

# **METUCHEN SCHOOL DISTRICT**

Metuchen, New Jersey

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014**

METUCHEN SCHOOL DISTRICT

METUCHEN, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

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, 2014**

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<b>Page</b>
Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7

**FINANCIAL SECTION**

<b>Independent Auditors' Report</b>	8-10
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	11-19

**Basic Financial Statements**

A. District-Wide Financial Statements

A-1 Statement of Net Position	20
A-2 Statement of Activities	21

B. Fund Financial Statements

Governmental Funds:

B-1 Balance Sheet	22
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	23
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24

Proprietary Funds:

B-4 Statement of Net Position	25
B-5 Statement of Revenues, Expenses and Changes in Net Position	26
B-6 Statement of Cash Flows	27

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	28
B-8 Statement of Changes in Fiduciary Net Position	29

<b>Notes to the Basic Financial Statements</b>	30-50
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE METUCHEN SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS (Continued)**

**FINANCIAL SECTION (Continued)**

	<b>Page</b>
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	51-54
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	N/A
C-2 Budgetary Comparison Schedule – Special Revenue Fund	55
<b>Note to the Required Supplementary Information</b>	
C-3 Budget-to-GAAP Reconciliation	56
<b>Other Supplementary Information</b>	
E. Special Revenue Fund	
E-1 Combining Schedule of Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	57-60
E-2 Schedule of Preschool Education Aid Expenditures- Budgetary Basis	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	61
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	62
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status- Budgetary Basis	63-64

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE METUCHEN SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS (Continued)**

**FINANCIAL SECTION (Continued)**

	<b>Page</b>
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	65
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position	66
G-3 Combining Statement of Cash Flows	67
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A
H. Fiduciary Funds	
H-1 Combining Statement of Fiduciary Net Position	68
H-2 Combining Statement of Changes in Fiduciary Net Position	69
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	70
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	71
I. Long-Term Debt	
I-1 Schedule of Serial Bonds Payable	72-73
I-2 Schedule of Obligations Under Capital Leases	74
I-3 Debt Service Fund Budgetary Comparison Schedule	75

**STATISTICAL SECTION (Unaudited)**

Financial Trends	
J-1 Net Position by Component	76
J-2 Change in Net Position	77
J-3 Fund Balances – Governmental Funds	78
J-4 Changes in Fund Balances – Governmental Funds	79
J-5 General Fund Other Local Revenue by Source	80-81
Revenue Capacity	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	82-83
J-7 Direct and Overlapping Property Tax Rates	84
J-8 Principal Property Taxpayers	85
J-9 Property Tax Levies and Collections	86
Debt Capacity	
J-10 Ratios of Outstanding Debt by Type	87
J-11 Ratios of General Bonded Debt Outstanding	88
J-12 Ratios of Overlapping Governmental Activities Debt	89
J-13 Legal Debt Margin Information	90

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE METUCHEN SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS (Continued)**

	<b>Page</b>
Demographic and Economic Information	
J-14 Demographic and Economic Statistics	91
J-15 Principal Employers	92
Operating Information	
J-16 Full-time Equivalent District Employees by Function/Program	93
J-17 Operating Statistics	94-95
J-18 School Building Information	96
J-19 Schedule of Required Maintenance Expenditures by School Facility	97
J-20 Insurance Schedule	98-99
 <b>SINGLE AUDIT SECTION</b> 	
K-1 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	100-101
K-2 Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB Circular 04-04	102-104
K-3 Schedule of Expenditures of Federal Awards, Schedule A	105-106
K-4 Schedule of Expenditures of State Financial Assistance, Schedule B	107-108
K-5 Notes to Schedules of Awards and State Awards	109-111
K-6 Schedule of Findings and Questioned Costs	
Part I - Summary of Auditors' Results	112-113
Part II - Financial Statement Section	114
Part III - Federal and State Award Section	115
K-7 Summary Schedule of Prior-Year Audit Findings	116

**INTRODUCTORY SECTION**

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

December 1, 2014

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, 2014. 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 2,100 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 2013- 2014 fiscal year with an enrollment of 2125 students which is about 5 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 2014-2015.

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 2014 - 2015 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 92.5% of the Class of 2014 pursuing post-secondary education. Of the 159 graduates in the Class of 2014, 1 student was designated as a National Merit Finalist and 5 students were designated National Merit Commended Scholars. Our SAT scores exceeded state and national averages with the MHS Class of 2014 averaging 545 in Critical Reading, 560 in Mathematics, and 561 in Writing.

Metuchen School District employs highly competent teaching, supervisory and administrative staff with approximately 55% certified with a BA degree, 42% 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.

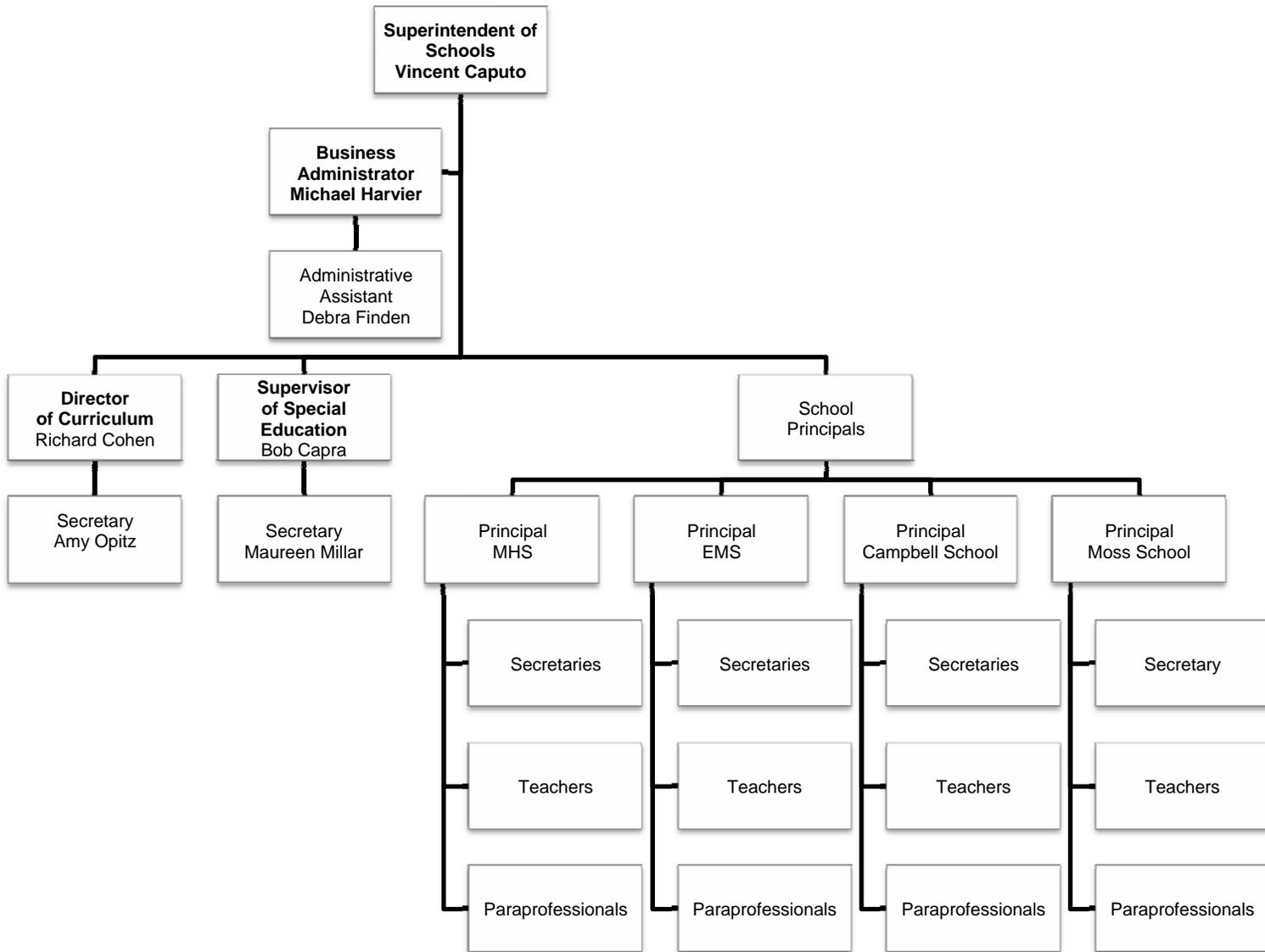
Respectfully Submitted,



Vincent Caputo  
Superintendent



Michael Harvier  
Business Administrator/Board Secretary



**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2014**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Jonathan Lifton, President	2016
Jacqueline Gibson, Vice-President	2014
Rose de Vries	2016
Dan E. Benderly	2014
Michael Stern	2016
Arthur Flaherty, Sr.	2014
Lea Lanton	2015
Tara Matisse	2015
Aileen McGuire	2015
<b><u>Other Officials</u></b>	
Vincent Caputo, Superintendent of Schools	
Michael Harvier, Business Administrator/Board Secretary	
Richard Cohen, Director of Curriculum	
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**

Schwartz, Simon, Edelstein & Celso, LLP  
44 Whippany Road  
Suite 210  
Morristown, NJ 07981

**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, 2014, 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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, 2014 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 11-19 and 51-56, 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 2, 2014 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 2, 2014  
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, 2014  
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, 2014. 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 2014 are as follows:

- ◆ In total, net position decreased by \$164,036 which represents a 1% decrease from 2013.
- ◆ General revenues accounted for \$37,835,057 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$2,083,792 or 5% of total revenues of \$39,918,879.
- ◆ Total assets of governmental activities decreased by \$1,115,387. Cash and cash equivalents and receivable decreased by \$1,417, liabilities decreased by \$946,804 and net capital assets decreased by \$1,241,602.
- ◆ The School District had \$40,082,885 in expenses; only \$2,083,792 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$37,835,057 were adequate to provide for these programs.
- ◆ Among governmental funds, the general fund had \$35,170,132 in revenues and \$35,700,487 in expenditures. The general fund's fund balance decreased by \$634,610 over 2013. 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.

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.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**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 2014?" 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, 2014 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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**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 50 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 2014 and 2013.

**Table 1 – Net Position**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>Assets</b>		
Current and other assets	\$ 4,734,264	\$ 4,597,694
Capital assets	39,910,271	41,158,471
<b>Total assets</b>	<u>44,644,535</u>	<u>45,756,165</u>
<b>Liabilities</b>		
Long-term liabilities	27,384,204	28,583,246
Other liabilities	1,347,864	1,096,415
<b>Total liabilities</b>	<u>28,732,068</u>	<u>29,679,661</u>
<b>Net Position</b>		
Net investment in capital assets	14,908,398	13,477,297
Restricted	1,993,016	1,756,385
Unrestricted	(988,947)	842,822
<b>Total net position</b>	<u>\$ 15,912,467</u>	<u>16,076,503</u>

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

Table 2 shows the changes in net position from fiscal years 2014 and 2013.

**Table 2 – Changes in Net Position**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>Revenues</b>		
Program Revenues	\$ 578,874	\$ 519,176
Operating grants and contributions	1,504,918	1,504,496
<b>General Revenues</b>		
Property taxes	33,354,035	32,821,197
Grants and entitlements	4,228,349	4,239,306
Other	252,703	190,721
<b>Total revenues</b>	<u>39,918,879</u>	<u>39,274,896</u>
<b>Expenses</b>		
Program Expenses		
Instruction	21,379,670	21,188,313
<b>Support services</b>		
Pupils and instructional staff	8,193,205	7,942,630
General administration, school administration, business operations and maintenance of facilities	6,497,500	6,239,436
Pupil transportation	2,105,130	2,173,458
Interest on debt	1,090,274	1,337,057
Business - type activities	664,034	644,668
Other	153,072	158,114
<b>Total expenses</b>	<u>40,082,885</u>	<u>39,683,676</u>
<b>(Decrease) increase in net position</b>	<u>\$ (164,036)</u>	<u>\$ (408,780)</u>

**Governmental Activities**

The District's total governmental revenues as they appear on A-2 were \$39,214,298 for the year ended June 30, 2014. Property taxes made up 85% of revenues for governmental activities for fiscal year 2013 and 85% for the fiscal year 2014. Property tax revenue increased from 2013 by \$532,838. The federal, state, and local grants totaled 10% of revenue for governmental activities for the Metuchen Public School District for fiscal year 2013 and 11% for fiscal year 2014.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

**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 revenues exceeded expenses by \$7,708 in 2014 and by \$5,784 in 2013.
- ◆ The after school program revenues exceeded expenses by \$32,839 in 2014 and expenses exceeded revenues by \$2,980 in 2013.
- ◆ Charges for services represent \$578,874 of revenue in 2014 and \$519,176 in 2013. 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 \$125,707 in 2014 and \$128,296 in 2013.

**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 2014</u>	<u>Net Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>
<b>Instruction</b>				
Governmental activities:				
Instruction	\$21,379,670	\$(21,379,670)	\$ 21,188,313	\$(21,188,313)
Support Services:				
Instruction	8,193,205	(7,076,745)	7,942,630	(6,829,600)
General administrative services	6,650,572	(6,650,572)	6,397,550	(6,397,550)
School administrative services, Operations and maintenance of plant				
Pupil transportation	2,105,130	(2,105,130)	2,173,458	(2,173,458)
Interest on long-term debt	1,090,274	(827,523)	1,337,057	(1,073,887)
	<u>\$39,418,851</u>	<u>\$(38,039,640)</u>	<u>\$ 39,039,008</u>	<u>\$(37,662,808)</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.

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

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.

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.

"Other" includes special schools and unallocated depreciation.

**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 \$39,214,027 and expenditures of \$39,523,544. The net change in fund balance for the year was an increase of \$10,482.

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, 2013 and 2014, and the amount and percentage of increases and decreases in relation to prior year revenues:

<b>2014</b>				
<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2013</u>	<u>Percent Increase/ (Decrease)</u>
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>
<b>2013</b>				
<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2013</u>	<u>Percent Increase/ (Decrease)</u>
Local source	\$ 32,821,197	85%	\$ 546,604	2%
State sources	4,862,983	12%	835,453	.2%
Federal sources	752,523	2%	(137,860)	.4%
Miscellaneous	252,546	1%	(67,860)	-.1%
Total	<u>\$ 38,689,249</u>	<u>100%</u>	<u>\$ 1,176,328</u>	<u>.1%</u>

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

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

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, 2014 and 2013 and the amount and percentage of increases and decreases in relation to the prior year:

<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>
<b>2013</b>				
<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase/ (Decrease) From 2012</b>	<b>Percent Increase/ (Decrease)</b>
Current				
Instruction	\$ 14,209,398	37%	\$ (184,836)	-1%
Undistributed expenditures	21,509,647	55%	2,239,649	12%
Capital outlay	462,712	1%	383,031	481%
Debt service				
Principal	1,495,000	4%	55,000	4%
Interest	1,134,936	3%	(148,076)	-12%
Total	<u>\$ 38,811,693</u>	<u>100%</u>	<u>\$ 2,344,768</u>	<u>6%</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, 2014  
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 2014, 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 2014, the District's governmental activities had \$39,828,926 invested in land, buildings and improvement, furniture and equipment, and vehicles. Table 4 shows fiscal 2013 balances compared to 2014.

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

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Land	\$ 178,952	\$ 178,952
Construction in Progress	1,016,846	250,618
Buildings and improvements	38,414,387	40,392,760
Machinery and equipment	218,741	248,198
	<hr/>	<hr/>
Totals	<u>\$ 39,828,926</u>	<u>\$ 41,070,528</u>

**METUCHEN SCHOOL DISTRICT  
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

The overall cost of the capital assets decreased \$1,241,602 from fiscal year 2014 to fiscal year 2013. Depreciation expenses for the District totaled \$2,027,972 for the fiscal year 2014. The business office identified \$2,007,830 of depreciation expense and allocated the amount among the various governmental functions. The remaining depreciation expense of \$20,142 was recorded in the business type activities. The notes to the basic financial statements provide the reader with more detailed information.

**Debt Administration**

At June 30, 2014, the District had \$27,384,206 as outstanding debt. Of this amount \$1,044,207 is for compensated absences, \$319,999 for capital leases and the balance \$26,020,000 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 \$821,473 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](mailto: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, 2014**

A-1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,859,832	\$ 253,727	\$ 2,113,559
Account receivables	1,375,072	5,504	1,380,576
Internal balances	92,382	(92,382)	-
Due From Leasing Company	319,999	-	319,999
Inventory	-	6,258	6,258
Restricted assets:			
Cash and cash equivalents	913,872	-	913,872
Capital assets, net	39,828,926	81,345	39,910,271
 Total Assets	 44,390,083	 254,452	 44,644,535
<b>LIABILITIES</b>			
Cash overdraft	561,192	-	561,192
Accounts payable	322,524	2,610	325,134
Unearned revenue	217,860	-	217,860
Accrued interest payable	243,678	-	243,678
Noncurrent liabilities:			
Due within one year	1,726,169	-	1,726,169
Due beyond one year	25,658,035	-	25,658,035
 Total Liabilities	 28,729,458	 2,610	 28,732,068
<b>NET POSITION</b>			
Net investment in capital assests	14,827,053	81,345	14,908,398
Restricted for:			
Other purposes	1,993,016	-	1,993,016
Unrestricted	(1,159,444)	170,497	(988,947)
 Total Net Position	 \$ 15,660,625	 \$ 251,842	 \$ 15,912,467

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, 2014**

A-2

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	\$ 16,395,357	\$ -	\$ -	\$ -	\$ (16,395,357)	\$ -	\$ (16,395,357)
Special education programs	3,575,539	-	-	-	(3,575,539)	-	(3,575,539)
Other instructional programs	1,408,774	-	-	-	(1,408,774)	-	(1,408,774)
Support services:							
Instruction	2,406,025	-	1,116,460	-	(1,289,565)	-	(1,289,565)
Student and instruction related services	5,787,180	-	-	-	(5,787,180)	-	(5,787,180)
General administrative services	820,142	-	-	-	(820,142)	-	(820,142)
School administrative services	2,138,112	-	-	-	(2,138,112)	-	(2,138,112)
Plant operations and maintenance	3,539,246	-	-	-	(3,539,246)	-	(3,539,246)
Pupil transportation	2,105,130	-	-	-	(2,105,130)	-	(2,105,130)
Business and other support services	153,072	-	-	-	(153,072)	-	(153,072)
Interest on long-term debt	1,090,274	-	262,751	-	(827,523)	-	(827,523)
<b>Total governmental activities</b>	<b>39,418,851</b>	<b>-</b>	<b>1,379,211</b>	<b>-</b>	<b>(38,039,640)</b>	<b>-</b>	<b>(38,039,640)</b>
<b>Business-type activities:</b>							
Food service	535,443	417,444	125,707	-	-	7,708	7,708
After school program (The Zone)	128,591	161,430	-	-	-	32,839	32,839
<b>Total business-type activities</b>	<b>664,034</b>	<b>578,874</b>	<b>125,707</b>	<b>-</b>	<b>-</b>	<b>40,547</b>	<b>40,547</b>
<b>Total primary government</b>	<b>\$ 40,082,885</b>	<b>\$ 578,874</b>	<b>\$ 1,504,918</b>	<b>\$ -</b>	<b>(38,039,640)</b>	<b>40,547</b>	<b>(37,999,093)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes, net					30,972,158	-	30,972,158
Taxes levied for debt service					2,381,877	-	2,381,877
Federal and State aid restricted					4,228,349	-	4,228,349
Miscellaneous Income					252,673	-	252,673
<b>Total general revenues</b>					<b>37,835,057</b>	<b>-</b>	<b>37,835,057</b>
Change in Net Position					(204,583)	40,547	(164,036)
Net Position—beginning					15,865,208	211,295	16,076,503
Net Position—ending					<b>\$ 15,660,625</b>	<b>\$ 251,842</b>	<b>\$ 15,912,467</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, 2014**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,773,296	\$ -	\$ -	\$ 86,538	\$ 1,859,834
Due from other funds	193,469	-	104,225	91	297,785
Due from leasing Company	-	-	319,999	-	319,999
Receivables from other governments	279,277	812,958	282,837	-	1,375,072
Restricted cash - capital reserve account	913,872	-	-	-	913,872
<b>TOTAL ASSETS</b>	<b>\$ 3,159,914</b>	<b>\$ 812,958</b>	<b>\$ 707,061</b>	<b>\$ 86,629</b>	<b>\$ 4,766,562</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Cash overdraft	\$ -	\$ 561,192	\$ -	\$ -	\$ 561,192
Accounts payable	168,897	153,627	-	-	322,524
Due to other funds	143,434	-	61,969	-	205,403
Unearned revenue	119,721	98,139	-	-	217,860
<b>Total liabilities</b>	<b>432,052</b>	<b>812,958</b>	<b>61,969</b>	<b>-</b>	<b>1,306,979</b>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Emergency Reserve	300,000	-	-	-	300,000
Maintenance reserve	250,000	-	-	-	250,000
Capital reserve account	363,872	-	-	-	363,872
Debt service	-	-	-	86,629	86,629
<b>Committed to:</b>					
Encumbrances	772,517	-	-	-	772,517
<b>Assigned to:</b>					
Subsequent year's expenditures	220,000	-	-	-	220,000
Capital purposes	-	-	645,092	-	645,092
<b>Unassigned:</b>					
Unrestricted	821,473	-	-	-	821,473
<b>Total fund balances</b>	<b>2,727,862</b>	<b>-</b>	<b>645,092</b>	<b>86,629</b>	<b>3,459,583</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,159,914</b>	<b>\$ 812,958</b>	<b>\$ 707,061</b>	<b>\$ 86,629</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$62,285,578 and the accumulated depreciation is \$22,456,652.

39,828,926

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	(26,020,000)
Accrued interest on bonds	(243,678)
Capital Lease Payable	(319,999)
Compensated absences	(1,044,207)
	<u>(27,627,884)</u>

Net assets of governmental activities

\$ 15,660,625

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, 2014**

B-2

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	\$ 30,972,158	\$ -	\$ -	\$ 2,381,877	\$ 33,354,035
Transportation fees from Individuals	110,243	-	-	-	110,243
Miscellaneous	142,189	-	-	-	142,189
Total - Local Sources	31,224,590	-	-	2,381,877	33,606,467
State sources	3,945,542	360,708	282,807	262,751	4,851,808
Federal sources	-	755,752	-	-	755,752
<b>TOTAL REVENUES</b>	<b>35,170,132</b>	<b>1,116,460</b>	<b>282,807</b>	<b>2,644,628</b>	<b>39,214,027</b>
<b>EXPENDITURES</b>					
Current:					
Regular instruction	10,744,565	182,087	-	-	10,926,652
Special education instruction	2,494,205	-	-	-	2,494,205
Other special instruction	1,114,160	-	-	-	1,114,160
Support services:					
Tuition	2,406,025	-	-	-	2,406,025
Student & instruction related services	3,512,810	934,373	-	-	4,447,183
School administrative services	555,737	-	-	-	555,737
Other administrative services	1,658,896	-	-	-	1,658,896
Plant operations and maintenance	2,544,364	-	-	-	2,544,364
Pupil transportation	1,730,203	-	-	-	1,730,203
Employee benefits	8,235,263	-	-	-	8,235,263
Debt service:					
Principal	-	-	-	1,590,000	1,590,000
Interest and other charges	-	-	-	1,054,628	1,054,628
Capital outlay	704,259	-	61,969	-	766,228
<b>TOTAL EXPENDITURES</b>	<b>35,700,487</b>	<b>1,116,460</b>	<b>61,969</b>	<b>2,644,628</b>	<b>39,523,544</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(530,355)</b>	<b>-</b>	<b>220,838</b>	<b>-</b>	<b>(309,517)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers:					
Transfer in(out)	(104,255)	-	104,255	-	-
Sources (Uses) of Refunding Bond Issue:					
Leasing Proceeds	-	-	319,999	-	319,999
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(104,255)</b>	<b>-</b>	<b>424,254</b>	<b>-</b>	<b>319,999</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(634,610)</b>	<b>-</b>	<b>645,092</b>	<b>-</b>	<b>10,482</b>
<b>FUND BALANCE - July 1</b>	<b>3,362,472</b>	<b>-</b>	<b>-</b>	<b>86,629</b>	<b>3,449,101</b>
<b>FUND BALANCE - June 30</b>	<b>\$ 2,727,862</b>	<b>\$ -</b>	<b>\$ 645,092</b>	<b>\$ 86,629</b>	<b>\$ 3,459,583</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, 2014**

B-3

**Total net change in fund balances - governmental funds (from B-2)** \$ 10,482

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	\$ (2,007,830)	
Capital outlays	<u>766,228</u>	(1,241,602)

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. 1,590,000

The receipt (repayment) of extended term financing is an other financing source (use) in the governmental funds, but the receipt (repayment) increases (reduces) long-term liabilities in the statement of net position. This is the amount of proceeds from issuance of extended term financing. (319,999)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. (35,644)

Bond issuance costs are reported in the governmental funds as expenditures in the year the bonds are issued. During the year ended June 30, 2014, the District adopted GASB Statement No. 65 and expensed all remaining, unamortized bond issuance costs; such amounts were not material to the district-wide financial statements and restatement of beginning net position was not considered necessary. (137,098)

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 (+). (70,722)

**Change in net position of governmental activities** \$ (204,583)

**METUCHEN SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

B-4

	<u>Enterprise Funds Totals</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 253,727
Accounts receivable	5,504
Interfund receivables	39,117
Inventories	<u>6,258</u>
Total current assets	<u>304,606</u>
Noncurrent assets:	
Furniture, machinery & equipment	397,251
Less accumulated depreciation	<u>315,906</u>
Total noncurrent assets	<u>81,345</u>
<b>TOTAL ASSETS</b>	<u><u>385,951</u></u>
<b>LIABILITIES AND NET ASSETS</b>	
Current liabilities:	
Overdraft payable	-
Accounts payable	2,610
Interfund payable	<u>131,499</u>
Total current liabilities	<u>134,109</u>
<b>NET POSITION</b>	
Net investment in capital assets	81,345
Unrestricted	<u>170,497</u>
Total net position	<u><u>\$ 251,842</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, 2014**

B-5

	Enterprise Funds Totals
<b>OPERATING REVENUES:</b>	
Local sources:	
Food service sales	\$ 417,444
Registration fees	161,430
	578,874
<b>OPERATING EXPENSES:</b>	
Salaries	265,433
Employee benefits	74,001
Cost of sales	234,544
Supplies and materials	30,983
Repairs and maintenance	15,979
Insurance	1,607
Management service fee	20,429
Miscellaneous	916
Depreciation	20,142
	664,034
<b>OPERATING LOSS</b>	<b>(85,160)</b>
<b>NONOPERATING REVENUES:</b>	
State sources:	
State school lunch program	4,736
Federal sources:	
National school lunch program	91,548
Food Distribution Program	29,423
	125,707
<b>TOTAL NONOPERATING REVENUES</b>	<b>125,707</b>
<b>CHANGE IN NET POSITION</b>	<b>40,547</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>211,295</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 251,842</b>

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, 2014**

B-6

	Enterprise Funds Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 579,350
Payments to employees	(265,433)
Payments for employee benefits	(74,001)
Payments to suppliers	(304,425)
Net cash used in operating activities	(64,509)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Sources	4,736
Federal Sources	120,971
Local Sources - Interfund changes	(92,488)
Net cash provided by non-capital financing activities	33,219
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(13,541)
Net decrease in cash and cash equivalents	(44,831)
Cash and cash equivalents	
Balances—beginning of year	298,558
Balances—end of year	\$ 253,727
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (85,160)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	20,142
Increase in accounts receivable	476
Decrease in inventories	(424)
Decrease in accounts payable	457
Total adjustments	20,651
Net cash used in operating activities	\$ (64,509)

**Noncash Noncapital Financing Activities:**

During the year, the District received \$29,423 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, 2014**

B-7

	Unemployment Compensation Trust	Private Purpose Fund	Agency Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 226,580	\$ 10,955	\$ 397,276
Total assets	226,580	10,955	\$ 397,276
<b>LIABILITIES</b>			
Payable to student groups	-	-	187,249
Payroll deductions and withholdings	-	-	210,027
Total liabilities	-	-	\$ 397,276
<b>NET POSITION</b>			
Held in trust for unemployment claims and other purposes	\$ 226,580	\$ 10,955	

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, 2014**

B-8

	Unemployment Compensation Trust	Private Purpose Fund
<b>ADDITIONS</b>		
Contributions:		
Plan members	\$ 52,013	\$ -
Other	-	12,829
	52,013	12,829
Total Contributions	52,013	12,829
Investment earnings:		
Interest	10	-
	10	-
Total additions	52,023	12,829
<b>DEDUCTIONS</b>		
Quarterly contribution reports	33,913	-
Scholarships awarded	-	12,233
	33,913	12,233
Total deductions	33,913	12,233
Change in net position	18,110	596
Net position—beginning of the year	208,470	10,359
Net position—end of the year	\$ 226,580	\$ 10,955

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, 2014

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 senior 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, 2014

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.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

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

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds 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.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

*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.

New Accounting Principles

The District adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended June 30, 2014. GASB No. 65 provides financial reporting guidance related to the impact on the financial statements of deferred outflows of resources and deferred inflows of resources, such as changes in the use of the term deferred in financial statement presentations. In addition, this statement also amends the financial statement element classification of certain items previously reported as assets and liabilities to more consistently align with asset, liability, deferred inflows of resources, and deferred outflow of resources definitions. The District implemented the accounting and reporting requirements of GASB No. 65 as of July 1, 2013. The effect of this adoption was to increase general administrative service expense within the statement of activities by \$137,098 for the expensing of deferred bond issuance costs; such amounts were not material to the District-wide financial statements and management elected to expense them in fiscal 2014 as opposed to restating beginning net position.

The District adopted GASB Statement No. 66, *Technical Corrections - 2012, an amendment of GASB Statements No. 10 and No. 62* for the year ended June 30, 2014. GASB No. 66 provides technical corrections to resolve conflicting guidance related to accounting for risk financing activities and the treatment of leases with scheduled rent increases. The District adopted the accounting and reporting requirements of GASB No. 66 as of July 1, 2013. 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, 2014. GASB No. 70 provides accounting and reporting guidance for governments that extend or receive financial guarantees for obligations of other entities and clarifies when such guarantees require recognition of a liability by the guarantor. The District adopted the accounting and reporting requirements of GASB No. 70 as of July 1, 2013. The effect of this adoption did not materially change the District's accounting and reporting policies.

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, 2014

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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

Cash, Cash Equivalents and Investments: (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, 2014

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.

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.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

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, 2014, 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, 2014, 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.

The following is an analysis of the June 30, 2014 fund balance classifications:

General Fund: Of the \$2,727,862 fund balance at June 30, 2014, \$363,872 is restricted for capital reserve; \$300,000 is restricted for emergency reserve, \$250,000 is restricted for maintenance reserve; \$772,517 is committed and \$220,000 has been assigned for year-end encumbrances, \$-0- is restricted for excess surplus and \$821,473 is unassigned.

Capital Projects Fund: the \$645,092 fund balance at June 30, 2014 is assigned for future capital expenditure.

Debt Service Fund: The \$86,629 fund balance at June 30, 2014 is assigned for subsequent year expenditures for debt service payments. This amount has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2014.

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.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

Fund Balance Restrictions, Commitments, and Assignments (Continued)

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 the 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 yearend; property taxes available as an advance, interest and tuition.

Operating Revenues and Expenses: Proprietary Funds distinguish between 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 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 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 and is included in the indirect expense column of the statement of activities. 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.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Management Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 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.

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.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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, 2014, 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, 2014, the carrying amount of the District's deposits for all funds was \$3,662,242 and the bank balance was \$3,878,567. 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.

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 States 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;

METUCHEN SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

Permissible Investments: (Continued)

- (4) Bonders 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, 2014, the District's Cash and Cash Equivalents consisted of the following:

	Cash and Cash Equivalents
Checking accounts	\$ 2,406,610
Restricted (money market)	1,018,097
Total	\$ 3,424,707

*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.

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.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

3. CAPITAL RESERVE ACCOUNT: (Continued)

The activity of the capital reserve for July 1, 2013 to June 30, 2014 fiscal year as follows:

Beginning balance July 1, 2013	\$	218,097
Increased by deposit:		250,000
Decreased by withdraws:		<u>(104,225)</u>
 Ending balance June 30, 2014	 \$	 <u>363,872</u>

4. RECEIVABLES:

Receivables at June 30, 2014, amounting to \$1,375,072, consisted of state and local aid 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, 2014:

	<b>Due From Other Funds</b>	<b>Due to Other Funds</b>
General Fund	\$193,469	\$143,434
Capital Projects Fund	104,225	61,969
Debt Service Fund	91	-
Enterprise Fund	<u>39,117</u>	<u>131,499</u>
Total	<u>\$336,902</u>	<u>\$336,902</u>

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, 2014:

Due to General Fund from Enterprise Fund	\$	92,382
Due from Enterprise Fund to General Fund		<u>(92,382)</u>
Total Interfund Balance- Fund Financial Statements		
Elimination of Governmental Interfund Activities	\$	<u>-0-</u>

During the year ended June 30, 2014, the District transferred \$104,225 from its General Fund to its Capital Projects fund to provide funding for its boiler replacement project.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

6. INVENTORY:

Inventory in the Food Service Fund at June 30, 2014 consisted \$2,313 in food commodities.

The value of Federal donated commodities as reflected on Schedule A (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, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 178,952	\$ -	\$ -	\$ 178,952
Construction in progress	250,618	766,228	-	1,016,846
Total capital assets not being depreciated	<u>429,570</u>	<u>766,228</u>	<u>-</u>	<u>1,195,798</u>
Site and site improvements	800,275	-	-	800,275
Building and building improvements	57,276,426	-	-	57,276,426
Machinery and equipment	3,013,079	-	-	3,013,079
Totals at historical cost	<u>61,089,780</u>	<u>-</u>	<u>-</u>	<u>61,089,780</u>
<b>Less accumulated depreciation for:</b>				
Site and site improvements	(804,425)	(1,038)	-	(805,463)
Building and improvements	(16,879,516)	(1,977,335)	-	(18,856,851)
Machinery and equipment	<u>(2,764,881)</u>	<u>(29,457)</u>	<u>-</u>	<u>(2,794,338)</u>
Total accumulated depreciation	<u>(20,448,822)</u>	<u>(2,007,830)</u>	<u>-</u>	<u>(22,456,622)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>40,640,958</u>	<u>(2,007,830)</u>	<u>-</u>	<u>38,638,128</u>
<b>Government activities capital assets, net</b>	<b><u>\$ 41,070,528</u></b>	<b><u>\$ (1,241,602)</u></b>	<b><u>\$ -</u></b>	<b><u>39,828,926</u></b>
<b>Business-type activities:</b>				
Equipment	\$ 383,707	\$ 13,544	\$ -	\$ 397,251
Less accumulated depreciation for:				
Equipment	<u>(295,764)</u>	<u>(20,142)</u>	<u>-</u>	<u>(315,906)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>87,943</u>	<u>(6,600)</u>	<u>-</u>	<u>81,345</u>
Business-type activities capital assets, net	<u><u>\$ 87,943</u></u>	<u><u>\$ (6,600)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,345</u></u>

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

7. CAPITAL ASSETS: (Continued)

Depreciation expense was charged to governmental functions as follows:

Regular programs instruction	\$ 763,055
Special education program	160,626
Other instructional programs	80,313
School administrative services	60,235
Plant operations and maintenance	220,861
General administrative services	140,548
Student and instruction related services	421,566
Pupil transportation	<u>160,626</u>
Total depreciation expense	<u><u>\$2,007,830</u></u>

8. LONG-TERM OBLIGATIONS:

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.

Long-term obligations activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Bonds payable					
School construction	\$ 27,610,000	\$ -	\$ 1,590,000	\$ 26,020,000	\$ 1,665,000
Other liabilities					
Compensated absences payable	973,246	130,975	60,014	1,044,207	-
Capital lease obligation	<u>-</u>	<u>319,999</u>	<u>-</u>	<u>319,999</u>	<u>61,169</u>
Total all governmental activities	<u><u>\$ 28,583,246</u></u>	<u><u>\$ 450,974</u></u>	<u><u>\$ 1,797,915</u></u>	<u><u>\$ 27,384,206</u></u>	<u><u>\$ 1,726,169</u></u>

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

8. LONG-TERM OBLIGATIONS: (Continued)

Debt Service Requirements:

Compensated absences have been paid in the General Fund for the year ended June 30, 2014 in the amount of \$207,915.

	Issue Dates	Interest Rates	Date of Maturity	Principal Balance June 30, 2014
Bonds Payable	3/15/05	4.125%	8/15/2016	\$ 2,570,000
	10/1/2012	2.125%-4%	8/15/2024	8,590,000
	3/15/2005	4.25%-4.5%	8/15/2027	14,860,000
Total Bonds				<u>\$ 26,020,000</u>

Debt service requirements on serial bonds payable at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,665,000	\$ 986,841	\$ 2,651,841
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
2020-2024	10,860,000	2,347,372	13,207,372
2025-2028	6,125,000	463,962	6,588,962
	<u>\$ 26,020,000</u>	<u>\$ 7,029,153</u>	<u>\$ 33,049,153</u>

Total interest expense on long-term debt in 2014 was \$1,054,628. No interest was capitalized (i.e. added to the carrying value of capital assets) in 2014.

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

8. LONG-TERM OBLIGATIONS: (Continued)

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:

2015	\$ 66,454
2016	66,759
2017	67,087
2018	67,422
2019	<u>67,765</u>
Total minimum lease payments	335,487
Less amount representing interest	<u>(15,488)</u>
Total present value of net minimum lease payments	319,999
Less amounts due within one year	<u>(61,169)</u>
Long-term	<u>\$ 258,830</u>

9. PENSION PLANS:

Description of Plans:

All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund (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 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.

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

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related 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, 2014

9. PENSION PLANS: (Continued)

Description of Plans: (Continued)

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

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

Vesting and Benefit Provisions:

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS 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. TPAF and PERS provide for employee contributions of five percent of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of TPAF.

Three-Year Trend Information for PERS

Year Funding June 30,	Annual Pension Cost (APC)	Net Pension Obligation
2014	\$ 318,878	\$ -
2013	310,369	-
2012	331,472	-

METUCHEN SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

9. PENSION PLANS: (Continued)

Contribution Requirements: (Continued)

Three-Year Trend Information for TPAF (Paid on-behalf of the District)		
Year Funding June 30,	Annual Pension Cost (APC)	Net Pension Obligation
2014	\$ 1,640,879	\$ -
2013	2,007,518	-
2012	1,443,808	-

During the fiscal year ended June 30, 2014, the State of New Jersey contributed \$1,640,879 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 \$1,073,525 during the fiscal year ended June 30, 2014, 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.

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, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 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 with an additional contribution beginning in Fiscal Year 1996 to maintain a medical reserve by one half of one percent of the active State payroll.

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 \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in fiscal year 2013.

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, 2014

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
2013 - 2014	\$ -	\$ 52,013	\$ 10	\$ 33,913	\$ 226,580
2012 - 2013	-	52,090	89	54,016	208,470
2011 - 2012	-	52,194	15	42,904	210,387

METUCHEN SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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.

Economic Dependency:

The District receives a substantial amount of its support from federal and state governments. 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.

15. 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 \$-0- excess fund balance at June 30, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2014**

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local tax levy	\$ 30,972,158	\$ -	\$ 30,972,158	\$ 30,972,158	\$ -
Tuition	110,000		110,000	127,087	17,087
Transportation Fees from Individuals	110,000		110,000	110,243	243
Miscellaneous	16,529		16,529	15,102	-1,427
<b>Total - Local Sources</b>	<b>31,208,687</b>	<b>-</b>	<b>31,208,687</b>	<b>31,224,590</b>	<b>15,903</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	-
Extraordinary aid	-	-	-	216,681	216,681
Non Public Transportation Aid	-	-	-	9,127	9,127
TPAF pension (on-behalf - non-budgeted)	-	-	-	1,640,879	1,640,879
Reimbursed TPAF social security (reimbursed - non-budgeted)	-	-	-	1,073,525	1,073,525
<b>Total State Sources</b>	<b>1,009,267</b>	<b>-</b>	<b>1,009,267</b>	<b>3,949,479</b>	<b>2,940,212</b>
Federal Sources:					
Medicaid Reimbursement	18,471	-	18,471	-	(18,471)
<b>Total - Federal Sources</b>	<b>18,471</b>	<b>-</b>	<b>18,471</b>	<b>-</b>	<b>(18,471)</b>
<b>TOTAL REVENUES</b>	<b>32,236,425</b>	<b>-</b>	<b>32,236,425</b>	<b>35,174,069</b>	<b>2,937,644</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction					
Preschool/Kindergarten - salaries of teachers	415,718	-	415,718	342,884	72,834
Grades 1-5 - salaries of teachers	3,414,427	(61,758)	3,352,669	3,352,596	73
Grades 6-8 - salaries of teachers	2,906,525	(164,363)	2,742,162	2,740,207	1,955
Grades 9-12 - salaries of teachers	3,552,680	-	3,552,680	3,528,332	24,348
Purchased technical services	-	-	-	-	-
General supplies	464,033	134,879	598,912	590,963	7,949
Textbooks	205,173	-	205,173	189,583	15,590
<b>Total Regular Programs - Instruction</b>	<b>10,958,556</b>	<b>(91,242)</b>	<b>10,867,314</b>	<b>10,744,565</b>	<b>122,749</b>
Special Education - Instruction					
Cognitive Mild					
Other Salaries for instruction	430,000	166,600	596,600	586,597	10,003
<b>Total Cognitive Mild</b>	<b>430,000</b>	<b>166,600</b>	<b>596,600</b>	<b>586,597</b>	<b>10,003</b>
Resource Room/Resource Center:					
Salaries of teachers	1,659,819	17,000	1,676,819	1,676,531	288
General supplies	6,400	-	6,400	5,348	1,052
Textbooks	6,000	-	6,000	5,026	974
Other objects	2,000	-	2,000	2,000	-
<b>Total Resource Room/Resource Center</b>	<b>1,674,219</b>	<b>17,000</b>	<b>1,691,219</b>	<b>1,688,905</b>	<b>2,314</b>
Preschool Disabilities - Part-Time:					
Salaries of teachers	131,056	20,000	151,056	147,998	3,058
Purchased technical services	75,000	(12,300)	62,700	59,402	3,298
General supplies	6,500	-	6,500	3,672	2,828
<b>Total Preschool Disabilities - Part-Time</b>	<b>212,556</b>	<b>7,700</b>	<b>220,256</b>	<b>211,072</b>	<b>9,184</b>
Home Instruction					
Salaries of teachers	26,000	-	26,000	7,631	18,369
<b>Total Special Education Instruction</b>	<b>2,342,775</b>	<b>191,300</b>	<b>2,534,075</b>	<b>2,494,205</b>	<b>39,870</b>
Basic Skills/Remedial - Instruction					
Salaries of teachers	359,332	40,000	399,332	396,952	2,380
General supplies	3,000	-	3,000	-	3,000
<b>Total Basic Skills/Remedial - Instruction</b>	<b>362,332</b>	<b>40,000</b>	<b>402,332</b>	<b>396,952</b>	<b>5,380</b>

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2014**

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction					
Salaries of teachers	\$ 35,088	\$ -	\$ 35,088	\$ 34,722	\$ 366
General supplies	500	-	500	-	500
Total Bilingual Education - Instruction	<u>35,588</u>	<u>-</u>	<u>35,588</u>	<u>34,722</u>	<u>866</u>
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	151,880	9,500	161,380	161,200	180
Supplies and materials	17,213	-	17,213	15,362	1,851
Other Objects	-	-	-	-	-
Total School-Spon. Cocurricular Actvts. - Inst.	<u>169,093</u>	<u>9,500</u>	<u>178,593</u>	<u>176,562</u>	<u>2,031</u>
School-Spon. Cocurricular Athletics - Inst.					
Salaries	344,556	5,000	349,556	347,273	2,283
Purchased services (300-500 series)	32,000	2,600	34,600	34,501	99
Supplies and materials	51,808	-	51,808	51,580	228
Other objects	70,797	4,000	74,797	72,570	2,227
Total School-Spon. Cocurricular Athletics - Inst.	<u>499,161</u>	<u>11,600</u>	<u>510,761</u>	<u>505,924</u>	<u>4,837</u>
Other Instructional Programs - Instruction					
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>14,370,505</u>	<u>161,158</u>	<u>14,531,663</u>	<u>14,352,930</u>	<u>178,733</u>
<b>UNDISTRIBUTED EXPENDITURES:</b>					
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	68,572	(13,000)	55,572	54,706	866
Tuition to other LEAs within the state - special	777,818	(75,000)	702,818	701,307	1,511
Tuition to private schools for the disabled - within state	1,529,042	113,000	1,642,042	1,639,192	2,850
Tuition - state facilities	30,000	(25,000)	5,000	-	5,000
Total Undistributed Expenditures - Instruction:	<u>2,405,432</u>	<u>-</u>	<u>2,405,432</u>	<u>2,395,205</u>	<u>10,227</u>
Undist. Expend. - Health Services					
Salaries	322,734	13,976	336,710	336,710	-
Purchased professional and technical services	240,000	90,000	330,000	328,738	1,262
Supplies and materials	4,000	200	4,200	4,107	93
Other objects	4,300	18,000	22,300	2,548	19,752
Total Undistributed Expenditures - Health Services	<u>571,034</u>	<u>122,176</u>	<u>693,210</u>	<u>672,103</u>	<u>21,107</u>
Undist. Expend. - Speech/Occupational Therapy, Physical Therapy & Related Services					
Salaries of other professional staff	179,145	10,740	189,885	189,885	-
Supplies and materials	1,800	(200)	1,600	997	603
Total Undist. Expend. - Speech/Occ Therapy, PT & Related Serv.	<u>180,945</u>	<u>10,540</u>	<u>191,485</u>	<u>190,882</u>	<u>603</u>
Undist. Expend. - Guidance Services					
Salaries of other professional staff	600,253	-	600,253	593,300	6,953
Salaries of secretaries and clerical assistants	53,942	-	53,942	53,648	294
Supplies and materials	47,063	185	47,248	41,837	5,411
Total Undist. Expend. - Guidance Services	<u>701,258</u>	<u>185</u>	<u>701,443</u>	<u>688,785</u>	<u>12,658</u>
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	761,386	-	761,386	760,012	1,374
Salaries of secretarial and clerical assistants	45,000	7,000	52,000	50,684	1,316
Supplies and materials	9,800	-	9,800	3,778	6,022
Other objects	6,160	-	6,160	1,874	4,286
Total Undist. Expend. - Child Study Teams	<u>822,346</u>	<u>7,000</u>	<u>829,346</u>	<u>816,348</u>	<u>12,998</u>
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of supervisor of instruction	700,814	9,338	710,152	699,396	10,756
Salaries of other professional staff	36,773	500	37,273	37,219	54
Purchased prof- educational services	81,740	(494)	81,246	52,982	28,264
Other objects	3,800	3,808	7,608	6,489	1,119
Total Undist. Expend. - Improvement of Inst. Serv.	<u>823,127</u>	<u>13,152</u>	<u>836,279</u>	<u>796,086</u>	<u>40,193</u>

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2014**

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	\$ 213,922	\$ 1,000	\$ 214,922	\$ 214,260	\$ 662
Salaries - Tech Coordinator	79,528	-	79,528	79,491	37
Supplies and materials	50,400	-	50,400	47,459	2,941
Other objects	7,850	-	7,850	7,396	454
Total Undist. Expend. - Edu. Media Serv./Sch. Library	<u>351,700</u>	<u>1,000</u>	<u>352,700</u>	<u>348,606</u>	<u>4,094</u>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	215,711	2,000	217,711	217,550	161
Legal services	87,000	7,350	94,350	90,998	3,352
Audit Services	41,800	2,000	43,800	43,350	450
Purchased technical services	26,500	23,000	49,500	32,275	17,225
Communications/telephone	83,300	4,492	87,792	76,903	10,889
Other purchased services (400-500 series)	450	-	450	-	450
Supplies and materials	16,500	-	16,500	14,979	1,521
Miscellaneous expenditures	93,000	(800)	92,200	79,682	12,518
Total Undist. Expend. - Supp. Serv. - General Admin.	<u>564,261</u>	<u>38,042</u>	<u>602,303</u>	<u>555,737</u>	<u>46,566</u>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of principals/assistant principals	698,767	15,363	714,130	713,067	1,063
Salaries of secretarial and clerical assistants	486,822	3,645	490,467	483,901	6,566
Other purchased services (400-500 series)	34,000	2,800	36,800	32,138	4,662
Supplies and materials	10,703	-	10,703	7,924	2,779
Other objects	106,117	2,483	108,600	97,190	11,410
Total Undist. Expend. - Support Serv. - School Admin.	<u>1,336,409</u>	<u>24,291</u>	<u>1,360,700</u>	<u>1,334,220</u>	<u>26,480</u>
<b>Undist. Expend. - Central Services</b>					
Salaries	334,079	-	334,079	323,186	10,893
Supplies and materials	2,000	-	2,000	1,490	510
Total Undist. Expend. - Central Services	<u>336,079</u>	<u>-</u>	<u>336,079</u>	<u>324,676</u>	<u>11,403</u>
<b>Undist. Expend. -Required Maintenance for School Facilities</b>					
Salaries	190,453	14,925	205,378	204,350	1,028
Cleaning, repair, and maintenance services	90,000	164,527	254,527	221,462	33,065
General supplies	40,000	18,200	58,200	52,057	6,143
Total Undist. Expend. -Required Maintenance for School Facilities	<u>320,453</u>	<u>197,652</u>	<u>518,105</u>	<u>477,869</u>	<u>40,236</u>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	1,093,409	(53,000)	1,040,409	1,009,264	31,145
Cleaning, repair and maintenance services	101,840	(10,535)	91,305	89,775	1,530
Other purchased property services	40,000	-	40,000	39,654	346
Insurance	168,000	31,000	199,000	196,396	2,604
General supplies	96,000	17,032	113,032	112,447	585
Energy (heat and electricity)	538,000	(20,825)	517,175	514,068	3,107
Other objects	47,250	7,450	54,700	50,412	4,288
Total Undist. Expend. - Custodial Services	<u>2,084,499</u>	<u>(28,878)</u>	<u>2,055,621</u>	<u>2,012,016</u>	<u>43,605</u>
<b>Undistributed Expenses - Care and Upkeep of Grounds</b>					
Salaries	53,955	75	54,030	54,029	1
Cleaning, Repair, and Maintenance Services	46,825	(14,000)	32,825	450	32,375
Total Undist. Expend. - Care and Upkeep of Grounds	<u>100,780</u>	<u>(13,925)</u>	<u>86,855</u>	<u>54,479</u>	<u>32,376</u>
<b>Total Maintenance , Custodial and Grounds</b>	<u>2,505,732</u>	<u>154,849</u>	<u>2,660,581</u>	<u>2,544,364</u>	<u>116,217</u>
<b>Undist. Expend. - Student Transportation Serv.</b>					
Sal. for pup.trans. (bet. home and school) - special	230,678	(18,000)	212,678	212,082	596
Sal. For Pup. Trans. (Other than Bet. Home and School)	34,452	(3,895)	30,557	30,556	1
Cleaning, Repair and Maintenance Services	42,000	(2,500)	39,500	39,405	95
Contract services - (between home and school) - vendors	472,214	(3,000)	469,214	467,053	2,161
Contr Serv (Spl. Ed. Students) - Vendors	648,000	219,000	867,000	865,369	1,631
Contr services - aid in lieu payments	40,000	9,000	49,000	48,178	822
Misc. Purchased Serv. - Transportation	70,000	(5,000)	65,000	64,827	173
Supplies and Materials	4,200	-	4,200	2,733	1,467
Total Undist. Expend. - Student Transportation Serv.	<u>1,541,544</u>	<u>195,605</u>	<u>1,737,149</u>	<u>1,730,203</u>	<u>6,946</u>

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FISCAL YEAR ENDED JUNE 30, 2014**

C-1

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Unallocated benefits:</b>					
Social security contributions	\$ 386,259	\$ (15,000)	\$ 371,259	\$ 371,129	\$ 130
Other benefits	330,593	(11,000)	319,593	318,878	715
Workmen's compensation	166,953	-	166,953	166,089	864
Health benefits	5,115,800	(442,400)	4,673,400	4,652,993	20,407
Tuition Reimbursement	26,000	-	26,000	11,770	14,230
Other Employee Benefits	-	-	-	-	-
Total Unallocated benefits	<u>6,025,605</u>	<u>(468,400)</u>	<u>5,557,205</u>	<u>5,520,859</u>	<u>36,346</u>
On-behalf TPAF pension contributions (non- budgeted)	-	-	-	1,640,879	(1,640,879)
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	1,073,525	(1,073,525)
Total On-Behalf Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,714,404</u>	<u>(2,714,404)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<u>6,025,605</u>	<u>(468,400)</u>	<u>5,557,205</u>	<u>8,235,263</u>	<u>(2,678,058)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<u>18,165,472</u>	<u>98,440</u>	<u>18,263,912</u>	<u>20,632,478</u>	<u>(2,368,566)</u>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<u>32,535,977</u>	<u>259,598</u>	<u>32,795,575</u>	<u>34,985,408</u>	<u>(2,189,833)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed expenditures equipment	-	35,000	35,000	4,950	30,050
Total Equipment	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>4,950</u>	<u>30,050</u>
<b>Facilities Acquisition and Construction Services</b>					
Other Purchased Prof. & Tech. Serv.	154,678	-	154,678	100,314	54,364
Construction services	-	1,257,808	1,257,808	598,995	658,813
Other Objects	-	-	-	-	-
Total Facilities Acquisition and Construction Services	<u>154,678</u>	<u>1,257,808</u>	<u>1,412,486</u>	<u>699,309</u>	<u>713,177</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>154,678</u>	<u>1,292,808</u>	<u>1,447,486</u>	<u>704,259</u>	<u>743,227</u>
Transfer of Funds to Charter Schools	<u>43,000</u>	<u>(25,000)</u>	<u>18,000</u>	<u>10,820</u>	<u>7,180</u>
<b>TOTAL EXPENDITURES</b>	<u>32,733,655</u>	<u>1,527,406</u>	<u>34,261,061</u>	<u>35,700,487</u>	<u>(1,439,426)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(497,230)</u>	<u>(1,527,406)</u>	<u>(2,024,636)</u>	<u>(526,418)</u>	<u>1,498,218</u>
<b>Other Financing Uses:</b>					
Transfer of funds from capital project fund	-	-	-	(104,255)	104,255
Total Other Financing Sources:	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104,255)</u>	<u>104,255</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(497,230)</u>	<u>(1,527,406)</u>	<u>(2,024,636)</u>	<u>(630,673)</u>	<u>1,393,963</u>
Fund Balance, July 1	<u>27,639</u>	<u>(2,618,943)</u>	<u>(4,998,775)</u>	<u>3,431,790</u>	<u>8,430,565</u>
Fund Balance, June 30	<u>\$ (469,591)</u>	<u>\$ (4,146,349)</u>	<u>\$ (7,023,411)</u>	<u>\$ 2,801,117</u>	<u>\$ 9,824,528</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				\$ 363,872	
Maintenance Reserve				250,000	
Emergency reserve				300,000	
Excess Surplus- Current Year				-	
<b>Committed Fund Balance</b>					
Year- End Encumbrances				772,517	
<b>Assigned Fund Balance</b>					
Designated for Subsequent Year's Expenditures				220,000	
<b>Unassigned Fund Balance</b>				<u>894,728</u>	
				2,801,117	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Last two State Aid Payment not recognized on GAAP basis				(73,255)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 2,727,862</u>	

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

C-2

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 360,708	\$ -	\$ 360,708	\$ 360,708	\$ -
Federal sources	755,752	-	755,752	755,752	-
<b>TOTAL REVENUES</b>	<b>1,116,460</b>	<b>-</b>	<b>1,116,460</b>	<b>1,116,460</b>	<b>-</b>
<b>EXPENDITURES:</b>					
Instruction					
Salaries of teachers	15,318	-	15,318	15,318	-
Purchased professional - educational services	31,768	-	31,768	31,768	-
Other purchased services (400-500 series)	28,970	-	28,970	28,970	-
General supplies	26,707	-	26,707	26,707	-
Textbooks	79,324	-	79,324	79,324	-
<b>Total Instruction</b>	<b>182,087</b>	<b>-</b>	<b>182,087</b>	<b>182,087</b>	<b>-</b>
Support Services					
Salaries of other professional staff	358,733	-	358,733	358,733	-
Personal services - employee benefits	28,426	-	28,426	28,426	-
Purchased professional - educational services	155,923	-	155,923	155,923	-
Other purchased professional services	391,291	-	391,291	391,291	-
Other purchased Services (400-500 series)	-	-	-	-	-
<b>Total Support Services</b>	<b>934,373</b>	<b>-</b>	<b>934,373</b>	<b>934,373</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>1,116,460</b>	<b>-</b>	<b>1,116,460</b>	<b>1,116,460</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, 2014**

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	\$ 35,174,069	\$ 1,116,460
Difference - budget to GAAP:		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements	(73,255)	-
State aid payment recognized for GAAP statements not for budgetary purposes.	69,318	-
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 35,170,132</u>	<u>\$ 1,116,460</u>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 35,700,487	\$ 1,116,460
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 35,700,487</u>	<u>\$ 1,116,460</u>

**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, 2014**

E-1

	New Jersey Nonpublic Aid		
	Textbooks	Technology Services	Nursing Services
<b>REVENUES:</b>			
State sources	\$ 79,324	\$ 28,970	\$ 108,933
Federal sources	-	-	-
<b>Total Revenues</b>	<b>79,324</b>	<b>28,970</b>	<b>108,933</b>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of teachers	-	-	-
Other salaries for instruction	-	-	-
Purchased professional - educational services	-	-	-
Purchased professional and technical services	-	-	-
Tuition	-	-	-
Other purchased services (400 - 500 series)	-	28,970	-
General supplies	-	-	-
Other objects	-	-	-
Textbooks	79,324	-	-
<b>Total instruction</b>	<b>79,324</b>	<b>28,970</b>	<b>-</b>
Support services:			
Salaries of other professional staff	-	-	-
Other salaries	-	-	-
Personal services - employee benefits	-	-	-
Purchased professional - educational services	-	-	-
Other purchased professional services	-	-	108,933
Purchased technical services	-	-	-
Rentals	-	-	-
Other Purchased Services (400-500 series)	-	-	-
Tuition	-	-	-
Supplies and materials	-	-	-
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>108,933</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>79,324</b>	<b>28,970</b>	<b>108,933</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, 2014**

E-1

	Title I Part A	Title II Part A
<b>REVENUES:</b>		
State sources	\$ -	\$ -
Federal sources	83,622	36,946
<b>Total Revenues</b>	<b>83,622</b>	<b>36,946</b>
<b>EXPENDITURES:</b>		
Instruction:		
Salaries of teachers	15,318	-
Other salaries for instruction	-	-
Purchased professional - educational services	-	25,658
Purchased professional and technical services	-	-
Tuition	-	-
Other purchased services (400 - 500 series)	-	-
General supplies	17,028	-
Other objects	-	-
Textbooks	-	-
<b>Total instruction</b>	<b>32,346</b>	<b>25,658</b>
Support services:		
Salaries of other professional staff	8,733	-
Other salaries	-	-
Personal services - employee benefits	1,649	-
Purchased professional - educational services	15,496	11,288
Other purchased professional services	25,398	-
Purchased technical services	-	-
Rentals	-	-
Other Purchased Services (400-500 series)	-	-
Tuition	-	-
Supplies and materials	-	-
<b>Total support services</b>	<b>51,276</b>	<b>11,288</b>
Facilities acquisition and const. serv.:		
Instructional Equipment	-	-
<b>Total facilities acquisition and const. serv.</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>83,622</b>	<b>36,946</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, 2014**

E-1

I.D.E.A.				
Title II CO Part A	Basic Regular	Basic Carryover	Preschool Current	Totals
\$ -	\$ -	\$ -	\$ -	\$ 360,708
6,110	581,030	37,279	10,765	755,752
6,110	581,030	37,279	10,765	1,116,460
-	-	-	-	15,318
6,110	-	-	-	-
-	-	-	-	31,768
-	-	-	-	-
-	-	-	-	28,970
-	9,679	-	-	26,707
-	-	-	-	-
-	-	-	-	79,324
6,110	9,679	-	-	182,087
-	-	-	-	8,733
-	340,000	-	10,000	350,000
-	26,012	-	765	28,426
-	-	-	-	155,923
-	205,339	37,279	-	391,291
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	571,351	37,279	10,765	934,373
-	-	-	-	-
-	-	-	-	-
6,110	581,030	37,279	10,765	1,116,460
\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2014

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2014
			Prior Years	Current Year	
Edgar Boiler Replacement	April 28th 2014	\$ 410,147	\$ -	\$ 35,942	\$ 374,205
Campbell Boiler Replacement	April 28th 2014	296,944	-	26,027	270,917
Totals		<u>\$ 707,091</u>	<u>\$ -</u>	<u>\$ 61,969</u>	<u>\$ 645,122</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, 2014**

**Revenues and Other Financing Sources**

Transfer from Capital Outlay	\$ 104,255
State Sources - Grants	282,807
Bond proceeds and transfers	-
Lease proceeds	319,999
Contribution from private sources	-
Transfer from capital reserve	-
Transfer from capital outlay	-
Interest income	-
Total revenues	<u>707,061</u>

**Expenditures and Other Financing Uses**

Purchased professional and technical services	48,285
Construction services	13,684
Equipment purchases	-
Total expenditures	<u>61,969</u>
Excess (deficiency) of revenues over (under) expenditures	645,092
Fund balance - beginning	-
Fund balance - ending	<u>\$ 645,092</u>

**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, 2014**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
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>-</u>	<u>410,147</u>	<u>410,147</u>	<u>410,147</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	28,005	28,005	28,005
Construction services	-	7,937	7,937	7,937
Total expenditures	<u>-</u>	<u>35,942</u>	<u>35,942</u>	<u>35,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 374,205</u>	<u>\$ 374,205</u>	<u>\$ 374,205</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, 2014**

Revenues and Other Financing Sources	Prior Periods	Current Year	Totals	Revised Authorized Cost
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	<u>-</u>	<u>296,944</u>	<u>296,944</u>	<u>296,944</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	-	20,280	20,280	20,280
Construction services	-	5,747	5,747	5,747
Total expenditures	<u>-</u>	<u>26,027</u>	<u>26,027</u>	<u>26,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 270,917</u>	<u>\$ 270,917</u>	<u>\$ 270,917</u>

**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, 2014**

G-1

	Enterprise Funds		
	Food Service	The Zone	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 71,183	\$ 182,544	\$ 253,727
Accounts receivable			
Federal	5,251	-	5,251
State	253	-	253
Interfund receivables	39,117	-	39,117
Inventories	6,258	-	6,258
	<u>122,062</u>	<u>182,544</u>	<u>304,606</u>
Total current assets			
Noncurrent assets:			
Furniture, machinery & equipment	397,251	-	397,251
Less accumulated depreciation	315,906	-	315,906
	<u>81,345</u>	<u>-</u>	<u>81,345</u>
Total noncurrent assets			
<b>TOTAL ASSETS</b>	<u>203,407</u>	<u>182,544</u>	<u>385,951</u>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities:			
Accounts payable	2,610	-	2,610
Interfund payable	-	131,499	131,499
	<u>2,610</u>	<u>131,499</u>	<u>134,109</u>
Total current liabilities			
Total liabilities	<u>2,610</u>	<u>131,499</u>	<u>134,109</u>
<b>NET POSITION</b>			
Net investment in capital assets	81,345	-	81,345
Unrestricted	119,452	51,045	170,497
	<u>200,797</u>	<u>51,045</u>	<u>251,842</u>
Total net position	<u>\$ 200,797</u>	<u>\$ 51,045</u>	<u>\$ 251,842</u>

**METUCHEN SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

G-2

	Enterprise Funds		
	Food Service	The Zone	Total
<b>OPERATING REVENUES:</b>			
Local sources:			
Food service sales	\$ 417,444	\$ -	\$ 417,444
Registration fees	-	161,430	161,430
<b>Total Operating revenues</b>	<b>417,444</b>	<b>161,430</b>	<b>578,874</b>
<b>OPERATING EXPENSES:</b>			
Salaries	153,779	111,654	265,433
Employee benefits	64,156	9,845	74,001
Cost of sales	234,544	-	234,544
Supplies and materials	23,891	7,092	30,983
Repairs and maintenance	15,979	-	15,979
Insurance	1,607	-	1,607
Management service fee	20,429	-	20,429
Miscellaneous	916	-	916
Depreciation	20,142	-	20,142
<b>Total operating expenses</b>	<b>535,443</b>	<b>128,591</b>	<b>664,034</b>
<b>OPERATING LOSS</b>	<b>(117,999)</b>	<b>32,839</b>	<b>(85,160)</b>
<b>NONOPERATING REVENUES:</b>			
State sources:			
State school lunch program	4,736	-	4,736
Federal sources:			
National school lunch program	91,548	-	91,548
Food Distribution Program	29,423	-	29,423
<b>TOTAL NONOPERATING REVENUES</b>	<b>125,707</b>	<b>-</b>	<b>125,707</b>
<b>CHANGE IN NET POSITION</b>	<b>7,708</b>	<b>32,839</b>	<b>40,547</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>193,089</b>	<b>18,206</b>	<b>211,295</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 200,797</b>	<b>\$ 51,045</b>	<b>\$ 251,842</b>

**METUCHEN SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

G-3

	Enterprise Funds		
	Food Service	The Zone	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 417,920	\$ 161,430	\$ 579,350
Payments to employees	(153,779)	(111,654)	(265,433)
Payments for employee benefits	(64,156)	(9,845)	(74,001)
Payments to suppliers	(297,333)	(7,092)	(304,425)
Net cash (used in) provided by operating activities	<u>(97,348)</u>	<u>32,839</u>	<u>(64,509)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	4,736	-	4,736
Federal Sources	120,971	-	120,971
Local - Interfund change	56,365	(148,853)	(92,488)
Net cash provided by (used in) non-capital financing activities	<u>182,072</u>	<u>(148,853)</u>	<u>33,219</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Change in capital contributions	-	-	-
Purchases of capital assets	(13,541)	-	(13,541)
Gain/Loss on sale of fixed assets (proceeds)	-	-	-
Net cash used for capital and related financing activities	<u>(13,541)</u>	<u>-</u>	<u>(13,541)</u>
Net increase (decrease) in cash and cash equivalents	71,183	(116,014)	(44,831)
Cash and cash equivalents—beginning of year	-	298,558	298,558
Cash and cash equivalents—end of year	<u>\$ 71,183</u>	<u>\$ 182,544</u>	<u>\$ 253,727</u>
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:</b>			
Operating (loss) income	\$ (117,999)	\$ 32,839	\$ (85,160)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities			
Depreciation	20,142	-	20,142
Decrease in accounts receivable	476	-	476
Increase in interfund receivable	-	-	-
Increase in inventories	(424)	-	(424)
Increase in accounts payable	457	-	457
Total adjustments	<u>20,651</u>	<u>-</u>	<u>20,651</u>
Net cash (used in) provided by operating activities	<u>\$ (97,348)</u>	<u>\$ 32,839</u>	<u>\$ (64,509)</u>

**Noncash Noncapital Financing Activities:**

During the year, the district received \$29,423 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, 2014**

H-1

	Trust			Agency Fund	Total
	Unemployment Compensation Trust	Private Purpose Fund	Total Trust Fund		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 226,580	\$ 10,955	\$ 237,535	\$ 397,276	\$ 634,811
Total assets	<u>226,580</u>	<u>10,955</u>	<u>237,535</u>	<u>397,276</u>	<u>634,811</u>
<b>LIABILITIES</b>					
Accounts payable	-	-	-	-	-
Payable to student groups	-	-	-	187,249	187,249
Payroll deductions and withholdings	-	-	-	210,027	210,027
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>397,276</u>	<u>397,276</u>
<b>NET ASSETS</b>					
Reserved	<u>226,580</u>	<u>10,955</u>	<u>237,535</u>	<u>-</u>	<u>237,535</u>
Total net position	<u>226,580</u>	<u>10,955</u>	<u>237,535</u>	<u>-</u>	<u>237,535</u>
Total liabilities and net position	<u>\$ 226,580</u>	<u>\$ 10,955</u>	<u>\$ 237,535</u>	<u>\$ 397,276</u>	<u>\$ 634,811</u>

**METUCHEN SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014**

	Unemployment Compensation Trust	Private Purpose Fund	Totals
<b>ADDITIONS</b>			
Contributions:			
Plan member	\$ 52,013	\$ -	\$ 52,013
Other	-	12,829	12,829
Total Contributions	<u>52,013</u>	<u>12,829</u>	<u>64,842</u>
Investment earnings:			
Interest	10	-	10
Net investment earnings	<u>10</u>	<u>-</u>	<u>10</u>
Total additions	<u>52,023</u>	<u>12,829</u>	<u>64,852</u>
<b>DEDUCTIONS</b>			
Quarterly contribution reports	33,913	-	33,913
Projects Awarded	-	12,233	12,233
Total deductions	<u>33,913</u>	<u>12,233</u>	<u>46,146</u>
Change in net position	18,110	596	18,706
Net position—beginning of the year	<u>208,470</u>	<u>10,359</u>	<u>218,829</u>
Net position—end of the year	<u>\$ 226,580</u>	<u>\$ 10,955</u>	<u>\$ 237,535</u>

**METUCHEN SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
STUDENT ACTIVITY AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

H-3

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
<b>ELEMENTARY SCHOOLS:</b>				
Campbell	\$ 26,975	\$ 60,704	\$ 62,809	\$ 24,870
Edgar	43,111	86,656	69,369	60,398
Moss	1,681	3,361	2,431	2,611
<b>TOTAL ELEMENTARY SCHOOLS</b>	<u>71,767</u>	<u>150,721</u>	<u>134,609</u>	<u>87,879</u>
<b>SENIOR HIGH SCHOOL:</b>				
General account	42,226	191,877	175,801	58,302
Adult School	250	-	250	-
Staff account	31,754	107,592	98,327	41,019
Athletic account	555	61,464	61,970	49
<b>TOTAL SENIOR HIGH SCHOOL</b>	<u>74,785</u>	<u>360,933</u>	<u>336,348</u>	<u>99,370</u>
<b>TOTAL ALL SCHOOLS</b>	<u>\$ 146,552</u>	<u>\$ 511,654</u>	<u>\$ 470,957</u>	<u>\$ 187,249</u>

**METUCHEN SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS:				
Cash and cash equivalents	\$ 190,601	\$ 10,001,652	\$ 9,982,226	\$ 210,027
<b>TOTAL ASSETS</b>	<b>\$ 190,601</b>	<b>\$ 10,001,652</b>	<b>\$ 9,982,226</b>	<b>\$ 210,027</b>
LIABILITIES:				
Payroll deductions and withholdings	\$ 158,159	\$ 9,946,707	\$ 9,930,704	\$ 174,162
Section 125 Plan	32,442	54,945	51,522	35,865
<b>TOTAL LIABILITIES</b>	<b>\$ 190,601</b>	<b>\$ 10,001,652</b>	<b>\$ 9,982,226</b>	<b>\$ 210,027</b>

## **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, 2014**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
			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%	\$ 3,355,000	\$ -	\$ 785,000	\$ 2,570,000
			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%	8,620,000	-	30,000	8,590,000
			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%							

**METUCHEN SCHOOL DISTRICT  
LONG TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
AS OF JUNE 30, 2014**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2013	Issued	Retired	Balance June 30, 2014
			Date	Amount					
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%	15,635,000	-	775,000	14,860,000
			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%							
						\$ 27,610,000	\$ -	\$ 1,590,000	\$ 26,020,000

**METUCHEN SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
YEAR ENDED JUNE 30, 2014**

<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, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance June 30, 2014</b>
			<b>Principal</b>	<b>Interest</b>					
Boilers	3/14/2014	5 Years	\$ 319,999	\$ 15,488	5.00%	\$ -	\$ 319,999	\$ -	\$ 319,999

**METUCHEN SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 2,381,877	\$ -	\$ 2,381,877	\$ 2,381,877	\$ -
State Sources:					
Debt Service Aid Type II	262,751	-	262,751	262,751	-
Total - State Sources	262,751	-	262,751	262,751	-
Total Revenues	2,644,628	-	2,644,628	2,644,628	-
EXPENDITURES:					
Regular Debt Service:					
Interest	1,054,628	-	1,054,628	1,054,628	-
Redemption of Principal	1,590,000	-	1,590,000	1,590,000	-
Total Regular Debt Service	2,644,628	-	2,644,628	2,644,628	-
Total expenditures	2,644,628	-	2,644,628	2,644,628	-
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, July 1	-	-	-	86,629	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 86,629	\$ -

**STATISTICAL SECTION  
(UNAUDITED)**

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	<b>76-81</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>82-86</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>87-90</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>91-92</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>93-99</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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities									
Net investment in capital assets	\$ 3,512,688	\$ 13,736,842	\$ 13,592,414	14,872,869	\$ 14,183,680	\$ 12,768,423	\$ 13,273,256	\$ 13,389,354	\$ 14,827,053
Restricted	1,410,235	1,517,109	2,284,305	1,132,758	1,886,269	1,564,181	2,242,985	1,756,385	1,993,016
Unrestricted	(1,663,745)	(2,963,446)	(869,734)	(669,199)	(1,159,444)	1,477,386	760,551	719,470	(1,159,444)
Total governmental activities net position	<u>\$ 3,259,178</u>	<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>
Business-type activities									
Net investment in capital assets	\$ 44,748	\$ 27,970	\$ 3,763	\$ 7,314	\$ 10,077	\$ 7,510	\$ 68,823	87,943	\$ 81,345
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	120,184	150,599	140,608	140,608	172,571	211,489	139,668	123,352	170,497
Total business-type activities net position	<u>\$ 164,932</u>	<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>
District-wide									
Net investment in capital assets	\$ 3,557,436	\$ 13,764,812	\$ 13,596,177	\$ 14,880,183	\$ 14,193,757	\$ 12,775,933	\$ 13,342,079	13,477,297	\$ 14,908,398
Restricted	1,410,235	1,517,109	2,284,305	1,132,758	1,886,269	1,564,181	2,242,985	1,756,385	1,993,016
Unrestricted	(1,543,561)	(2,812,847)	(729,126)	(528,591)	(986,873)	1,688,875	900,219	842,822	(988,947)
Total district net position	<u>\$ 3,424,110</u>	<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>

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,								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>									
<b>Governmental activities</b>									
Instruction									
Regular	\$ 12,937,739	\$ 14,044,589	\$ 14,436,619	\$ 14,502,213	\$ 14,958,271	\$ 15,185,472	\$ 15,197,916	\$ 16,350,357	#REF!
Special education	2,024,618	2,171,992	2,362,289	2,609,258	2,722,563	2,792,351	3,342,126	3,478,398	#REF!
Other special education	1,164,793	1,359,722	1,370,434	1,458,200	1,442,781	1,300,399	1,312,671	1,359,558	#REF!
Support Services:									
Instruction	1,323,496	1,581,980	1,699,526	1,942,786	1,978,134	2,060,871	2,123,690	2,213,443	#REF!
Student & instruction related services	4,510,214	4,723,169	4,951,068	5,054,313	5,501,557	5,292,895	5,565,989	5,729,187	#REF!
General administrative services	1,374,887	1,504,225	1,567,883	676,491	704,007	674,779	594,523	686,105	#REF!
School administrative services	855,256	869,861	940,459	1,611,235	1,880,846	1,532,536	1,601,176	2,047,836	#REF!
Plant operations and maintenance	3,132,195	3,519,516	3,417,091	3,517,879	3,471,358	3,200,865	3,369,258	3,505,495	#REF!
Pupil transportation	1,163,881	1,384,683	1,494,459	1,621,844	1,885,349	1,792,852	2,039,465	2,173,458	#REF!
Business and other support services	84,341	116,382	119,880	398,759	96,212	435,726	488,338	158,114	#REF!
Special Schools	42,377	19,688	-	-	18,665	-	-	-	-
Interest on long-term debt	1,548,728	1,761,966	1,732,811	1,298,436	1,847,096	1,670,129	1,693,164	1,337,057	#REF!
Capital outlay	58,280	58,080	56,720	58,200	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>30,220,805</u>	<u>33,115,853</u>	<u>34,203,239</u>	<u>34,749,614</u>	<u>36,506,839</u>	<u>35,938,875</u>	<u>37,328,316</u>	<u>39,039,008</u>	<u>#REF!</u>
<b>Business-type activities:</b>									
Food service	378,845	400,001	421,240	388,276	446,367	429,930	472,876	504,956	535,443
After school program	172,589	155,033	166,395	160,378	127,345	152,656	158,248	139,712	128,591
Total business-type activities expense	<u>551,434</u>	<u>555,034</u>	<u>587,635</u>	<u>548,654</u>	<u>573,712</u>	<u>582,586</u>	<u>631,124</u>	<u>644,668</u>	<u>664,034</u>
Total district expenses	<u>\$ 30,772,239</u>	<u>\$ 33,670,887</u>	<u>\$ 34,790,874</u>	<u>\$ 35,298,268</u>	<u>\$ 37,080,551</u>	<u>\$ 36,521,461</u>	<u>\$ 37,959,440</u>	<u>\$ 39,683,676</u>	<u>#REF!</u>
<b>Program Revenues</b>									
<b>Governmental activities:</b>									
Charges for services:									
Regular programs	\$ 89,225	\$ 20,650	\$ 84,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special schools	45,934	-	-	-	-	-	-	-	-
Operating grants and contributions	2,664,096	2,676,121	1,448,867	2,538,877	1,716,584	1,635,978	1,436,133	1,376,200	1,379,211
Total governmental activities program revenues	<u>2,799,255</u>	<u>2,696,771</u>	<u>1,533,260</u>	<u>2,538,877</u>	<u>1,716,584</u>	<u>1,635,978</u>	<u>1,436,133</u>	<u>1,376,200</u>	<u>1,379,211</u>
<b>Business-type activities:</b>									
Charges for services									
Food service	310,784	331,236	328,755	310,618	350,334	349,458	377,529	382,444	417,444
After school program	104,594	153,292	138,646	125,948	141,611	156,830	127,587	136,732	161,430
Operating grants and contributions	82,053	78,253	84,303	114,152	116,240	112,649	115,500	128,296	125,707
Total business-type activities program revenues	<u>497,431</u>	<u>562,781</u>	<u>551,704</u>	<u>550,718</u>	<u>608,185</u>	<u>618,937</u>	<u>620,616</u>	<u>647,472</u>	<u>704,581</u>
Total district program revenues	<u>\$ 3,296,686</u>	<u>\$ 3,259,552</u>	<u>\$ 2,084,964</u>	<u>\$ 3,089,595</u>	<u>\$ 2,324,769</u>	<u>\$ 2,254,915</u>	<u>\$ 2,056,749</u>	<u>\$ 2,023,672</u>	<u>\$ 2,083,792</u>
<b>Net (Expense)/Revenue</b>									
Governmental activities	\$ (27,421,550)	\$ (30,419,082)	\$ (32,669,979)	\$ (32,210,737)	\$ (34,790,255)	\$ (34,302,897)	\$ (35,892,183)	\$ (37,662,808)	#REF!
Business-type activities	(54,003)	7,747	(35,931)	2,064	34,473	36,351	(10,508)	2,804	40,547
Total district-wide net expense	<u>\$ (27,475,553)</u>	<u>\$ (30,411,335)</u>	<u>\$ (32,705,910)</u>	<u>\$ (32,208,673)</u>	<u>\$ (34,755,782)</u>	<u>\$ (34,266,546)</u>	<u>\$ (35,902,691)</u>	<u>\$ (37,660,004)</u>	<u>#REF!</u>
<b>General Revenues and Other Changes in Net Position</b>									
<b>Governmental activities:</b>									
Property taxes levied for general purposes, net	\$ 23,473,765	\$ 25,051,544	\$ 26,278,575	\$ 27,170,726	\$ 28,194,381	\$ 29,272,156	\$ 29,819,545	\$ 30,367,802	\$ 30,972,158
Taxes levied for debt service	2,446,839	2,380,140	2,402,096	2,424,253	2,408,334	2,449,459	2,455,048	2,453,395	2,381,877
Federal and state aid not restricted	3,742,873	11,401,907	5,537,582	2,794,228	2,551,952	2,705,926	3,763,986	4,239,306	4,228,349
Payments in lieu of taxes	-	-	-	-	1,123,672	-	-	-	-
Investment earnings	20,918	461,901	1,149,890	5,417	63	-	-	-	-
Miscellaneous income	81,144	154,917	18,326	145,556	171,786	244,044	320,406	190,721	252,673
Transfers	-	-	-	-	444,941	-	-	-	-
Total governmental activities	<u>29,765,539</u>	<u>39,450,409</u>	<u>35,386,469</u>	<u>32,540,180</u>	<u>34,895,129</u>	<u>34,671,585</u>	<u>36,358,985</u>	<u>\$ 37,251,224</u>	<u>37,835,057</u>
<b>Business-type activities:</b>									
Investment earnings	6,534	5,890	2,938	275	253	-	-	-	-
Total business-type activities	<u>6,534</u>	<u>5,890</u>	<u>2,938</u>	<u>275</u>	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 29,772,073</u>	<u>\$ 39,456,299</u>	<u>\$ 35,389,407</u>	<u>\$ 32,540,455</u>	<u>\$ 34,895,382</u>	<u>\$ 34,671,585</u>	<u>\$ 36,358,985</u>	<u>\$ 37,251,224</u>	<u>\$ 37,835,057</u>
<b>Change in Net Position</b>									
Governmental activities	\$ 2,343,989	\$ 9,031,327	\$ 2,716,490	\$ 329,443	\$ 104,874	\$ 368,688	\$ 466,802	\$ (411,584)	#REF!
Business-type activities	(47,469)	13,637	(32,993)	2,339	34,726	36,351	(10,508)	2,804	40,547
Total district	<u>\$ 2,296,520</u>	<u>\$ 9,044,964</u>	<u>\$ 2,683,497</u>	<u>\$ 331,782</u>	<u>\$ 139,600</u>	<u>\$ 405,039</u>	<u>\$ 456,294</u>	<u>\$ (408,780)</u>	<u>#REF!</u>

Source: CAFR Schedule A-2

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund									
Reserved	\$ 1,058,033	\$ 1,027,782	\$ 1,931,833	\$ 677,009	\$ 985,213	\$ -	\$ -	\$ -	\$ -
Unreserved	892,312	972,411	965,231	1,372,867	580,509	-	-	-	-
Non-spendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	744,899	2,084,423	768,365	913,872
Committed	-	-	-	-	-	214,674	201,775	1,337,407	772,517
Assigned	-	-	-	-	-	600,000	357,706	497,230	220,000
Unassigned	-	-	-	-	-	794,281	760,551	719,470	821,473
Total general fund	<u>\$ 1,950,345</u>	<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>
All Other Governmental Funds									
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-
Committed									
Other purposes- refunding	-	-	-	-	-	-	-	-	-
Unreserved, reported in:									
Special revenue fund	-	-	-	-	-	-	-	-	-
Capital projects fund	25,124,431	9,574,057	1,348,019	831,658	896,448	-	-	-	-
Debt service fund	39,828	3,388	-	-	86,627	-	-	-	-
Permanent fund	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	86,629	86,629
Assigned	-	-	-	-	-	621,698	617,090	-	645,092
Total all other governmental funds	<u>\$ 25,164,259</u>	<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>

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)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Tax levy	\$ 23,471,615	\$ 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
Tuition charges	60,000	89,225	20,650	84,383	-	-	-	165,825	-	-
Interest earnings	1,710	20,918	461,901	1,149,890	5,417	63	-	-	-	-
Adult school	43,800	45,934	-	-	-	-	-	-	-	-
Miscellaneous	90,000	81,144	230,867	18,326	145,556	171,786	244,045	154,581	252,546	252,432
State sources	15,822,825	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
Federal sources	651,733	569,265	639,941	716,654	717,112	994,262	1,018,714	890,389	752,523	755,752
<b>Total revenue</b>	<b>40,141,683</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>Expenditures</b>										
Instruction										
Regular Instruction	8,929,865	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
Special education instruction	1,312,862	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
Other special instruction	1,020,233	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
Support Services:										
Tuition	1,036,336	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
Student & instruction related services	3,738,908	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
School administrative services	573,399	587,416	568,946	622,787	604,480	589,327	552,171	585,593	553,730	555,737
Other administrative services	1,379,415	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
Plant operations and maintenance	2,310,485	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
Pupil transportation	996,502	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
Unallocated employee benefits	4,979,789	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
Other support services	-	-	-	-	-	18,665	-	-	-	-
Special Schools	43,313	42,377	19,688	-	-	2,500	-	-	-	-
Capital outlay	1,210,835	3,789,570	16,200,719	8,846,564	859,969	606,563	407,725	79,681	462,712	766,228
Debt service:										
Principal	435,000	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
Interest and other charges	1,042,803	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
<b>Total expenditures</b>	<b>29,009,745</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>
Excess (Deficiency) of revenues over (under) expenditures	<u>11,131,938</u>	<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>
<b>Other Financing sources (uses)</b>										
Bond proceeds	17,247,210	-	-	-	-	-	-	-	-	-
Lease proceeds	600,000	-	-	-	-	-	-	-	-	-
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	80,440	-	-	-	-	218,592	-	-	-	-
Transfers out	(80,440)	-	-	-	-	(218,592)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>17,847,210</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>Net change in fund balances</b>	<b>\$ 28,979,148</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>
Debt service as a percentage of noncapital expenditures	5.3%	9.0%	8.2%	8.1%	7.7%	7.5%	7.7%	7.5%	6.9%	6.8%

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
2005	\$ -	\$ 60,000	\$ 90,000	\$ -	\$ 43,800
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	-	-

Source: District records

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

<u>Refunds</u>	<u>Transportation Fees</u>	<u>Insurance Claim Refund</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 193,800
-	-	-	-	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

**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
2005	\$ 11,629,600	\$ 770,942,700	\$ 111,299,600	\$ 39,150,400	\$ 19,580,000
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

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)
\$ 952,602,300	-	N/A	\$ 952,602,300	2.580	\$ 1,919,285,729
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

**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
2005	\$ 2.430	\$ 0.150	\$ 2.580	\$ 0.680	\$ 0.550	\$ 3.810
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

N/A - Information not currently available.

Source: District Records and Municipal Tax Collector

**Note:** NJSA 18A:7F-5d limits the amount that the District can submit for a general fund tax levy . The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth limitation adjustments.

(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	2014	
	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%
Nassau Development	4,134,800	0.42%
Redfield Village Apartments	3,800,000	0.39%
Liberty LLC	3,452,100	0.35%
District at Metuchen	3,397,400	0.35%
Victorian Restoration Rentals Inc	3,160,400	0.32%
Metuchen Manor Apartments	3,110,500	0.32%
Extra Space Storage	3,000,000	0.31%
Metuchen Savings Bank	2,811,300	0.29%
Total	<u>\$ 36,145,300</u>	<u>3.71%</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	
2005	\$ 23,471,615	\$ 23,471,615	100.00%	-
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%	-

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				
2005	\$ 38,072,000	\$ -	\$ -	\$ -	\$ -	\$ 38,072,000	N/A	2,863	
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	-	-	-	-	26,020,000	N/A	1,891	

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		
2005	\$ 38,072,000	\$ -	\$ 38,072,000	1.98%	2,863
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

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, 2014  
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	\$ 26,020,000	100.000%	\$ 26,020,000
<b>Other debt</b>			
Metuchen Borough	22,533,355	100.000%	22,533,355
Middlesex County	702,823,005	2.212%	<u>15,545,742</u>
 <b>Total direct and overlapping debt</b>			 <u><u>\$ 64,099,097</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**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 52,919,338	\$ 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
Total net debt applicable to limit	<u>38,072,000</u>	<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>26,020,000</u>
Legal debt margin	<u>\$ 14,847,338</u>	<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>\$ 59,653,065</u>
Total net debt applicable to the limit as a percentage of debt limit	71.94%	69.54%	41.69%	40.38%	36.29%	34.56%	33.03%	31.83%	30.50%	30.37%

Source:	Abstract of ratables and district records. Borough's Annual Debt Statement	Year	Equalized Valuation Basis
		2012	2,150,071,239
		2013	2,153,706,989
		2014	2,121,701,671
			<u>\$ 6,425,479,899</u>
	Average equalized valuation of taxable property		<u>\$ 2,141,826,633</u>
	Debt limit (4% of average equalization value)		\$ 85,673,065
	Total net debt applicable to limit as of June 30, 2014		-
	Legal debt margin		<u>\$ 85,673,065</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)
2005	13,310	N/A	N/A	3.0%
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%

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>2014</b>		<b>2004</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**

<b><u>Function/Program</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Instruction										
Regular	142	138	145	148	146	145	147	146	146	146
Special education	27	28	29	29	29	30	32	34	34	34
Other instruction	9	9	10	10	10	10	10	10	10	10
Support Services:										
General administrative services	12	11	11	11	11	11	11	11	11	11
School administrative services	16	17	17	17	17	16	16	16	16	16
Business administrative services	5	5	5	5	5	5	5	5	5	5
Plant operations and maintenance	28	29	28	29	29	27	25	27	27	25
Pupil transportation	6	6	6	6	6	6	6	6	6	5
Total	<u>245</u>	<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>

**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)
2005	1,911	\$ 25,149,387	\$ 13,160	3.18%	192
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

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	1,842	1,776	0.11%	92.94%
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%

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

	<u>2005</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>
<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	135	145	130	130	130	130	130	130	135	125
<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	615	629	631	685	690	692	695	705	669	658
<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	579	603	590	639	643	645	672	664	694	717
<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	592	590	638	621	608	603	611	614	627	646

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Moss School	N/A	\$ 343,952	\$ 71,680	\$ 44,392	\$ 50,449	\$ 31,198	\$ 76,769	\$ 52,479	\$ 44,982	\$ 43,683
Campbell School	N/A	732,112	119,467	143,109	138,356	70,176	111,936	100,075	85,464	82,996
Edgar School	N/A	807,410	191,148	85,902	126,208	74,619	88,228	160,558	137,939	133,956
Metuchen High School	N/A	<u>1,025,767</u>	<u>95,574</u>	<u>166,777</u>	<u>150,136</u>	<u>49,365</u>	<u>127,868</u>	<u>197,661</u>	<u>169,426</u>	<u>164,534</u>
Total Expenditures		<u>\$ 2,909,241</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>	<u>\$ 425,169</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, 2014  
UNAUDITED**

<u>Company</u>	<u>Type of Coverage</u>	<u>2014 Coverage</u>	<u>2014 Deductible</u>
NJSBAIG	Property Blanket Building & Contents Replacement Cost Values Boiler & Machinery	\$ 70,375,938 \$ 1,000,000	\$ 5,000
NJSBAIG	Flood - All Flood Zones other than A& B Earthquake	\$ 10,000,000 \$ 50,000,000	\$ 10,000 \$ 5,000
Steadfast Ins Co.	Pollution Liability	\$ 1,000,000	\$ 25,000
NJSBAIG	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 \$ 1,000,000 \$ 17,000,000 \$ 10,000 \$ 11,000,000 \$ 11,000,000	\$ 1,000
NJSBAIG	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
NJSBAIG	Crime Coverage - Employee Dishonesty with Faithful Performance	\$ 50,000	\$ 500
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, 2014  
UNAUDITED**

<u>Company</u>	<u>Type of Coverage</u>	<u>2014 Coverage</u>	<u>2014 Deductible</u>
Fireman's Fund	Catastrophic Umbrella Coverage		
	- Occurrence Limit	\$ 50,000,000	
	- Aggregate Limit	\$ 50,000,000	
NJSBAIG	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	\$ 5,000,000	
	- Benefit Period		10 years
NJSBAIG	Workers Compensation		
	- Employers Liability	\$ 2,000,000	
	- Professional Employee Payroll	\$ 17,935,998	
	- Non-Professional Employee Payroll	\$ 1,315,006	

# Single Audit Section



formerly  
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K-1

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 (District) as of and for the year ended June 30, 2014, 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 2, 2014.

### 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 section 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 2, 2014  
Clark, New Jersey

formerly  
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K-2

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, 2014. 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.

## **Auditor's 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's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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, 2014.

## **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 2, 2014  
Clark, New Jersey

**METUCHEN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (K-3)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2013	Carryover/ (Walkover) Amount
			From	To		
<b>U.S. Department of Education</b>						
<b>Passed-through State Department of Education</b>						
Special Revenue Fund:						
Title I Part A, Grants to Local education Agencies	84.010	\$ 92,985	07/01/13	06/30/14	\$ -	\$ -
Title I Part A, Grants to Local Educational Agencies carryover	84.010	69,211	09/01/12	08/31/13	(64,292)	-
Title I Part A - Carryover	84.010	-	09/01/11	08/31/12	-	-
Title II, Part A - Improving Teacher Quality	84.367	43,875	07/01/13	06/30/14	-	-
Title II, Part A - Improving Teacher Quality, Carryover	84.367	47,680	09/01/11	08/31/12	(50)	-
Title II, Part A - Improving Teacher Quality, Carryover	84.367	43,982	09/01/12	08/31/13	(37,439)	-
Special Education Cluster (IDEA):						
I.D.E.A. Special Education States Grant BASIC	84.027	596,363	07/01/13	06/30/14	-	-
I.D.E.A. Special Education States Grant BASIC CO	84.027	624,024	09/01/12	08/31/13	(246,766)	-
I.D.E.A. Special Education States Grant BASIC CO	84.027	616,170	09/01/11	08/31/12	(51,946)	-
I. D.E.A. Preschool	84.173	15,277	07/01/13	06/30/14	-	-
I.D.E.A. Preschool CO	84.173	16,901	09/01/12	08/31/13	(12,676)	-
IDEA Preschool CO	84.173	16,800	09/01/11	08/31/12	(1)	-
Total Special Education Cluster (IDEA)					(311,389)	-
Total Special Revenue Fund					(413,170)	-
<b>U.S. Department of Agriculture</b>						
<b>Passed-through State Department of Education</b>						
Enterprise Fund:						
Healthy Hunger - free Kids Act	10.592	6,633	09/01/13	08/31/14	-	-
Healthy Hunger - free Kids Act - Carryover	10.592	5,970	09/01/12	08/31/13	(400)	-
Food Donation	10.550	-	09/01/13	08/31/14	-	-
National School Lunch Program, Carryover	10.555	93,235	09/01/12	08/31/13	(5,293)	-
National School Lunch Program	10.555	89,742	09/01/13	08/31/14	-	-
Total Enterprise Fund					(5,693)	-
Total Federal Financial Awards					\$ (418,863)	\$ -

**METUCHEN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (K-3) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014
\$ -	\$ (78,703)	\$ -	\$ -	\$ (92,985)	\$ (14,282)	\$ -
64,292	(4,917)	-	-	(4,917)	-	-
-	(36,515)	-	-	(43,875)	(7,360)	-
-	-	-	-	(50)	-	-
37,439	(6,543)	-	-	(6,543)	-	-
-	(580,444)	-	-	(596,363)	(15,919)	-
246,766	(37,865)	-	-	(37,865)	-	-
51,946	-	-	-	-	-	-
-	(10,765)	-	-	(15,277)	(4,512)	-
12,676	(4,225)	-	-	(4,225)	-	-
4,107	-	-	-	-	(4,106)	-
<u>315,495</u>	<u>(633,299)</u>	<u>-</u>	<u>-</u>	<u>(653,730)</u>	<u>(24,537)</u>	<u>-</u>
<u>417,226</u>	<u>(759,977)</u>	<u>-</u>	<u>-</u>	<u>(802,100)</u>	<u>(46,179)</u>	<u>-</u>
6,280	(6,633)	-	-	(353)	-	-
400	-	-	-	-	-	-
29,423	(29,423)	-	-	-	-	-
10,120	(4,827)	-	-	-	-	-
84,594	(89,742)	-	-	(5,148)	-	-
<u>130,817</u>	<u>(130,625)</u>	<u>-</u>	<u>-</u>	<u>(5,501)</u>	<u>-</u>	<u>-</u>
<u>\$ 548,043</u>	<u>\$ (890,602)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (807,601)</u>	<u>\$ (46,179)</u>	<u>\$ -</u>

**METUCHEN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (K-4)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013	Carryover/ (Walkover) Amount
			From	To		
<b>State Department of Education</b>						
General Fund:						
Special Education Categorical Aid	495-034-5120-089	\$ 914,044	07/01/13	06/30/14	\$ -	\$ -
Special Education Categorical Aid Carryover	495-034-5120-089	926,289	07/01/12	06/30/13	(69,318)	-
Security Aid	495-034-5120-084	35,358	07/01/13	07/01/14	-	-
Transportation Aid	495-034-5120-014	59,865	07/01/13	07/01/14	-	-
Nonpublic School Trans. Costs	11-103-190	9,127	07/01/13	07/01/14	-	-
Nonpublic School Trans. Costs, Carryover	10-103-190	9,570	07/01/12	06/30/13	(9,570)	-
Extraordinary Special Education Costs Aid	495-034-5120-044	216,681	07/01/13	07/01/14	-	-
Extraordinary Special Education Costs Aid, Carryover	495-034-5120-044	149,760	07/01/12	06/30/13	(149,760)	-
* On-behalf T.P.A.F Pension/Medical	100-034-5095-001	1,640,879	07/01/13	07/01/14	-	-
Reimbursed T.P.A.F. Social Security Tax	100-034-5095-002	1,073,525	07/01/13	06/30/14	-	-
Reimbursed T.P.A.F. Social Security Tax, Carryover	495-034-5095-002	1,083,165	07/01/12	06/30/13	(53,211)	-
Total General Fund					<u>(281,859)</u>	<u>-</u>
Special Revenue Fund:						
N.J. Nonpublic Aid:						
Textbook Aid	100-034-5120-064	79,698	07/01/13	06/30/14	-	-
Textbook Aid	100-034-5120-064	76,301	07/01/12	06/30/13	(415)	-
Nursing Services	100-034-5120-070	112,789	07/01/13	06/30/14	-	-
Nursing Services	100-034-5120-070	105,902	07/01/12	06/30/13	(1,974)	-
Technology	100-034-5120-373	29,060	07/01/13	06/30/14	-	-
Technology	100-034-5120-373	28,159	07/01/12	06/30/13	(134)	-
Auxiliary Services:						
Transportation Aid	100-034-5120-067	14,342	07/01/13	06/30/14	-	-
Compensatory Education	100-034-5120-067	47,079	07/01/13	06/30/14	-	-
Compensatory Education, Carryover	100-034-5120-067	48,493	07/01/12	06/30/13	15,049	-
English as a Second Language	100-034-5120-067	8,293	07/01/13	06/30/14	-	-
English as a Second Language, Carryover	100-034-5120-067	5,172	07/01/11	06/30/12	1,724	-
Supplemental Instruction	100-034-5120-066	30,529	07/01/13	06/30/14	-	-
Supplemental Instruction, Carryover	100-034-5120-066	40,937	07/01/12	06/30/13	20,122	-
Examination and Classification	100-034-5120-066	50,962	07/01/13	06/30/14	-	-
Examination and Classification, Carryover	100-034-5120-066	51,125	07/01/12	06/30/13	5,733	-
Corrective Speech	100-034-5120-066	29,138	07/01/13	06/30/14	-	-
Corrective Speech, Carryover	100-034-5120-066	31,248	07/01/12	06/30/13	781	-
Home Instruction	100-034-5120-067	4,681	07/01/13	06/30/14	-	-
Home Instruction, Carryover	100-034-5120-067	354	07/01/11	06/30/12	(354)	-
Total Special Revenue Fund					<u>38,808</u>	<u>-</u>
Debt Service Fund:						
Debt Service Aid Type II	495-034-5120-017	262,751	07/01/13	06/30/14	-	-
Total Debt Service Fund					-	-
State Department of Agriculture						
Enterprise Fund:						
National School Lunch Program (State Share)	100-034-5120-122	4,736	07/01/13	06/30/14	-	-
National School Lunch Program (State Share)-Carryover	100-034-5120-122	4,730	07/01/12	07/01/13	(288)	-
Total Enterprise Fund					<u>(288)</u>	<u>-</u>
Total State Financial Assistance					<u>\$ (243,339)</u>	<u>\$ -</u>

**METUCHEN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (K-4) (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	(Accounts Receivable) June 30, 2014	Deferred Revenue	Due to Grantor At June 30, 2014	MEMO	
							Budgetary Receivable	Cumulative Total Expenditures
\$ 914,044	\$ (914,044)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (73,255)	\$ (914,044)
69,318	-	-	-	-	-	-	-	-
35,358	(35,358)	-	-	-	-	-	-	(35,358)
59,865	(59,865)	-	-	-	-	-	-	(59,865)
-	(9,127)	-	-	(9,127)	-	-	-	(9,127)
9,570	-	-	-	-	-	-	-	-
-	(216,681)	-	-	(216,681)	-	-	-	(216,681)
149,760	-	-	-	-	-	-	-	-
1,640,879	(1,640,879)	-	-	-	-	-	-	(1,640,879)
1,073,525	(1,073,525)	-	-	-	-	-	-	(1,073,525)
(53,211)	-	-	-	-	-	-	-	-
<u>3,899,108</u>	<u>(3,949,479)</u>	<u>-</u>	<u>-</u>	<u>(225,808)</u>	<u>-</u>	<u>-</u>	<u>(73,255)</u>	<u>(3,949,479)</u>
79,698	(79,324)	-	-	-	-	374	-	(79,324)
-	-	-	-	-	-	-	-	-
112,789	(108,933)	-	-	-	-	3,856	-	(108,933)
-	-	-	-	-	-	-	-	-
29,060	(28,970)	-	-	-	-	90	-	(28,970)
-	-	-	-	-	-	-	-	-
14,342	(14,342)	-	-	-	-	-	-	(14,342)
47,079	(29,959)	-	-	-	-	17,120	-	(29,959)
-	-	-	15,049	-	-	-	-	-
8,293	(8,293)	-	-	-	-	-	-	(8,293)
-	-	-	-	-	-	-	-	-
30,529	(18,040)	-	-	-	-	12,489	-	(18,040)
-	-	-	20,122	-	-	-	-	-
50,962	(39,028)	-	-	-	-	11,934	-	(39,028)
-	-	-	5,733	-	-	-	-	-
29,138	(29,138)	-	-	-	-	-	-	(29,138)
-	-	-	781	-	-	-	-	-
-	(4,681)	-	-	(4,681)	-	-	-	(4,681)
354	-	-	-	-	-	-	-	-
<u>402,244</u>	<u>(360,708)</u>	<u>-</u>	<u>41,685</u>	<u>(4,681)</u>	<u>-</u>	<u>45,863</u>	<u>-</u>	<u>(360,708)</u>
262,751	(262,751)	-	-	-	-	-	-	(262,751)
262,751	(262,751)	-	-	-	-	-	-	(262,751)
4,484	(4,736)	-	-	(252)	-	-	-	(4,736)
288	-	-	-	-	-	-	-	-
<u>4,772</u>	<u>(4,736)</u>	<u>-</u>	<u>-</u>	<u>(252)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,736)</u>
<u>\$ 4,568,875</u>	<u>\$ (4,577,674)</u>	<u>\$ -</u>	<u>\$ 41,685</u>	<u>\$ (230,741)</u>	<u>\$ -</u>	<u>\$ 45,863</u>	<u>\$ (73,255)</u>	<u>\$ (4,577,674)</u>

## Metuchen School District

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

Year ended June 30, 2014

#### **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.

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

## Metuchen School District

Notes to Schedules of Expenditures of  
Federal and State Awards

Year ended June 30, 2014

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

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 \$(3,937) for the General Fund and \$(0) for the Special Revenue 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	\$ -	\$ 3,945,542	\$ 3,945,542
Special Revenue Fund	755,752	360,708	1,116,460
Debt Service Fund	-	262,751	262,751
Proprietary Fund	120,971	4,736	125,707
	<hr/>		
Total Awards & Financial Assistance	<u>\$ 876,723</u>	<u>\$ 4,573,737</u>	<u>\$ 5,450,460</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.

Metuchen School District

Notes to Schedules of Expenditures of  
Federal and State Awards

Year ended June 30, 2014

**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, 2014.

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, 2014

**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 <input checked="" type="checkbox"/>	No
	Significant deficiency(ies) identified?	_____	Yes <input checked="" type="checkbox"/>	None Reported
(iii)	Noncompliance material to financial statements noted?	_____	Yes <input checked="" type="checkbox"/>	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 <input checked="" type="checkbox"/>	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 <input checked="" type="checkbox"/>	No
	Significant deficiency(ies) identified?	_____	Yes <input checked="" type="checkbox"/>	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 <input checked="" type="checkbox"/>	No

Metuchen School District

Schedule of Findings and Questioned Costs

June 30, 2014

**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, 2014

**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, 2014

**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, 2013

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, 2013 that we are required to report on.