$ 250,725</u>	<u>\$ 4,882</u>	<u>\$ 255,607</u>

**METUCHEN SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

H-3

	Balance July 1, 2014	Cash Receipts	Cash Disbursements	Balance June 30, 2015
<b>ELEMENTARY SCHOOLS:</b>				
Campbell	\$ 24,870	\$ 43,737	\$ 43,184	\$ 25,423
Edgar	60,398	95,144	97,353	58,189
Moss	2,611	522	270	2,863
<b>TOTAL ELEMENTARY SCHOOLS</b>	<b>87,879</b>	<b>139,403</b>	<b>140,807</b>	<b>86,475</b>
<b>SENIOR HIGH SCHOOL:</b>				
General account	58,302	143,023	144,501	56,824
Adult School	-	-	-	-
Staff account	41,019	67,988	70,732	38,275
Athletic account	49	62,099	61,405	743
<b>TOTAL SENIOR HIGH SCHOOL</b>	<b>99,370</b>	<b>273,110</b>	<b>276,638</b>	<b>95,842</b>
<b>TOTAL ALL SCHOOLS</b>	<b>\$ 187,249</b>	<b>\$ 412,513</b>	<b>\$ 417,445</b>	<b>\$ 182,317</b>

**METUCHEN SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS:				
Cash and cash equivalents	\$ 210,027	\$ 10,332,092	\$ 10,241,560	\$ 300,559
TOTAL ASSETS	<u>\$ 210,027</u>	<u>\$ 10,332,092</u>	<u>\$ 10,241,560</u>	<u>\$ 300,559</u>
LIABILITIES:				
Payroll deductions and withholdings	\$ 174,162	\$ 10,287,216	\$ 10,191,768	\$ 269,610
Section 125 Plan	35,865	44,876	49,792	30,949
TOTAL LIABILITIES	<u>\$ 210,027</u>	<u>\$ 10,332,092</u>	<u>\$ 10,241,560</u>	<u>\$ 300,559</u>

## **LONG-TERM DEBT SCHEDULES**

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes Serial Bonds outstanding.

**METUCHEN SCHOOL DISTRICT  
LONG TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
AS OF JUNE 30, 2015**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2014	Issued	Retired	Balance June 30, 2015
			Date	Amount					
Construction of renovations and improvements to the High School and Edgar School -	3/15/2005	\$ 17,247,000	8/15/2014	825,000	4.125%	\$ 2,570,000	\$ -	\$ 825,000	\$ 1,745,000
			8/15/2015	855,000	4.125%				
			8/15/2016	890,000	4.125%				
Construction of renovations and improvements to the High School and Edgar School - Reissue	10/1/2012	8,620,000	8/15/2014	30,000	3.000%	8,590,000	-	30,000	8,560,000
			8/15/2015	30,000	3.000%				
			8/15/2016	30,000	3.000%				
			8/15/2017	965,000	3.000%				
			8/15/2018	990,000	3.000%				
			8/15/2019	1,020,000	3.000%				
			8/15/2020	1,050,000	3.000%				
			8/15/2021	1,090,000	4.000%				
			8/15/2022	1,125,000	2.125%				
			8/15/2023	1,125,000	4.000%				
			8/15/2024	1,135,000	2.500%				
Construction of renovations and improvements to the High School, Edgar School, Campbell School, and Moss School - Reissue	3/15/2005	18,830,000	8/15/2014	810,000	4.250%	14,860,000	-	810,000	14,050,000
			8/15/2015	845,000	4.250%				
			8/15/2016	885,000	4.250%				
			8/15/2017	920,000	4.250%				
			8/15/2018	960,000	4.250%				
			8/15/2019	1,000,000	4.250%				
			8/15/2020	1,045,000	4.250%				
			8/15/2021	1,090,000	4.375%				
			8/15/2022	1,130,000	4.500%				
			8/15/2023	1,185,000	4.500%				
			8/15/2024	1,230,000	4.500%				
			8/15/2025	1,285,000	4.500%				
			8/15/2026	1,210,000	4.500%				
			8/15/2027	1,265,000	4.500%				
						\$ 26,020,000	\$ -	\$ 1,665,000	\$ 24,355,000

**METUCHEN SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
YEAR ENDED JUNE 30, 2015**

<b>Purpose</b>	<b>Date of Lease</b>	<b>Term of Lease</b>	<b>Amount of Original Lease</b>		<b>Interest Rate</b>	<b>Balance July 1, 2014</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance June 30, 2015</b>
			<b>Principal</b>	<b>Interest</b>					
Boilers	3/14/2014	5 Years	\$ 319,999	\$ 15,488	1.73%	\$ 319,999		\$ 61,169	\$ 258,830

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,302,219	\$ -	\$ 2,302,219	\$ 2,302,219	\$ -
State Sources:					
Debt Service Aid Type II	262,992	-	262,992	262,992	-
Total - State Sources	262,992	-	262,992	262,992	-
Total Revenues	2,565,211	-	2,565,211	2,565,211	-
EXPENDITURES:					
Regular Debt Service:					
Interest	986,840	-	986,840	986,840	-
Redemption of Principal	1,665,000	-	1,665,000	1,665,000	-
Total Regular Debt Service	2,651,840	-	2,651,840	2,651,840	-
Total expenditures	2,651,840	-	2,651,840	2,651,840	-
Excess of Revenues Over Expenditures	(86,629)	-	(86,629)	(86,629)	-
Fund Balance, July 1	86,629	-	86,629	86,629	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

**STATISTICAL SECTION  
(UNAUDITED)**

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	<b>83-88</b>
<p>These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.</p>	
<b>Revenue Capacity</b>	<b>89-93</b>
<p>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</p>	
<b>Debt Capacity</b>	<b>94-97</b>
<p>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	
<b>Demographic and Economic Information</b>	<b>98-99</b>
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
<b>Operating Information</b>	<b>100-106</b>
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.</p>	

**METUCHEN SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST NINE FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities									
Net investment in capital assets	\$ 13,736,842	\$ 13,592,414	14,872,869	\$ 14,183,680	\$ 12,768,423	\$ 13,273,256	\$ 13,389,354	\$ 14,827,053	\$ 14,315,931
Restricted	1,517,109	2,284,305	1,132,758	1,886,269	1,564,181	2,242,985	1,756,385	1,993,016	2,086,947
Unrestricted	(2,963,446)	(869,734)	(669,199)	(1,159,444)	1,477,386	760,551	719,470	(1,159,444)	(7,508,373)
Total governmental activities net position	<u>\$ 12,290,505</u>	<u>\$ 15,006,985</u>	<u>\$ 15,336,428</u>	<u>\$ 14,910,505</u>	<u>\$ 15,809,990</u>	<u>\$ 16,276,792</u>	<u>15,865,209</u>	<u>\$ 15,660,625</u>	<u>\$ 8,894,505</u>
Business-type activities									
Net investment in capital assets	\$ 27,970	\$ 3,763	\$ 7,314	\$ 10,077	\$ 7,510	\$ 68,823	87,943	\$ 81,345	\$ 95,040
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	150,599	140,608	140,608	172,571	211,489	139,668	123,352	170,497	163,920
Total business-type activities net position	<u>\$ 178,569</u>	<u>144,371</u>	<u>147,922</u>	<u>182,648</u>	<u>218,999</u>	<u>\$ 208,491</u>	<u>211,295</u>	<u>\$ 251,842</u>	<u>\$ 258,960</u>
District-wide									
Net investment in capital assets	\$ 13,764,812	\$ 13,596,177	\$ 14,880,183	\$ 14,193,757	\$ 12,775,933	\$ 13,342,079	13,477,297	\$ 14,908,398	\$ 14,410,971
Restricted	1,517,109	2,284,305	1,132,758	1,886,269	1,564,181	2,242,985	1,756,385	1,993,016	2,086,947
Unrestricted	(2,812,847)	(729,126)	(528,591)	(986,873)	1,688,875	900,219	842,822	(988,947)	(7,344,453)
Total district net position	<u>\$ 12,469,074</u>	<u>\$ 15,151,356</u>	<u>\$ 15,484,350</u>	<u>\$ 15,093,153</u>	<u>\$ 16,028,989</u>	<u>\$ 16,485,283</u>	<u>\$ 16,076,504</u>	<u>\$ 15,912,467</u>	<u>\$ 9,153,465</u>

Source: CAFR Schedule A-1

**METUCHEN SCHOOL DISTRICT  
CHANGE IN NET POSITION  
LAST NINE FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)**

	Fiscal Year Ending June 30,								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>									
Governmental activities									
Instruction									
Regular	\$ 14,044,589	\$ 14,436,619	\$ 14,502,213	\$ 14,958,271	\$ 15,185,472	\$ 15,197,916	\$ 16,350,357	\$ 16,395,357	\$ 17,325,592
Special education	2,171,992	2,362,289	2,609,258	2,722,563	2,792,351	3,342,126	3,478,398	3,575,539	3,792,555
Other special education	1,359,722	1,370,434	1,458,200	1,442,781	1,300,399	1,312,671	1,359,558	1,408,774	1,395,546
Support Services:									
Instruction									
Student & instruction related services	1,581,980	1,699,526	1,942,786	1,978,134	2,060,871	2,123,690	2,213,443	2,406,025	2,156,707
General administrative services	4,723,169	4,951,068	5,054,313	5,501,557	5,292,895	5,565,989	5,729,187	5,787,180	5,134,970
School administrative services	1,504,225	1,567,883	676,491	704,007	674,779	594,523	686,105	820,142	725,554
Plant operations and maintenance	869,861	940,459	1,611,235	1,880,846	1,532,536	1,601,176	2,047,836	2,138,112	2,341,479
Pupil transportation	3,519,516	3,417,091	3,517,879	3,471,358	3,200,865	3,369,258	3,505,495	3,539,246	3,678,707
Business and other support services	1,384,683	1,494,459	1,621,844	1,885,349	1,792,852	2,039,465	2,173,458	2,105,130	2,047,847
Special Schools	116,382	119,880	398,759	96,212	435,726	488,338	158,114	153,072	154,165
Interest on long-term debt	19,688	-	-	18,665	-	-	-	-	-
Capital outlay	1,761,966	1,732,811	1,298,436	1,847,096	1,670,129	1,693,164	1,337,057	1,090,274	970,012
Unallocated depreciation	58,080	56,720	58,200	-	-	-	-	-	-
Total governmental activities expenses	\$ 33,115,853	\$ 34,203,239	\$ 34,749,614	\$ 36,506,839	\$ 35,938,875	\$ 37,328,316	\$ 39,039,008	\$ 39,418,851	\$ 39,723,134
Business-type activities:									
Food service	400,001	421,240	388,276	446,367	429,930	472,876	504,956	539,389	584,238
After school program	155,033	166,395	160,378	127,345	152,656	158,248	139,712	128,591	140,342
Total business-type activities expense	555,034	587,635	548,654	573,712	582,586	631,124	644,668	667,980	724,580
Total district expenses	\$ 33,670,887	\$ 34,790,874	\$ 35,298,268	\$ 37,080,551	\$ 36,521,461	\$ 37,959,440	\$ 39,683,676	\$ 40,086,831	\$ 40,447,714
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
Regular programs	\$ 20,650	\$ 84,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special schools	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,676,121	1,448,867	2,538,877	1,716,584	1,635,978	1,436,133	1,376,200	1,379,211	1,453,271
Total governmental activities program revenues	2,696,771	1,533,260	2,538,877	1,716,584	1,635,978	1,436,133	1,376,200	1,379,211	1,453,271
Business-type activities:									
Charges for services									
Food service	331,236	328,755	310,618	350,334	349,458	377,529	382,444	417,444	426,853
After school program	153,292	138,646	125,948	141,611	156,830	127,587	136,732	161,430	180,815
Operating grants and contributions	78,253	84,303	114,152	116,240	112,649	115,500	128,296	125,707	124,030
Total business-type activities program revenues	562,781	551,704	550,718	608,185	618,937	620,616	647,472	704,581	731,698
Total district program revenues	\$ 3,259,552	\$ 2,084,964	\$ 3,089,595	\$ 2,324,769	\$ 2,254,915	\$ 2,056,749	\$ 2,023,672	\$ 2,083,792	\$ 2,184,969
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (30,419,082)	\$ (32,669,979)	\$ (32,210,737)	\$ (34,790,255)	\$ (34,302,897)	\$ (35,892,183)	\$ (37,662,808)	\$ (38,039,640)	\$ (38,269,863)
Business-type activities	7,747	(35,931)	2,064	34,473	36,351	(10,508)	2,804	36,601	7,118
Total district-wide net expense	\$ (30,411,335)	\$ (32,705,910)	\$ (32,208,673)	\$ (34,755,782)	\$ (34,266,546)	\$ (35,902,691)	\$ (37,660,004)	\$ (38,003,039)	\$ (38,262,745)
<b>General Revenues and Other Changes in Net Position</b>									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 25,051,544	\$ 26,278,575	\$ 27,170,726	\$ 28,194,381	\$ 29,272,156	\$ 29,819,545	\$ 30,367,802	\$ 30,972,158	\$ 32,181,436
Taxes levied for debt service	2,380,140	2,402,096	2,424,253	2,408,334	2,449,459	2,455,048	2,453,395	2,381,877	2,302,219
Federal and state aid not restricted	11,401,907	5,537,582	2,794,228	2,551,952	2,705,926	3,763,986	4,239,306	4,228,349	4,471,564
Payments in lieu of taxes	-	-	-	1,123,672	-	-	-	-	-
Investment earnings	461,901	1,149,890	5,417	63	-	-	-	-	-
Miscellaneous income	154,917	18,326	145,556	171,786	244,044	320,406	190,721	252,673	199,537
Transfers	-	-	-	444,941	-	-	-	-	-
Total governmental activities	39,450,409	35,386,469	32,540,180	34,895,129	34,671,585	36,358,985	\$ 37,251,224	\$ 37,835,057	39,154,756
Business-type activities:									
Investment earnings	5,890	2,938	275	253	-	-	-	-	-
Total business-type activities	5,890	2,938	275	253	-	-	-	-	-
Total district-wide	\$ 39,456,299	\$ 35,389,407	\$ 32,540,455	\$ 34,895,382	\$ 34,671,585	\$ 36,358,985	37,251,224	37,835,057	39,154,756
<b>Change in Net Position</b>									
Governmental activities	\$ 9,031,327	\$ 2,716,490	\$ 329,443	\$ 104,874	\$ 368,688	\$ 466,802	\$ (411,584)	\$ (204,583)	\$ 884,893
Business-type activities	13,637	(32,993)	2,339	34,726	36,351	(10,508)	2,804	36,601	7,118
Total district	\$ 9,044,964	\$ 2,683,497	\$ 331,782	\$ 139,600	\$ 405,039	\$ 456,294	\$ (408,780)	\$ (167,982)	\$ 892,011

Source: CAFR Schedule A-2

**METUCHEN SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**UNAUDITED**  
*(Modified Accrual Basis of Accounting)*

	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund									
Reserved	\$ 1,027,782	\$ 1,931,833	\$ 677,009	\$ 985,213	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	972,411	965,231	1,372,867	580,509	-	-	-	-	-
Non-spendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	744,899	2,084,423	768,365	913,872	1,804,716
Committed	-	-	-	-	214,674	201,775	1,337,407	772,517	459,391
Assigned	-	-	-	-	600,000	357,706	497,230	220,000	280,000
Unassigned	-	-	-	-	794,281	760,551	719,470	821,473	821,663
Total general fund	<u>\$ 2,000,193</u>	<u>\$ 2,897,064</u>	<u>\$ 2,049,876</u>	<u>\$ 1,565,722</u>	<u>\$ 2,353,854</u>	<u>\$ 3,404,455</u>	<u>\$ 3,322,472</u>	<u>\$ 2,727,862</u>	<u>\$ 3,365,770</u>
All Other Governmental Funds									
Unreserved, reported in:									
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	9,574,057	1,348,019	831,658	896,448	-	-	-	-	-
Debt service fund	3,388	-	-	86,627	-	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	86,629	86,629	282,231
Assigned	-	-	-	-	621,698	617,090	-	645,092	-
Total all other governmental funds	<u>\$ 9,577,445</u>	<u>\$ 1,348,019</u>	<u>\$ 831,658</u>	<u>\$ 983,075</u>	<u>\$ 621,698</u>	<u>\$ 617,090</u>	<u>\$ 86,629</u>	<u>\$ 731,721</u>	<u>\$ 282,231</u>

Note: During 2011, the District adopted GASB Statement No. 54. Prior fund balances were not restated.

**METUCHEN SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Modified Accrual Basis of Accounting)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Tax levy	\$ 25,920,604	\$ 27,431,684	\$ 28,680,671	\$ 29,594,979	\$ 30,602,715	\$ 31,721,615	\$ 32,274,593	\$ 32,821,197	\$ 33,354,035	\$ 34,483,655
Tuition charges	89,225	20,650	84,383	-	-	-	165,825	-	-	-
Interest earnings	20,918	461,901	1,149,890	5,417	63	-	-	-	-	-
Adult school	45,934	-	-	-	-	-	-	-	-	-
Miscellaneous	81,144	230,867	18,326	145,556	171,786	244,045	154,581	252,546	252,432	199,842
State sources	4,559,735	5,325,035	5,419,843	4,615,993	4,319,030	3,242,836	4,027,530	4,862,983	4,851,808	5,178,192
Federal sources	569,265	639,941	716,654	717,112	994,262	1,018,714	890,389	752,523	755,752	746,643
<b>Total revenue</b>	<b>31,286,825</b>	<b>34,110,078</b>	<b>36,069,767</b>	<b>35,079,057</b>	<b>36,087,856</b>	<b>36,227,210</b>	<b>37,512,918</b>	<b>38,689,249</b>	<b>39,214,027</b>	<b>40,608,332</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	9,337,925	9,876,641	10,178,614	10,617,659	10,948,023	10,726,949	11,005,651	10,786,662	10,926,652	11,916,406
Special education instruction	1,483,310	1,544,044	1,584,167	1,894,829	1,985,999	1,930,022	2,344,905	2,359,733	2,494,205	2,701,516
Other special instruction	984,435	1,152,574	1,159,503	1,264,739	1,208,484	1,044,426	1,043,678	1,063,003	1,114,160	1,098,004
<b>Support Services:</b>										
Tuition	1,323,496	1,581,980	1,699,526	1,942,786	1,978,134	2,060,871	2,123,690	2,213,443	2,406,025	2,156,707
Student & instruction related services	3,741,568	3,832,685	4,041,024	4,280,292	4,449,665	4,092,461	3,580,722	4,373,107	4,447,183	3,780,917
School administrative services	587,416	568,946	622,787	604,480	589,327	552,171	585,593	553,730	555,737	583,522
Other administrative services	1,331,374	1,421,317	1,459,235	1,603,381	1,460,782	1,492,134	1,525,306	1,598,850	1,658,896	1,854,484
Plant operations and maintenance	2,500,553	2,807,025	2,723,357	2,845,886	2,562,907	2,309,343	2,442,222	2,478,228	2,544,364	2,583,870
Pupil transportation	978,129	1,169,727	1,273,059	1,419,148	1,586,804	1,460,790	1,684,070	1,785,740	1,730,203	1,668,592
Unallocated employee benefits	5,698,113	6,739,049	7,099,546	6,374,777	6,836,568	6,929,704	7,328,395	8,506,549	8,235,263	8,377,443
Other support services	-	-	-	-	18,665	-	-	-	-	-
Special Schools	42,377	19,688	-	-	2,500	-	-	-	-	-
Capital outlay	3,789,570	16,200,719	8,846,564	859,969	606,563	407,725	79,681	462,712	766,228	1,046,613
<b>Debt service:</b>										
Principal	1,205,000	1,170,000	1,280,000	1,280,000	1,320,000	1,370,000	1,440,000	1,495,000	1,590,000	1,665,000
Interest and other charges	1,555,571	1,562,649	1,509,940	1,454,660	1,397,740	1,341,840	1,283,012	1,134,936	1,054,628	986,840
<b>Total expenditures</b>	<b>34,558,837</b>	<b>49,647,044</b>	<b>43,477,322</b>	<b>36,442,606</b>	<b>36,952,161</b>	<b>35,718,436</b>	<b>36,466,925</b>	<b>38,811,693</b>	<b>39,523,544</b>	<b>40,419,914</b>
Excess (Deficiency) of revenues over (under) expenditures	<u>(3,272,012)</u>	<u>(15,536,966)</u>	<u>(7,407,555)</u>	<u>(1,363,549)</u>	<u>(864,305)</u>	<u>508,774</u>	<u>1,045,993</u>	<u>(122,444)</u>	<u>(309,517)</u>	<u>188,418</u>
<b>Other Financing sources (uses)</b>										
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	-	-	-	(9,630,507)	-	-
Refunding bonds	-	-	-	-	-	-	-	8,620,000	319,999	-
Reoffering premium	-	-	-	-	-	-	-	666,107	-	-
Discount	-	-	-	-	-	-	-	(43,100)	-	-
Costs of issuance	-	-	-	-	-	-	-	(62,500)	-	-
Transfer Capital Outlay	-	-	-	-	444,941	-	-	-	-	-
Transfers in	-	-	-	-	218,592	-	-	-	-	-
Transfers out	-	-	-	-	(218,592)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444,941</b>	<b>-</b>	<b>-</b>	<b>(450,000)</b>	<b>319,999</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (3,272,012)</b>	<b>\$ (15,536,966)</b>	<b>\$ (7,407,555)</b>	<b>\$ (1,363,549)</b>	<b>\$ (419,364)</b>	<b>\$ 508,774</b>	<b>\$ 1,045,993</b>	<b>\$ (572,444)</b>	<b>\$ 10,482</b>	<b>\$ 188,418</b>
Debt service as a percentage of noncapital expenditures	9.0%	8.2%	8.1%	7.7%	7.5%	7.7%	7.5%	6.9%	6.8%	6.7%

Source: CAFR Schedule B-2

**METUCHEN SCHOOL DISTRICT  
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (Modified Accrual Basis of Accounting)**

Fiscal Year Ended June 30,	Interest Earned	Tuition	Rentals	Telephone Commissions	Adult Education
2006	\$ -	\$ 89,225	\$ 81,144	\$ -	\$ 45,934
2007	-	84,383	18,326	-	-
2008	111,651	84,383	18,326	-	-
2009	30,008	96,498	11,565	-	-
2010	15,558	124,727	14,500	-	-
2011	1,525	185,525	14,500	-	-
2012	-	165,825	15,000	-	-
2013	-	132,494	11,922	-	-
2014	-	127,087	12,252	-	-
2015	-	85,958	11,000	-	-

Source: District records

**METUCHEN SCHOOL DISTRICT  
 GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (Modified Accrual Basis of Accounting)**

Refunds	Transportation Fees	Insurance Claim Refund	Miscellaneous	Annual Totals
\$ -	\$ -	\$ -	\$ -	\$ 216,303
-	-	-	-	102,709
-	-	-	-	214,360
-	-	-	7,485	145,556
-	-	-	17,001	171,786
15,970	-	-	26,525	244,045
-	108,865	-	30,725	320,415
-	108,130	-	-	252,546
-	110,243	-	2,850	252,432
-	102,804	-	-	199,762

**METUCHEN SCHOOL DISTRICT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 UNAUDITED**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment
2006	\$ 8,908,100	\$ 782,521,700	\$ 112,776,600	\$ 38,358,100	\$ 19,128,400
2007	7,203,100	787,867,900	113,813,500	38,424,600	19,118,500
2008	7,471,400	791,612,800	113,083,100	37,991,600	17,342,100
2009	7,282,500	797,274,400	111,598,800	39,117,800	17,171,200
2010	9,762,200	795,616,400	109,058,200	39,401,800	16,709,200
2011	9,349,400	796,856,500	110,288,000	39,145,500	16,258,800
2012	8,891,700	797,570,600	110,815,100	38,296,000	16,258,800
2013	8,719,600	795,065,000	109,058,500	37,736,900	16,183,300
2014	8,509,000	802,952,900	108,942,000	37,676,400	15,883,800
2015	9,286,700	807,914,500	109,292,700	36,460,500	17,617,700

N/A - Information not currently available.

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

**(1)** Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

**(2)** Tax rates are per \$100

**METUCHEN SCHOOL DISTRICT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS  
 UNAUDITED**

<u>Total Assessed Value</u>	Less: Tax- Exempt Property	Public Utilities (1)	Net Valuation Taxable	Total Direct School Tax Rate (2)	Estimated Actual (County Equalized Value)
\$ 961,692,900	-	N/A	\$ 961,692,900	2.760	\$ 2,202,739,748
966,427,600	-	N/A	966,427,600	2.890	2,284,158,828
967,501,000	-	3,619,308	971,120,308	3.000	2,294,167,852
972,444,700	-	3,562,397	976,007,097	3.090	2,286,157,845
970,547,800	-	3,600,009	974,147,809	3.199	2,345,197,193
971,898,200	-	3,474,360	975,372,560	3.281	2,298,237,066
971,832,200	-	3,635,750	975,467,950	3.337	2,209,826,687
966,763,300	-	2,910,399	969,673,699	3.412	2,153,706,989
973,964,100	-	2,910,399	976,874,499	3.490	2,121,701,671
980,572,100	-	-	980,572,100	3.554	2,190,249,757

**METUCHEN SCHOOL DISTRICT  
DIRECT AND OVERLAPPING TAX RATES  
LAST TEN FISCAL YEARS  
UNAUDITED**

*(Rate Per \$100 of Assessed Value)*

Fiscal Year Ended June 30,	Metuchen Board of Education			Overlapping Rates		
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct	Boro	Middlesex county	Total Direct & Overlapping Tax Rate
2006	\$ 2.480	0.280	2.760	0.766	0.602	4.128
2007	2.590	0.300	2.890	0.830	0.660	4.380
2008	2.750	0.250	3.000	0.920	0.678	4.598
2009	2.800	0.250	3.050	0.959	0.729	4.738
2010	2.890	0.250	3.140	1.034	0.713	4.887
2011	3.057	0.250	3.307	1.072	0.790	5.169
2012	3.110	0.250	3.360	1.098	0.831	5.289
2013	3.190	0.240	3.430	1.127	0.850	5.407
2014	3.235	0.240	3.475	1.150	0.867	5.492
2015	3.314	0.240	3.554	1.205	0.883	5.642

N/A - Information not currently available.

Source: District Records and Municipal Tax Collector

- (1) The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.
- (2) Rates for debt service are based on each year's requirements.

**METUCHEN SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR  
UNAUDITED**

Taxpayer	2015	
	Taxable Assessed Value	% of Total District Net Assessed Value
Metuchen at Homestead LLC	\$ 5,080,000	0.52%
P & V Warehouse & Distribution Co.	4,198,800	0.43%
Redfield Village Apartments	3,800,000	0.39%
Metuchen Manor Apartments	3,110,500	0.32%
Extra Space Storage	3,000,000	0.31%
Metuchen I	2,670,000	0.27%
Bridgee and Middlesex	2,200,000	0.23%
New Wincup Holdings	2,100,000	0.22%
Carrier Realty	1,960,000	0.20%
Franco Brothers Realty	1,927,600	0.20%
Total	<u>\$ 30,046,900</u>	<u>3.09%</u>

**METUCHEN SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTION  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 25,920,604	\$ 25,920,604	100.00%	-
2007	27,431,684	27,431,684	100.00%	-
2008	28,680,671	28,680,671	100.00%	-
2009	29,594,979	29,594,979	100.00%	-
2010	30,602,715	30,602,715	100.00%	-
2011	31,721,615	31,721,615	100.00%	-
2012	32,274,593	32,274,593	100.00%	-
2013	32,821,197	32,821,197	100.00%	-
2014	33,354,035	33,354,035	100.00%	-
2015	34,483,655	34,483,655	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

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

**METUCHEN SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2006	\$ 36,867,000	\$ -	\$ -	\$ -	\$ -	\$ 36,867,000	N/A	2,802	
2007	35,697,000	-	-	-	-	35,697,000	N/A	2,715	
2008	34,492,000	-	-	-	-	34,492,000	N/A	2,624	
2009	33,287,000	-	-	-	-	33,287,000	N/A	N/A	
2010	31,892,000	-	-	-	-	31,892,000	N/A	2,612	
2011	30,522,000	-	-	-	-	30,522,000	N/A	2,622	
2012	29,082,000	-	-	-	-	29,082,000	N/A	2,616	
2013	27,610,000	-	-	-	-	27,610,000	N/A	2,002	
2014	26,020,000	-	319,999	-	-	26,339,999	N/A	1,891	
2015	24,355,000	-	258,830	-	-	24,613,830	N/A	1,624	

N/A - Information not currently available.

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

- (1) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**METUCHEN SCHOOL DISTRICT  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value (1) of Property	Per Capita (2)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 36,867,000	\$ -	\$ 36,867,000	2.47%	2,802
2007	35,697,000	-	35,697,000	3.69%	2,715
2008	34,492,000	-	34,492,000	3.55%	2,624
2009	33,212,000	-	33,212,000	N/A	N/A
2010	31,892,000	-	31,892,000	N/A	2,612
2011	30,522,000	-	30,522,000	N/A	2,622
2012	29,082,000	-	29,082,000	N/A	2,616
2013	27,610,000	-	27,610,000	N/A	2,016
2014	26,020,000	-	26,020,000	N/A	1,891
2015	24,355,000	-	24,355,000	N/A	1,761

N/A - Information not currently available.

(1) See Exhibit NJ J-6 for property tax data.

(2) Population data can be found in Exhibit NJ J-14.

Note: Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements.

**METUCHEN SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2015  
UNAUDITED**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Metuchen Borough	\$ 24,613,830	100%	\$ 24,613,830
<b>Other debt</b>			
Metuchen Borough	21,185,155	100%	21,185,155
Middlesex County	685,525,000	2.201%	<u>15,088,405</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 60,887,390</u></u>

**Sources:** Debt outstanding provided by each governmental unit.

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

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

**METUCHEN SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 53,015,725	\$ 85,616,394	\$ 85,422,457	\$ 91,526,460	\$ 92,270,235	\$ 92,394,561	\$ 91,376,813	\$ 86,801,741	\$ 85,673,065	\$ 86,208,779
Total net debt applicable to limit	<u>36,867,000</u>	<u>35,697,000</u>	<u>34,492,000</u>	<u>33,212,000</u>	<u>31,892,000</u>	<u>30,522,000</u>	<u>29,082,000</u>	<u>26,475,000</u>	<u>26,339,999</u>	<u>24,613,830</u>
Legal debt margin	<u>\$ 16,148,725</u>	<u>\$ 49,919,394</u>	<u>\$ 50,930,457</u>	<u>\$ 58,314,460</u>	<u>\$ 60,378,235</u>	<u>\$ 61,872,561</u>	<u>\$ 62,294,813</u>	<u>\$ 60,326,741</u>	<u>\$ 59,333,066</u>	<u>\$ 61,594,949</u>
Total net debt applicable to the limit as a percentage of debt limit	69.54%	41.69%	40.38%	36.29%	34.56%	33.03%	31.83%	30.50%	30.74%	28.55%

Source:	Year	Equalized Valuation Basis
Abstract of ratables and district records. Borough's Annual Debt Statement	2013	2,153,706,989
	2014	2,121,701,671
	2015	<u>2,190,249,757</u>
		<u>\$ 6,465,658,417</u>
Average equalized valuation of taxable property		<u>\$ 2,155,219,472</u>
Debt limit (4% of average equalization value)		\$ 86,208,779
Total net debt applicable to limit as of June 30, 2015		<u>-</u>
Legal debt margin		<u>\$ 86,208,779</u>

**METUCHEN SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED**

Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2006	13,383	N/A	N/A	3.2%
2007	13,035	N/A	N/A	4.9%
2008	13,005	N/A	N/A	4.3%
2009	13,047	N/A	N/A	5.8%
2010	13,096	N/A	N/A	7.8%
2011	13,590	N/A	N/A	8.0%
2012	13,648	N/A	N/A	8.7%
2013	13,691	N/A	N/A	8.9%
2014	13,759	N/A	N/A	4.3%
2015	13,826	N/A	N/A	4.2%

N/A - Information not currently available.

- (1)** Population information provided by the NJ Department of Labor and Workforce
- (2)** Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (3)** Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- (4)** Unemployment data provided by the NJ Department of Labor and Workforce Development.

**METUCHEN SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED**

<b>Employer</b>	<b>2015</b>		<b>2005</b>	
	<b>Employees</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Percentage of Total Employment</b>
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

N/A - Information not currently available.

**METUCHEN SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	138	145	148	146	145	147	146	146	146	146
Special education	28	29	29	29	30	32	34	34	34	35
Other instruction	9	10	10	10	10	10	10	10	10	10
Support Services:										
General administrative services	11	11	11	11	11	11	11	11	11	11
School administrative services	17	17	17	17	16	16	16	16	16	16
Business administrative services	5	5	5	5	5	5	5	5	5	5
Plant operations and maintenance	29	28	29	29	27	25	27	27	25	25
Pupil transportation	6	6	6	6	6	6	6	6	5	5
Total	<u>243</u>	<u>251</u>	<u>255</u>	<u>253</u>	<u>250</u>	<u>252</u>	<u>255</u>	<u>255</u>	<u>252</u>	<u>253</u>

**Source:** District Personnel Records

**METUCHEN SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED**

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)
2006	1,967	\$ 26,923,623	\$ 13,688	3.18%	194
2007	2,010	30,758,127	15,303	10.55%	194
2008	2,050	31,190,279	15,215	-0.58%	195
2009	2,052	31,692,803	15,445	1.49%	195
2010	2,055	31,677,192	15,415	-0.19%	194
2011	2,065	32,296,804	15,640	1.44%	194
2012	2,149	33,664,232	15,665	0.16%	194
2013	2,147	35,719,045	16,637	5.84%	194
2014	2,146	35,700,487	16,636	-0.01%	196
2015	2,173	36,214,854	16,666	0.18%	197

N/A - Information not currently available.

**Sources:** District records

**Note:** Enrollment based on annual October district count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay.
- (2) Teaching staff includes only full-time equivalents of certificated staff.
- (3) Average daily enrollment & average daily attendance are obtained from the School Registers.

**METUCHEN SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED**

Pupil/Teacher Ratio			Average Daily Enrollment (ADE) (3)	Average Daily Attendance (ADA) (3)	% Change in Average Daily Enrollment	Student Attendance Percentage
Elementary	Middle School	High School				
1:13	1:12	1:12	1,852	1,786	0.11%	90.80%
1:13	1:12	1:12	1,990	1,887	5.35%	93.88%
1:13	1:12	1:12	1,997	1,893	0.32%	92.34%
1:13	1:12	1:12	2,044	2,002	5.44%	97.56%
1:13	1:12	1:12	2,043	1,983	-0.97%	96.49%
1:13	1:12	1:12	2,050	1,986	0.16%	96.17%
1:13	1:12	1:12	2,142	2,102	5.52%	97.81%
1:13	1:12	1:12	2,098	2,007	-2.05%	93.48%
1:13	1:12	1:12	2,107	2,030	0.43%	96.00%
1:13	1:15	1:13	2,109	2,033	0.09%	97.00%

**METUCHEN SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>District Building</u></b>										
<b><u>Moss School</u></b>										
Square Feet	29,711	29,711	29,711	29,711	29,711	29,711	29,711	29,711	29,711	29,711
Capacity (students)	156	156	156	156	156	156	156	156	156	156
Enrollment	145	130	130	130	130	130	130	135	125	127
<b><u>Campbell School</u></b>										
Square Feet	57,768	57,768	57,768	57,768	57,768	57,768	57,768	57,768	57,768	57,768
Capacity (students)	439	439	439	439	439	439	439	439	439	439
Enrollment	629	631	685	690	692	695	705	669	658	643
<b><u>Edgar School</u></b>										
Square Feet	97,652	97,652	97,652	97,652	97,652	97,652	97,652	97,652	97,652	97,652
Capacity (students)	590	590	590	590	590	590	590	590	590	590
Enrollment	603	590	639	643	645	672	664	694	717	766
<b><u>Metuchen High School</u></b>										
Square Feet	108,124	108,124	108,124	108,124	108,124	108,124	108,124	108,124	108,124	108,124
Capacity (students)	617	617	617	617	617	617	617	617	617	617
Enrollment	590	638	621	608	603	611	614	627	646	654

N/A - Information not currently available.

**Source:** District's records

**METUCHEN SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE EXPENDITURES BY SCHOOL FACILITY  
LAST EIGHT FISCAL YEARS  
UNAUDITED**

<u>SCHOOL FACILITIES *</u>	<u>PROJECT # (s)</u>	<u>Total</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Moss School	N/A	\$ 445,143	\$ 73,194	\$ 71,680	\$ 44,392	\$ 50,449	\$ 31,198	\$ 76,769	\$ 52,479	\$ 44,982
Campbell School	N/A	865,906	97,323	119,467	143,109	138,356	70,176	111,936	100,075	85,464
Edgar School	N/A	975,124	110,522	191,148	85,902	126,208	74,619	88,228	160,558	137,939
Metuchen High School	N/A	1,076,721	119,914	95,574	166,777	150,136	49,365	127,868	197,661	169,426
Total Expenditures		<u>\$ 3,362,894</u>	<u>\$ 400,953</u>	<u>\$ 477,869</u>	<u>\$ 440,180</u>	<u>\$ 465,149</u>	<u>\$ 225,358</u>	<u>\$ 404,801</u>	<u>\$ 510,773</u>	<u>\$ 437,811</u>

N/A - Information not currently unavailable

**Source: District Records**

\* School facility as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Required maintenance, defined in N.J.A.C 6:24, The Educational Facilities Construction and Financing Act, includes expenditures for systems warranty purposes that are approved for repairs and replacements for the purpose of keeping a school facility open, comfortable and safe for use or in its original condition, including repairs and replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep the facility or fixtures in effective working condition. Required maintenance includes periodic or occasional inspection; adjustment, lubrication, and cleaning (non-janitorial) of buildings or fixtures; replacement of parts; and other actions to assure continuing service and to prevent breakdown.

**METUCHEN SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

<u>Company</u>	<u>Type of Coverage</u>	<u>2015 Coverage</u>	<u>2015 Deductible</u>
NJSIG	Property Blanket Building & Contents Replacement Cost Values Boiler & Machinery	\$70,909,938  \$1,000,000	\$5,000
NJSIG	Flood - All Flood Zones other than A& B Earthquake	\$10,000,000 \$50,000,000	
Steadfast Ins Co.	Pollution Liability	\$1,000,000	\$25,000
AIG	Pollution Liability -Mold	\$1,000,000	\$100,000
NJSIG	General Liability - Each Occurrence - General Aggregate - Products/Completed Operations - Personal Injury - Sexual Abuse Per Occurrence - Sexual Abuse Aggregate Limit - Medical Expense Limit (Excluding Students) - Employee Benefit Liability (EBL) - EBL Aggregate	\$11,000,000 N/A \$11,000,000 \$11,000,000 \$11,000,000 \$17,000,000 \$10,000  \$11,000,000 \$11,000,000	\$1,000
NJSIG	Automotive Coverage - Combined Single Limit - Hired/Non-Owned Autos - Uninsured & Underinsured - Personal Injury Protection - Medical Payments - Physical Damage - Hired Car Physical Damage maximum	\$11,000,000 \$11,000,000 \$1,000,000 \$250,000 \$10,000  \$110,000	\$1,000 \$1,000
NJSIG	Crime Coverage - Employee Dishonesty with Faithful Performance	\$50,000	
RLI	- Superintendent's Bond	\$2,000	
CNA	- Treasurer of School Monies	\$260,000	
CNA	- Board Secretary/Business Admin.	\$50,000	

**METUCHEN SCHOOL DISTRICT  
INSURANCE SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED**

<u>Company</u>	<u>Type of Coverage</u>	<u>2015 Coverage</u>	<u>2015 Deductible</u>
Fireman's Fund	Catastrophic Umbrella Coverage		
	- Occurrence Limit	\$50,000,000	
	- Aggregate Limit	\$50,000,000	
NJSIG	Educators Liability		
	- Coverage A: Liability Limit	\$11,000,000	
	- Coverage B: Each Claim	\$100,000	
	- Coverage B: Total Limit	\$300,000	
	- Deductible Each Claim	\$5,000	
Markel Ins Co	Accident - Volunteer Workers	\$25,000	
Monumental Life Ins Co.	Student Accident- Compulsory Program		
	- Benefit Period		10 years
NJSIG	Workers Compensation		
	- Employers Liability	\$2,000,000	
	- Professional Employee Payroll	\$18,776,781	
	- Non-Professional Employee Payroll	\$1,283,686	

# Single Audit Section

**Independent Auditors' 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**

Honorable President and Members  
of the Board of Education  
Metuchen School District  
County of Middlesex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metuchen School District, in the County of Middlesex, State of New Jersey (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2015. In our report, an emphasis of a matter paragraph was included, as more fully disclosed in Notes 1, 9 and 17 to the financial statements, to address the District's adoption of a new accounting principle. Our opinion was not modified with respect to this matter.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert A. Fodera  
Licensed Public School Accountant  
No. CS-00262500



Baker Tilly Virchow Krause, LLP

December 14, 2015  
Clark, New Jersey

**Independent Auditors' Report on Compliance  
for Each Major Federal and State Program and  
Report on Internal Control Over Compliance in  
Accordance with OMB Circular A-133  
and New Jersey OMB Circular 04-04**

Honorable President and Members  
of the Board of Education  
Metuchen School District  
County of Middlesex, New Jersey

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

We have audited Metuchen School District's, County of Middlesex, State of New Jersey (the "District") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

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

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey Circular OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and NJ OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.



Robert A. Fodera  
Licensed Public School Accountant  
No. CS-00262500



Baker Tilly Virchow Krause, LLP

December 14, 2015  
Clark, New Jersey

**METUCHEN SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (K-3)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Carryover/ (Walkover) Amount
			From	To		
<b>U.S. Department of Education</b>						
<b>Passed-through State Department of Education</b>						
<b>Special Revenue Fund:</b>						
Title I Part A, Grants to Local Education Agencies	84.010	\$ 107,825	07/01/14	06/30/15	\$ -	\$ -
Title I Part A, Grants to Local Education Agencies, Carryover	84.010	69,211	07/01/13	06/30/14	78,703	14,282
Title II, Part A - Improving Teacher Quality	84.367	44,278	07/01/14	06/30/15	-	-
Title II, Part A - Improving Teacher Quality, Carryover	84.367	43,875	07/01/13	06/30/14	36,515	7,361
Title III	84.365	10,223	07/01/14	06/30/15	-	-
Special Education Cluster (IDEA):						
I.D.E.A. Special Education States Grant BASIC	84.027	615,070	07/01/14	06/30/15	-	-
I.D.E.A. Special Education States Grant BASIC CO	84.027	596,363	07/01/13	06/30/14	580,444	15,919
I.D.E.A. Preschool	84.173	15,513	07/01/14	06/30/15	-	-
I.D.E.A. Preschool, CO	84.173	16,901	07/01/13	06/30/14	4,225	4,225
I.D.E.A. Prechool	84.173	15,277	09/01/12	08/31/13	10,765	-
I.D.E.A. Preschool, Carryover	84.173	16,800	09/01/11	08/31/12	4,106	4,106
Total Special Education Cluster (IDEA)					599,540	24,250
Total Special Revenue Fund					714,758	45,893
<b>U.S. Department of Agriculture</b>						
<b>Passed-through State Department of Education</b>						
<b>Enterprise Fund:</b>						
Healthy Hunger - free Kids Act	10.592	6,184	07/01/14	06/30/15	-	-
Healthy Hunger - free Kids Act - Carryover	10.592	6,633	07/01/13	06/30/14	353	-
Food Donation	10.550	38,060	07/01/14	06/30/15	-	-
National School Lunch Program	10.555	81,414	07/01/14	06/30/15	-	-
National School Lunch Program, Carryover	10.555	89,742	07/01/13	06/30/14	5,148	-
Total Enterprise Fund					5,501	-
Total Federal Financial Awards					\$ 720,259	\$ 45,893

**METUCHEN SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (K-3) (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable) June 30, 2014	Deferred Revenue June 30, 2014	Due to Grantor At June 30, 2015
\$ 55,243	\$ (101,278)	\$ -	\$ -	\$ (52,582)	\$ (6,546)	\$ -
78,703	(14,282)	-	-	-	-	-
12,937	(35,876)	-	-	(31,342)	(8,401)	-
36,515	(7,361)	-	-	-	-	-
-	(10,185)	-	-	(10,223)	(37)	-
315,353	(542,639)	-	-	(299,717)	(72,431)	-
580,444	(15,919)	-	-	-	-	-
-	(2,434)	-	-	(15,513)	(13,097)	-
2,841	(4,225)	-	-	(1,402)	-	-
10,765	-	-	-	-	-	-
4,106	(4,106)	-	-	-	-	-
913,509	(569,323)	-	-	(316,632)	(85,528)	-
1,096,907	(738,305)	-	-	(410,779)	(100,512)	-
5,837	(6,184)	-	-	(347)	-	-
353	-	-	-	-	-	-
38,060	(38,060)	-	-	-	-	-
76,657	(81,414)	-	-	(4,757)	-	-
5,148	-	-	-	-	-	-
126,055	(125,658)	-	-	(5,104)	-	-
<u>\$ 1,222,962</u>	<u>\$ (863,963)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (415,883)</u>	<u>\$ (100,512)</u>	<u>\$ -</u>

**METUCHEN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (K-4)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Carryover/ (Walkover) Amount
			From	To		
<b>State Department of Education</b>						
General Fund:						
Special Education Categorical Aid	495-034-5120-089	\$ 914,044	07/01/14	06/30/15	\$ -	\$ -
Special Education Categorical Aid Carryover	495-034-5120-089	914,044	07/01/13	06/30/14	73,255	-
Security Aid	495-034-5120-084	35,358	07/01/14	06/30/15	-	-
Transportation Aid	495-034-5120-014	59,865	07/01/14	06/30/15	-	-
Other Aids		42,150	07/01/14	06/30/15	-	-
Nonpublic School Trans. Costs	11-103-190	10,614	07/01/14	06/30/15	-	-
Nonpublic School Trans. Costs, Carryover	10-103-190	9,127	07/01/13	06/30/14	(9,127)	-
Extraordinary Special Education Costs Aid	495-034-5120-044	234,798	07/01/14	06/30/15	-	-
Extraordinary Special Education Costs Aid, Carryover	495-034-5120-044	216,681	07/01/13	06/30/14	216,681	-
* On-behalf T.P.A.F Pension/Medical	100-034-5095-001	2,076,453	07/01/14	06/30/15	-	-
Reimbursed T.P.A.F. Social Security Tax	100-034-5095-002	1,101,182	07/01/14	06/30/15	-	-
Reimbursed T.P.A.F. Social Security Tax, Carryover	495-034-5095-002	1,073,525	07/01/13	06/30/14	-	-
Total General Fund					<u>280,809</u>	<u>-</u>
Special Revenue Fund:						
N.J. Nonpublic Aid:						
Textbook Aid	100-034-5120-064	82,876	07/01/14	06/30/15	-	-
Nursing Services	100-034-5120-070	131,936	07/01/14	06/30/15	-	-
Technology	100-034-5120-373	44,512	07/01/14	06/30/15	-	-
Auxiliary Services:						
Transportation Aid	100-034-5120-067	16,268	07/01/14	06/30/15	-	-
Compensatory Education	100-034-5120-067	47,477	07/01/14	06/30/15	-	-
Compensatory Education, Carryover	100-034-5120-067	47,079	07/01/13	06/30/14	(17,120)	-
English as a Second Language	100-034-5120-067	10,049	07/01/14	06/30/15	-	-
Supplemental Instruction	100-034-5120-066	25,895	07/01/14	06/30/15	-	-
Supplemental Instruction, Carryover	100-034-5120-066	30,529	07/01/13	06/30/14	(12,489)	-
Examination and Classification	100-034-5120-066	51,337	07/01/14	06/30/15	-	-
Examination and Classification, Carryover	100-034-5120-066	50,962	07/01/13	06/30/14	(11,934)	-
Corrective Speech	100-034-5120-066	34,457	07/01/13	06/30/14	-	-
Corrective Speech, Carryover	100-034-5120-066	-	07/01/13	06/30/14	-	-
Home Instruction	100-034-5120-067	1,805	07/01/14	06/30/15	-	-
Home Instruction, Carryover	100-034-5120-067	4,681	07/01/13	06/30/14	4,681	-
Coaches Grant		67,718	02/01/15	08/31/15	-	-
Total Special Revenue Fund					<u>(35,138)</u>	<u>-</u>
Debt Service Fund:						
Debt Service Aid Type II	495-034-5120-017	262,992	07/01/14	06/30/15	(50,541)	-
Total Debt Service Fund					<u>-</u>	<u>-</u>
<b>State Department of Agriculture</b>						
Enterprise Fund:						
National School Lunch Program (State Share)-Carryover	100-034-5120-122	4,556	07/01/14	07/01/15	-	-
National School Lunch Program (State Share)	100-034-5120-122	4,736	07/01/13	06/30/14	252	-
Total Enterprise Fund					<u>252</u>	<u>-</u>
Total State Financial Assistance					<u>\$ 245,923</u>	<u>\$ -</u>

**METUCHEN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (K-4) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable) June 30, 2015	Deferred Revenue	Due to Grantor At June 30, 2015	MEMO	
							Budgetary Receivable	Cumulative Total Expenditures
\$ 827,289	\$ (914,044)	\$ -	\$ -	\$ (86,755)	\$ -	\$ -	\$ (86,755)	\$ (914,044)
73,255	-	-	-	-	-	-	-	-
35,358	(35,358)	-	-	-	-	-	-	(35,358)
59,865	(59,865)	-	-	-	-	-	-	(59,865)
42,150	(42,150)	-	-	-	-	-	-	(42,150)
-	(10,614)	-	-	(10,614)	-	-	-	(10,614)
9,127	-	-	-	-	-	-	-	-
-	(237,061)	-	-	(237,061)	-	-	-	(237,061)
216,681	-	-	-	-	-	-	-	-
2,076,453	(2,076,453)	-	-	-	-	-	-	(2,076,453)
1,046,508	(1,101,182)	-	-	(54,674)	-	-	-	(1,101,182)
53,446	-	-	-	-	-	-	-	-
<u>4,440,132</u>	<u>(4,476,727)</u>	<u>-</u>	<u>-</u>	<u>(389,104)</u>	<u>-</u>	<u>-</u>	<u>(86,755)</u>	<u>(4,476,727)</u>
82,876	(78,958)	-	-	(3,917)	-	3,917	-	(78,958)
131,936	(114,032)	-	-	(17,904)	-	17,904	-	(114,032)
44,512	(43,925)	-	-	(586)	-	586	-	(43,925)
16,268	(16,268)	-	-	-	-	-	-	(16,268)
47,477	(25,776)	-	-	(1,993)	-	21,701	-	(25,776)
-	-	-	17,120	-	-	-	-	-
10,049	(10,049)	-	-	-	-	-	-	(10,049)
25,895	(22,756)	-	-	-	-	3,139	-	(22,756)
-	-	-	12,489	-	-	-	-	-
51,337	(43,948)	-	-	-	-	7,389	-	(43,948)
-	-	-	11,934	-	-	-	-	-
34,457	(34,457)	-	-	-	-	-	-	(34,457)
-	-	-	-	-	-	-	-	-
-	(1,805)	-	-	(1,805)	-	-	-	(1,805)
4,681	-	-	-	-	-	-	-	-
-	(60,000)	-	-	-	-	-	-	(60,000)
<u>449,488</u>	<u>(451,974)</u>	<u>-</u>	<u>41,543</u>	<u>(26,205)</u>	<u>-</u>	<u>54,636</u>	<u>-</u>	<u>(451,974)</u>
262,992	(262,992)	-	-	-	-	-	-	(262,992)
<u>262,992</u>	<u>(262,992)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(262,992)</u>
4,171	(4,556)	-	-	(384)	-	-	-	(4,556)
252	-	-	-	-	-	-	-	-
<u>4,423</u>	<u>(4,556)</u>	<u>-</u>	<u>-</u>	<u>(384)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,556)</u>
<u>\$ 5,157,035</u>	<u>\$ (5,196,249)</u>	<u>\$ -</u>	<u>\$ 41,543</u>	<u>\$ (415,693)</u>	<u>\$ -</u>	<u>\$ 54,636</u>	<u>\$ (86,755)</u>	<u>\$ (5,196,249)</u>

## Metuchen School District

### Notes to Schedules of Expenditures of Federal and State Awards

Year ended June 30, 2015

#### **1. General**

The accompanying schedules of expenditures of federal and state awards present the activity of all federal and state award programs of the Metuchen School District (District). The District is defined in Note 1 to the District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included on the schedules of expenditures of federal and state awards.

#### **2. Basis of Accounting**

The accompanying schedules of expenditures of federal and state awards are presented using the modified accrual basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting, and those recorded in the Special Revenue Fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

#### **3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with or reconcile to amounts reported in the basic financial statements which present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements and schedules (RSI) are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

## Metuchen School District

Notes to Schedules of Expenditures of  
Federal and State Awards

Year ended June 30, 2015

**3. Relationship to Basic Financial Statements (continued)**

The General Fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last two state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last two state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$13,501 for the General Fund. See the Note to Required Supplementary Information (C-3) for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General Fund and Special Revenue Fund. Financial award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 8,338	\$ 4,463,226	\$ 4,471,564
Special Revenue Fund	738,305	451,974	1,190,279
Debt Service Fund	-	262,992	262,992
Proprietary Fund	119,474	4,556	124,030
Total Awards & Financial Assistance	<u>\$ 866,117</u>	<u>\$ 5,182,748</u>	<u>\$ 6,048,865</u>

**4. Relationship to Federal and State Financial Reports**

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

**5. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions respectively. TPAF Social Security and Post Retirement/Medical Benefits Contributions represent the amounts reimbursed by the State for the employer's share of social security contributions and Post Retirement/Medical Benefits for TPAF members for the year ended June 30, 2015. The TPAF post retirement/medical benefits expenditures are not subject to New Jersey OMB Circular 04-04.

Metuchen School District  
Schedule of Findings and Questioned Costs

June 30, 2015

**Part I-Summary of Auditors' Results**

**Financial Statement Section**

- (i) Type of auditors' report issued: Unmodified
- (ii) Internal control over financial reporting:
- Material weakness(es) identified?            Yes   ✓   No
- Significant deficiency(ies) identified?            Yes   ✓   None Reported
- (iii) Noncompliance material to financial statements noted?            Yes   ✓   No

**Federal and State Awards Section**

- (viii) Dollar threshold used to determine Type A programs: Federal - \$300,000 State - \$300,000
- (ix) Auditee qualified as low-risk auditee?   ✓   Yes            No
- (v) Type of auditors' report on compliance for major federal and state programs: Unmodified
- (iv) Internal control over compliance for major federal and state programs:
- Material weakness(es) identified?            Yes   ✓   No
- Significant deficiency(ies) identified?            Yes   ✓   None Reported
- (v) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a)) and New Jersey OMB Circular 04-04?            Yes   ✓   No

Metuchen School District  
Schedule of Findings and Questioned Costs

June 30, 2015

**Part I-Summary of Auditors Results (continued)**

**Federal and State Awards Section (continued)**

(vii) Identification of major federal and state programs:

<u>CFDA Number(s) or State Program Number</u>	<u>Name of Federal or State Program or Cluster</u>
Federal:	Special Education Cluster (IDEA):
84.027	Special Education - Grants to States (IDEA, Part B)
84.173	Special Education - Grants to States (IDEA Preschool)
State:	
100-034-5095-002	Reimbursed T.P.A.F. Social Security Tax

Metuchen School District  
Schedule of Findings and Questioned Costs

June 30, 2015

**Part II-Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Metuchen School District  
Schedule of Findings and Questioned Costs

June 30, 2015

**Part III-Federal and State Award Findings and Questioned Costs**

No federal or state award findings and questioned costs noted that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and New Jersey OMB Circular 04-04.

Metuchen School District  
Summary Schedule of Prior Audit Findings

June 30, 2014

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

STATUS OF FINDINGS

There were no prior-year audit findings for the fiscal year ended June 30, 2014 that we are required to report on.