

Comprehensive Annual Financial Report

of the

Metuchen School District

County of Middlesex

Metuchen, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Metuchen School District
Business Office**

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INTRODUCTORY SECTION

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

December 12, 2019

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, 2019. 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 Title 2 U.S. Code of Federal Regulations Part 200, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance) and the State Treasury Circular Letter 15-08 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 2,300 students. There are four school buildings: Pre K and Kindergarten, Elementary, Middle and High School. The population of the town is approximately 14,382.

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. 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 2018-2019 fiscal year with an enrollment of 2312 students which is about 14 students greater than the previous year’s enrollment. The forecast for student enrollment is for moderate growth over the next five years with 20 students projected in 2019-2020.

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 2019-2020 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 93% of the Class of 2019 pursuing post-secondary education. Of the 156 graduates in the Class of 2019, 6 students were designated National Merit Commended Scholars. Our SAT scores exceeded state and national averages with the MHS Class of 2019 averaging 592 in Evidence Based Reading and Writing and 596 in Mathematics.

Metuchen School District employs highly competent teaching, supervisory and administrative staff with approximately 44% certified with a BA degree, 54% with a Master's Degree and 2% 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 Suplee, Clooney & Company 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 Uniform Guidance, and the State Treasury Circular Letter 15-08 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, 2019

<u>Members of the Board of Education</u>		<u>Expiration of Term</u>
Justin Manley	President	2021
Eric Suss	Vice President	2022
Brian Glassberg	Member	2020
Benjamin Small	Member	2020
Dan E. Benderly	Member	2020
Chris Derflinger	Member	2021
Jonathan Lifton	Member	2022
Alicia Killean	Member	2022
Michelle Cook	Member	2021

Other Officials

Vincent Caputo, Superintendent of Schools

Michael Harvier, Business Administrator/Board Secretary

Richard Cohen, Assistant Superintendent of Schools/Principal Moss School

Tania Herzog, Supervisor of Student Personnel Services

Rebecca A. Cuthbert, Treasurer

METUCHEN SCHOOL DISTRICT

BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Architect

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

Audit Firm

Suplee, Clooney & Company
308 East Broad Street
Westfield, NJ 07090

Attorney

David B. Rubin, PC
44 Bridge Street
Metuchen, NJ 08840

Official Depository

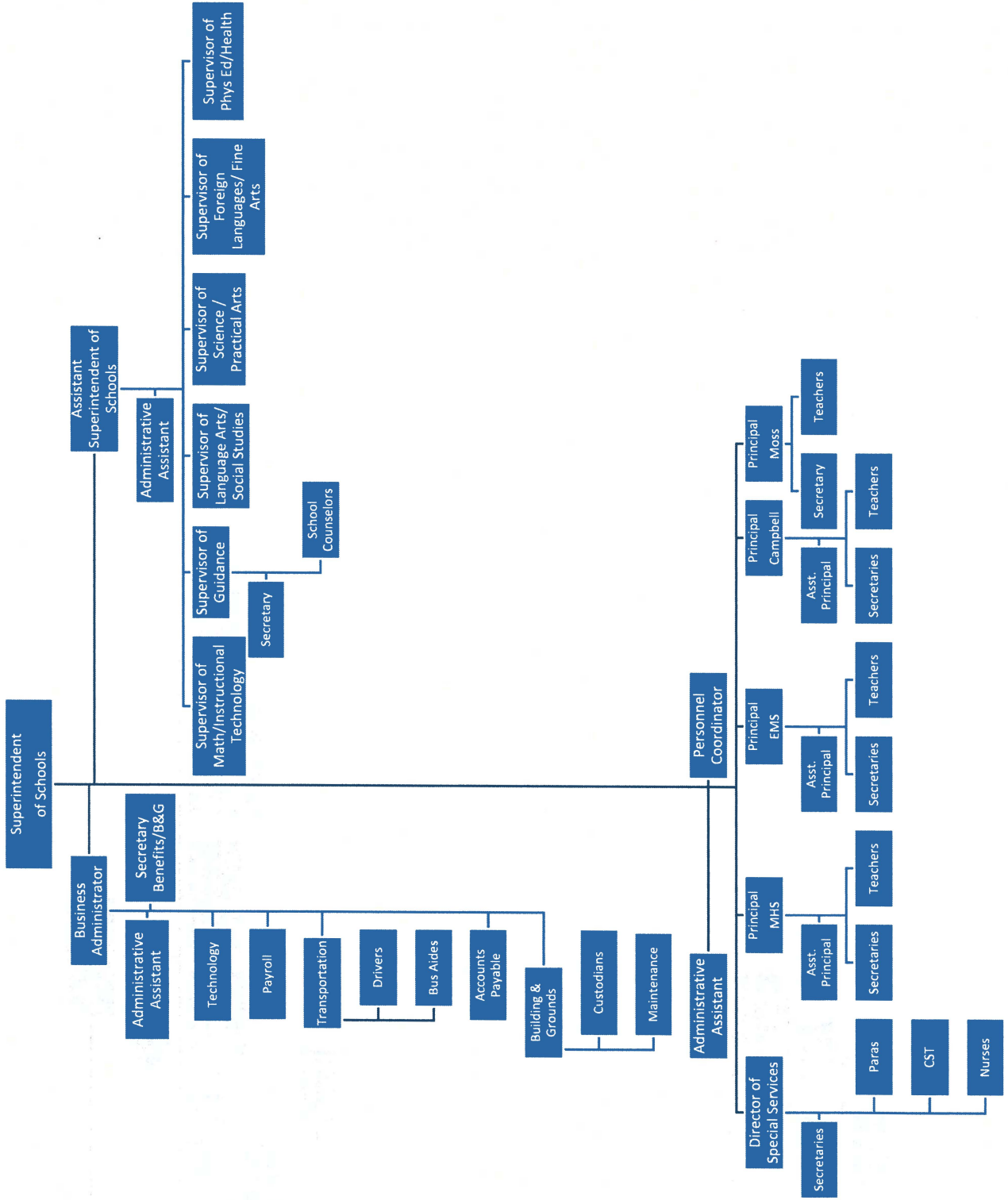
TD Bank, N.A.
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Wilmington, DE 19808

Bond Counsel

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

Metuchen School District
Organizational Chart

Metuchen School District
Organizational Chart



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Metuchen School District
County of Middlesex
Metuchen, New Jersey 08840

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metuchen School District, County of Middlesex, New Jersey as of and for the year ended June 30, 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of New Jersey *OMB Circular 15-08 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid."* Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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 District'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 District'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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 the Metuchen School District, County of Middlesex, New Jersey as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedule related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 are 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metuchen School District's basic financial statements. The accompanying supplementary information schedules such as the introductory section, combining statements and individual fund financial statements, the statistical section and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance 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 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 the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

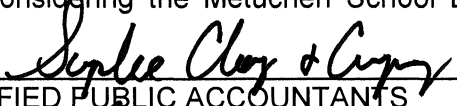
The other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

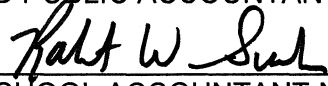
Prior Period Financial Statements

The financial statements of the Metuchen School District as of June 30, 2018, were audited by other auditors whose report dated February 21, 2019, expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2019 on our consideration of the Metuchen School 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 effectiveness of the Metuchen School District's 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 Metuchen School District's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

December 12, 2019

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

The Management's Discussion and Analysis of the Metuchen School District (the "District") offers readers of the District's financial statements a narrative overview of the financial activities for the fiscal year ended June 30, 2019. The intent of this discussion is to look at the District's financial performance as a whole; therefore readers should also review the transmittal letter at the front of this report, along with the District's financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information (RSI) specified in the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis of State and Local Governments issued in June 1999. Certain comparative information between the current fiscal year (2018-2019) and the prior fiscal year (2017-2018) is required to be presented in the MD&A.

Financial Highlights

- Revenue from governmental activities accounted for \$51,761,608.54 of school district revenue. The other \$822,260.47 of revenue was generated by the business type activities.
- The District's total net position is \$12,253,942.67

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include food services.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Exhibit A-1 reflects how the various parts of this annual report are arranged and related to one another.

District-wide Financial Statements

The District-wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net positions includes all of the District's assets and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net positions and how they have changed. Net positions, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net positions are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. 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 District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service activities are reported as business activities.

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- **Governmental Funds:** The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that 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 government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

Financial Analysis of the District as a Whole

The District's combined net positions have increased from the 2017-2018 fiscal year. The net positions from governmental funds increased \$837,020.44. Net positions from business-type activities increased \$14,430.13. Table A-1 below reflects the District's net positions as a whole. Table A-2 reflects the changes in net positions from operating results.

**Table A-1
Condensed Statement of Net Positions**

	Governmental Activities		Business-Type Activities		Total School District		Total
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	Percentage Change
Current and Other Assets	\$6,365,334.82	\$7,413,686.90	\$480,254.02	\$279,767.00	\$6,845,588.84	\$7,693,453.90	-11.02%
Capital Assets	34,675,172.50	35,013,541.51	60,268.64	69,928.00	34,735,441.14	35,083,469.51	-0.99%
Total Assets	41,040,507.32	42,427,228.41	540,522.66	349,695.00	41,581,029.98	42,776,923.41	-2.80%
Deferred Outflows Pension Related	2,350,656.00	3,072,720.00			2,350,656.00	3,072,720.00	-23.50%
Total Deferred Outflows	2,350,656.00	3,072,720.00	0.00	0.00	2,350,656.00	3,072,720.00	-23.50%
Long-Term Liabilities	27,367,420.00	31,015,092.00			27,367,420.00	31,015,092.00	-11.76%
Short-Term Liabilities	1,214,067.78	1,337,998.31	184,755.53	8,358.00	1,398,823.31	1,346,356.31	3.90%
Total Liabilities	28,581,487.78	32,353,090.31	184,755.53	8,358.00	28,766,243.31	32,361,448.31	-11.11%
Deferred Inflows Pension Related	2,911,500.00	2,085,703.00			2,911,500.00	2,085,703.00	39.59%
Total Deferred Inflows	2,911,500.00	2,085,703.00	0.00	0.00	2,911,500.00	2,085,703.00	39.59%
Net Positions:							
Net Investment In Capital Assets	16,818,576.50	16,083,887.51	60,268.64	69,928.00	16,878,845.14	16,153,815.51	4.49%
Restricted	3,583,607.24	3,319,428.00			3,583,607.24	3,319,428.00	7.96%
Unrestricted (Deficit)	(8,504,008.20)	(8,342,160.41)	295,498.49	271,409.00	(8,208,509.71)	(8,070,751.41)	1.71%
Total Net Positions	\$11,898,175.54	\$11,061,155.10	\$355,767.13	\$341,337.00	\$12,253,942.67	\$11,402,492.10	7.47%

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

**Table A-2
Changes in Net Positions from Operating Results**

Program Revenue:		
Charges for Services	\$988,878.21	\$984,483.00
Operating Grants and Contributions	11,422,880.85	7,593,443.00
General Revenue:		
Property Taxes	38,509,900.00	37,457,218.00
Federal and State Aid	1,626,446.86	394,264.00
Other	35,763.09	15,221.00
	<u>52,583,869.01</u>	<u>46,444,629.00</u>
Expenses/Indirect Allocations:		
Instruction	34,532,340.90	28,357,459.00
Student & Instructional Related Services	6,447,150.13	5,813,296.00
Administrative and Business	3,717,056.92	3,495,109.00
Maintenance & Operations	3,630,788.19	4,252,588.00
Transportation	1,935,819.96	2,186,891.00
Other	1,469,262.34	1,531,865.00
	<u>51,732,418.44</u>	<u>45,637,208.00</u>
Total Expenses	<u>51,732,418.44</u>	<u>45,637,208.00</u>
Increase/(Decrease) in Net Positions	<u>\$851,450.57</u>	<u>\$807,421.00</u>

Sources of Revenue for Fiscal Year 2019

The District's total revenue for the 2018-2019 school year was \$52,583,869.01 as reflected in Table A-3 below. Property taxes accounted for 73.25 percent of the total revenue with the other 26.75 percent consisting of federal & state aid, charges for service, operating grants and contributions, and miscellaneous sources.

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

**Table A-3
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$38,509,900.00	73.25%	\$37,457,218.00	80.66%
Operating Grants & Contributions	11,422,880.85	21.72%	7,593,443.00	16.35%
Other Sources	35,763.09	0.07%	15,221.00	0.03%
Federal & State Aid Unrestricted	1,626,446.86	3.09%	394,264.00	0.85%
Charges for Services	988,878.21	1.88%	984,483.00	2.12%
	<u>\$52,583,869.01</u>	<u>100.00%</u>	<u>\$46,444,629.00</u>	<u>100.00%</u>

Expenses & Indirect Costs Allocated for the Fiscal Year 2018

The total expenditures for the 2018-2019 fiscal year for all programs and services were \$51,732,418.44. Table A-4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 82.96 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in both school buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds.

**Table A-4
Expenses & Indirect Costs Allocated**

<u>Expense Category</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	34,532,340.90	66.76%	\$28,357,459.00	62.15%
Student & Instr. Related Services	6,447,150.13	12.46%	5,813,296.00	12.74%
Administrative and Business	3,717,056.92	7.19%	3,495,109.00	7.66%
Maintenance & Operations	3,630,788.19	7.02%	4,252,588.00	9.32%
Transportation	1,935,819.96	3.74%	2,186,891.00	4.79%
Other	1,469,262.34	2.84%	1,531,865.00	3.36%
	<u>\$51,732,418.44</u>	<u>100.00%</u>	<u>\$45,637,208.00</u>	<u>100.00%</u>

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

Governmental Activities

Table A-5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student and instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

**Table A-5
Net Cost of Governmental Activities**

<u>Function/Program</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$25,284,775.77	64.29%	\$22,567,735.00	60.89%
Student & Instruction Related Services	4,954,525.81	12.60%	5,263,150.00	14.20%
Administrative and Business	3,393,535.26	8.63%	3,165,022.00	8.54%
Maintenance & Operations	3,535,026.79	8.99%	3,794,133.00	10.24%
Transportation	1,742,310.88	4.43%	1,813,836.00	4.89%
Other	410,484.87	1.04%	455,406.00	1.23%
	<u>\$39,320,659.38</u>	<u>100.00%</u>	<u>\$37,059,282.00</u>	<u>100.00%</u>

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts as needed to account for staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials and equipment to meet various program needs.

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

Capital Assets

Table A-6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table A-6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	
Land and Site Improvements	\$178,952.00	\$178,952.00			\$178,952.00	\$178,952.00	0.000%
Construction in Progress	1,889,841.00	98,798.00			1,889,841.00	98,798.00	1812.833%
Building and Building Improvements	31,087,879.38	33,162,210.00			31,087,879.38	33,162,210.00	-6.255%
Machinery and Equipment	1,518,500.12	1,573,581.51	\$60,268.64	\$69,926.17	1,578,768.76	1,643,507.68	-3.939%
Total Assets	<u>\$34,675,172.50</u>	<u>\$35,013,541.51</u>	<u>\$60,268.64</u>	<u>\$69,926.17</u>	<u>\$34,735,441.14</u>	<u>\$35,083,467.68</u>	<u>-0.992%</u>

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019
UNAUDITED**

Debt Administration

At June 30, 2019, the District had \$27,367,420.00 of outstanding long-term debt consisting of compensated absences, capital leases, and net pension liability. The District will continue to pay down its debt, as the obligations are due. Table A-7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term debt is presented in Note 4 to the financial statements.

**Table A-7
Outstanding Long-term Debt**

	Total School Debt		Total Percentage Change
	FY 2019	FY 2018	
Bonds, Net	\$16,879,536.00	\$18,862,858.00	-10.51%
Compensated Absences	\$1,012,985.00	\$984,758.00	2.87%
Capital Leases	977,060.00	\$1,266,796.00	-22.87%
Net Pension Liability	8,497,839.00	9,900,680.00	-14.17%
	<u>\$27,367,420.00</u>	<u>\$31,015,092.00</u>	<u>-11.76%</u>

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Business Administrator/Board Secretary's office, Metuchen Borough School District, 16 Simpson Place, Metuchen, New Jersey 08840. Also, please visit our website to learn more about our School District www.metuchenschools.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2019.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net positions 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 POSITIONS
JUNE 30, 2019

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 363,760.94	\$ 468,103.00	\$ 831,863.94
Receivables, net	4,007,139.88	6,063.84	4,013,203.72
Due from other funds	145,481.00		145,481.00
Inventory		6,087.18	6,087.18
Restricted assets:			
Restricted cash and cash equivalents	1,848,953.00		1,848,953.00
Capital assets:			
Non Depreciable	178,952.00		178,952.00
Depreciable - Net	34,496,220.50	60,268.64	34,556,489.14
Total assets	<u>\$ 41,040,507.32</u>	<u>\$ 540,522.66</u>	<u>\$ 41,581,029.98</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to pensions	\$ 2,350,656.00	\$ _____	\$ 2,350,656.00
Total deferred outflow of resources	<u>\$ 2,350,656.00</u>	<u>\$ _____</u>	<u>\$ 2,350,656.00</u>
LIABILITIES			
Accounts payable	\$ 844,557.02	\$ 13,530.70	\$ 858,087.72
Due to other funds		145,481.00	145,481.00
Unearned revenue	127,800.00	25,743.83	153,543.83
Payable to state government	41,196.95		41,196.95
Accrued interest payable	200,513.81		200,513.81
Noncurrent liabilities:			
Due within one year:			
Bonds & leases payable, net	2,149,852.15		2,149,852.15
Due beyond one year:			
Compensated absences payable	1,012,985.00		1,012,985.00
Bonds & leases payable, net	15,706,743.85		15,706,743.85
Net pension liability	8,497,839.00		8,497,839.00
Total liabilities	<u>\$ 28,581,487.78</u>	<u>\$ 184,755.53</u>	<u>\$ 28,766,243.31</u>
DEFERRED INFLOW OF RESOURCES			
Related to pensions	\$ 2,911,500.00	\$ _____	\$ 2,911,500.00
Total deferred inflow of resources	<u>\$ 2,911,500.00</u>	<u>\$ _____</u>	<u>\$ 2,911,500.00</u>
Net investment in capital assets	\$ 16,818,576.50	\$ 60,268.64	\$ 16,878,845.14
Restricted for:			
Other purposes	3,583,607.24		3,583,607.24
Unrestricted (Deficit)	<u>(8,504,008.20)</u>	<u>295,498.49</u>	<u>(8,208,509.71)</u>
Total net positions	<u>\$ 11,898,175.54</u>	<u>\$ 355,767.13</u>	<u>\$ 12,253,942.67</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

METUCHEN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2019

FUNCTIONS/PROGRAMS	EXPENSES	INDIRECT EXPENSES ALLOCATION	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
			CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES
Governmental Activities:						
Instruction:						
Regular	\$ 12,243,610.25	\$ 10,282,673.65	\$ 140,701.00	\$ 5,876,237.63	\$ (16,509,945.27)	\$ (16,509,345.27)
Special education	6,657,743.21	3,389,479.49		2,740,063.92	(7,307,158.78)	(7,307,158.78)
Other	1,151,297.25	807,537.05		490,562.58	(1,468,271.72)	(1,468,271.72)
Support services:						
Student and instruction related services	4,365,744.88	2,081,405.25		1,492,624.32	(4,954,525.81)	(4,954,525.81)
General administrative services	556,364.25	191,183.07		15,017.34	(732,529.98)	(732,529.98)
School administrative services	1,590,585.25	567,769.54		274,059.56	(1,884,295.23)	(1,884,295.23)
Central services	423,260.25	170,887.91		26,558.15	(567,590.01)	(567,590.01)
Administration information technology	150,632.25	66,374.40		7,886.61	(209,120.04)	(209,120.04)
Plant operations and maintenance	2,869,008.25	761,779.94		95,761.40	(3,535,026.79)	(3,535,026.79)
Student transportation services	1,736,190.25	199,629.71	153,733.00	39,776.08	(1,742,310.88)	(1,742,310.88)
Unallocated benefits	16,117,957.00	(16,117,957.00)				
Unallocated depreciation	2,400,763.01					
Interest on long term debt	661,432.00					
Total governmental activities	\$ 50,924,588.10	\$ (2,400,763.01)	\$ 294,434.00	\$ 11,295,064.59	\$ (39,335,089.51)	\$ (39,335,089.51)
Business-type activities:						
Food service fund	638,202.81		507,289.16	127,816.26	(3,097.39)	(3,097.39)
The Zone	113,581.03		129,519.55		15,938.52	15,938.52
Integrated Preschool	37,664.00		55,785.50		18,121.50	18,121.50
Stream	18,382.50		1,850.00		(16,532.50)	(16,532.50)
Total business-type activities	\$ 807,830.34		\$ 694,444.21	\$ 127,816.26	\$ 14,430.13	\$ 14,430.13
Total primary government	\$ 51,732,418.44	\$ (2,400,763.01)	\$ 988,878.21	\$ 11,422,880.85	\$ (39,335,089.51)	\$ (39,320,659.38)
General Revenues:						
Taxes:						
Property taxes - general					\$ 36,239,985.00	\$ 36,239,985.00
Property taxes - debt service					2,269,915.00	2,269,915.00
Federal and state aid not restricted					1,739,318.00	1,739,318.00
Miscellaneous income					35,763.09	35,763.09
Canceled SDA Grant					(112,871.14)	(112,871.14)
Total general revenues					\$ 40,172,109.95	\$ 40,284,981.09
Change in net position					\$ 837,020.44	\$ 964,321.71
Net position - beginning (as restated)					\$ 11,061,155.10	\$ 11,402,482.10
Net position - ending					\$ 11,898,175.54	\$ 12,366,813.81

The accompanying Notes to the Financial Statements are an integral part of this statement.

MAJOR FUND FINANCIAL STATEMENTS

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

METUCHEN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS AND OTHER DEBITS:				
Assets:				
Cash and cash equivalents	\$ 2,298,693.60	\$	\$ 169,965.86	\$ 2,468,659.46
Accounts receivable:				
State	464,620.81	3,229.89		467,850.70
Federal		325,014.65		325,014.65
Other	3,209,155.58	5,118.95		3,214,274.53
Interfunds	<u>315,446.86</u>			<u>315,446.86</u>
Total assets	<u>\$ 6,287,916.85</u>	<u>\$ 333,363.49</u>	<u>\$ 169,965.86</u>	<u>\$ 6,791,246.20</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Cash deficit	\$	\$ 255,945.52	\$	\$ 255,945.52
Accounts payable	375,891.00	36,221.02		412,112.02
Interfunds payable			169,965.86	169,965.86
Payable to state government		41,196.95		41,196.95
Unearned revenue	<u>127,800.00</u>			<u>127,800.00</u>
Total liabilities	<u>\$ 503,691.00</u>	<u>\$ 333,363.49</u>	<u>\$ 169,965.86</u>	<u>\$ 1,007,020.35</u>
Fund balances:				
Restricted for:				
Capital reserve account	\$ 811,580.00	\$	\$	\$ 811,580.00
Emergency reserve account	12,373.00			12,373.00
Maintenance reserve account	1,025,000.00			1,025,000.00
Excess surplus-current year	1,145,172.19			1,145,172.19
Excess surplus designated for subsequent years expenditures	594,601.00			594,601.00
Assigned for:				
Year-end encumbrances	1,069,053.00			1,069,053.00
Designated for subsequent years expenditures	63,000.00			63,000.00
Unassigned	<u>1,063,446.66</u>			<u>1,063,446.66</u>
Total fund balances	<u>\$ 5,784,225.85</u>	<u>\$</u>	<u>\$</u>	<u>\$ 5,784,225.85</u>
Total liabilities and fund balances	<u>\$ 6,287,916.85</u>	<u>\$ 333,363.49</u>	<u>\$ 169,965.86</u>	<u>\$ 6,791,246.20</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

METUCHEN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Total Fund Balances (Brought Forward) \$ 5,784,225.85

Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of Assets	\$ 68,058,516.00	
Accumulated Depreciation	<u>(33,383,343.50)</u>	34,675,172.50

Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Serial bonds payable, net	\$ (16,879,536.00)	
Leases payable	(977,060.00)	
Net pension liability	(8,497,839.00)	
Compensated absences payable	<u>(1,012,985.00)</u>	(27,367,420.00)

Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.

Deferred outflows:		
Pension related		2,350,656.00
Deferred inflows:		
Pension related		(2,911,500.00)

Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.

Account payable - pension related	\$ (432,445.00)	
Accrued Interest Payable	<u>(200,513.81)</u>	<u>(632,958.81)</u>

Net Positions of Governmental Activities \$ 11,898,175.54

The accompanying Notes to the 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, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:					
Local sources:					
Local tax levy	\$ 36,239,985.00	\$	\$	\$ 2,269,915.00	\$ 38,509,900.00
Tuition	140,701.00				140,701.00
Transportation fees from individuals	153,733.00				153,733.00
Miscellaneous revenues	35,763.09				35,763.09
Total revenues-local sources	\$ 36,570,182.09	\$	\$	\$ 2,269,915.00	\$ 38,840,097.09
State sources	\$ 7,485,300.00	\$ 502,722.94	\$	\$ 236,517.00	\$ 8,224,539.94
Federal sources	7,425.00	758,618.65			766,043.65
Total revenues	\$ 44,062,907.09	\$ 1,261,341.59	\$	\$ 2,506,432.00	\$ 47,830,680.68
EXPENDITURES:					
Current expense:					
Instruction:					
Regular	\$ 12,206,554.00	\$	\$	\$	\$ 12,206,554.00
Special education	4,053,661.00	684,804.96			4,738,465.96
Other instruction	1,157,191.00				1,157,191.00
Support services:					
Tuition	1,968,121.00				1,968,121.00
Student and instruction related services	3,795,102.00	576,536.63			4,371,638.63
General administrative services	562,258.00				562,258.00
School administrative services	1,596,479.00				1,596,479.00
Central services	429,154.00				429,154.00
Administration information technology	156,526.00				156,526.00
Plant operations and maintenance	2,874,902.00				2,874,902.00
Student transportation services	1,742,084.00				1,742,084.00
Employee benefits	11,897,761.00				11,897,761.00
Capital outlay	2,452,627.00				2,452,627.00
Debt service:					
Principal				1,845,000.00	1,845,000.00
Interest				661,432.00	661,432.00
Total expenditures	\$ 44,892,420.00	\$ 1,261,341.59	\$	\$ 2,506,432.00	\$ 48,660,193.59
Excess (deficiency) of revenues over (under) expenditures	\$ (829,512.91)	\$	\$	\$	\$ (829,512.91)
Other financing sources (uses):					
Operating transfer (out)	\$	\$	\$ (158,580.76)	\$	\$ (158,580.76)
Operating transfer in	158,580.76				158,580.76
Canceled SDA Grant			(112,871.14)		(112,871.14)
Capital leases (non-budgeted)					
Total financing sources(uses):	\$ 158,580.76	\$	\$ (271,451.90)	\$	\$ (112,871.14)
Net change in fund balances	\$ (670,932.15)	\$	\$ (271,451.90)	\$	\$ (942,384.05)
Fund balances, July 1, 2018 (as restated)	\$ 6,455,158.00	\$	\$ 271,451.90	\$	\$ 6,726,609.90
Fund balances, June 30, 2019	\$ 5,784,225.85	\$	\$	\$	\$ 5,784,225.85

The accompanying Notes to the 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, 2019

Total net change in fund balances - governmental funds (from B-2)	\$ (942,384.05)
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	\$ (2,400,763.01)
Capital outlays-Capitalized (net)	<u>2,062,394.00</u>
	(338,369.01)
Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets and is not reported in the statements of activities.	
Paid - principal on bond	1,845,000.00
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.	
Amortization of Original Issue Premium on Refunding Bonds	138,322.00
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
Payment of capital leases payable	289,736.00
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.	
	21,112.50
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.	
District pension contributions	\$ 429,295.00
Less: Pension expense	<u>(577,465.00)</u>
	(148,170.00)
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	
	<u>(28,227.00)</u>
Change in net assets of governmental activities	\$ <u><u>837,020.44</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

OTHER FUNDS

METUCHEN SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	FOOD SERVICE	THE ZONE	INTEGRATED PRESCHOOL	STREAM	TOTAL
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 92,272.48	\$ 230,362.52	\$ 142,253.50	\$ 3,214.50	\$ 468,103.00
Accounts receivable:					
State	380.51				380.51
Federal	5,683.33				5,683.33
Inventories	6,087.18				6,087.18
Total current assets	<u>\$ 104,423.50</u>	<u>\$ 230,362.52</u>	<u>\$ 142,253.50</u>	<u>\$ 3,214.50</u>	<u>\$ 480,254.02</u>
Noncurrent assets:					
Furniture, machinery & equipment	\$ 270,979.63				\$ 270,979.63
Less accumulated depreciation	(210,710.99)				(210,710.99)
Total noncurrent assets	<u>\$ 60,268.64</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 60,268.64</u>
Total assets	<u>\$ 164,692.14</u>	<u>\$ 230,362.52</u>	<u>\$ 142,253.50</u>	<u>\$ 3,214.50</u>	<u>\$ 540,522.66</u>
LIABILITIES:					
Current liabilities:					
Unearned revenue	\$ 25,743.83				\$ 25,743.83
Interfunds payable		70,234.00	72,664.00	2,583.00	145,481.00
Accounts payable	13,530.70				13,530.70
Total current liabilities	<u>\$ 39,274.53</u>	<u>\$ 70,234.00</u>	<u>\$ 72,664.00</u>	<u>\$ 2,583.00</u>	<u>\$ 184,755.53</u>
Total liabilities	<u>\$ 39,274.53</u>	<u>\$ 70,234.00</u>	<u>\$ 72,664.00</u>	<u>\$ 2,583.00</u>	<u>\$ 184,755.53</u>
NET POSITION:					
Net investments in capital assets	\$ 60,268.64				\$ 60,268.64
Unrestricted	65,148.97	160,128.52	69,589.50	631.50	295,498.49
Total net position	<u>\$ 125,417.61</u>	<u>\$ 160,128.52</u>	<u>\$ 69,589.50</u>	<u>\$ 631.50</u>	<u>\$ 355,767.13</u>

METUCHEN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	<u>FOOD SERVICE</u>	<u>THE ZONE</u>	<u>INTEGRATED PRESCHOOL</u>	<u>STREAM</u>	<u>TOTAL</u>
OPERATING REVENUES:					
Charges for services:					
Sales-Reimbursable	\$ 344,956.63	\$	\$	\$	\$ 344,956.63
Sales-Nonreimbursable	162,332.53				162,332.53
Miscellaneous Revenue		129,519.55	55,785.50	1,850.00	187,155.05
Total operating revenues	\$ 507,289.16	\$ 129,519.55	\$ 55,785.50	\$ 1,850.00	\$ 694,444.21
OPERATING EXPENSES:					
Cost of sales-Reimbursable	\$ 200,140.93	\$	\$	\$	\$ 200,140.93
Cost of sales-Nonreimbursable	94,183.96				94,183.96
Salaries	174,710.65	97,790.00	37,664.00	11,921.00	322,085.65
Employee benefits	69,145.11	7,480.00			76,625.11
Other purchased services	22,500.00				22,500.00
Miscellaneous Expenses	43,683.87	8,311.03		6,461.50	58,456.40
Depreciation	33,838.29				33,838.29
Total operating expenses	\$ 638,202.81	\$ 113,581.03	\$ 37,664.00	\$ 18,382.50	\$ 807,830.34
Operating income (loss)	\$ (130,913.65)	\$ 15,938.52	\$ 18,121.50	\$ (16,532.50)	\$ (113,386.13)
NONOPERATING REVENUES (EXPENSES):					
State sources					
School lunch program	\$ 5,857.17	\$	\$	\$	\$ 5,857.17
Federal sources					
School lunch	86,138.82				86,138.82
National food distribution commodities	35,820.27				35,820.27
Total nonoperating revenues (expenses)	\$ 127,816.26	\$	\$	\$	\$ 127,816.26
Net income/(Loss)	\$ (3,097.39)	\$ 15,938.52	\$ 18,121.50	\$ (16,532.50)	\$ 14,430.13
Total net position - July 1	128,515.00	144,190.00	51,468.00	17,164.00	341,337.00
Total net position - June 30	\$ 125,417.61	\$ 160,128.52	\$ 69,589.50	\$ 631.50	\$ 355,767.13

METUCHEN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	FOOD SERVICE	THE ZONE	INTEGRATED PRESCHOOL	STREAM	TOTAL
Cash flows from operating activities:					
Receipts from customers	\$ 533,032.99	\$ 129,519.55	\$ 55,785.50	\$ 1,850.00	\$ 720,188.04
Payments to employees	(174,710.65)	(97,790.00)	(37,664.00)	(18,382.50)	(328,547.15)
Payments to employee benefits	(69,145.11)	(7,480.00)			(76,625.11)
Payment to suppliers	(352,215.35)	(8,311.03)			(360,526.38)
Net cash provided (used for) by operating activities	<u>\$ (63,038.12)</u>	<u>\$ 15,938.52</u>	<u>\$ 18,121.50</u>	<u>\$ (16,532.50)</u>	<u>\$ (45,510.60)</u>
Cash flows from noncapital financing activities:					
State sources	\$ 5,790.60				\$ 5,790.60
Federal sources	121,035.79				121,035.79
Interfunds		(48,604.00)	37,664.00	8,664.00	
Net cash provided by (used for) noncapital financing activities	<u>\$ 126,826.39</u>	<u>\$ (48,604.00)</u>	<u>\$ 37,664.00</u>	<u>\$ 8,664.00</u>	<u>\$ 126,826.39</u>
Cash flows from capital and related financing activities					
Purchase of capital assets	\$ (24,180.76)				\$ (24,180.76)
Net cash provided by (used for) capital and related financing activities	<u>\$ (24,180.76)</u>				<u>\$ (24,180.76)</u>
Net increase (decrease) in cash and cash equivalents	\$ 39,607.51	\$ (32,665.48)	\$ 55,785.50	\$ (7,868.50)	\$ 57,135.03
Cash and cash equivalents - July 1	<u>52,664.97</u>	<u>263,028.00</u>	<u>86,468.00</u>	<u>11,083.00</u>	<u>413,243.97</u>
Cash and cash equivalents - June 30	<u>\$ 92,272.48</u>	<u>\$ 230,362.52</u>	<u>\$ 142,253.50</u>	<u>\$ 3,214.50</u>	<u>\$ 470,379.00</u>
Operating income (loss)	\$ (130,913.65)	\$ 15,938.52	\$ 18,121.50	\$ (16,532.50)	\$ (113,386.13)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	33,838.29				33,838.29
Change in assets and liabilities:					
(Increase) Decrease in Inventory	3,120.82				3,120.82
Increase (Decrease) in unearned revenue	25,743.83				25,743.83
Increase (Decrease) in accounts payable	5,172.59				5,172.59
Net cash provided (used) by operating activities	<u>\$ (63,038.12)</u>	<u>\$ 15,938.52</u>	<u>\$ 18,121.50</u>	<u>\$ (16,532.50)</u>	<u>\$ (45,510.60)</u>

METUCHEN SCHOOL DISTRICT
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2019

	AGENCY FUNDS		TRUST FUNDS	
	STUDENT ACTIVITY & ATHLETICS	PAYROLL & AGENCY	PRIVATE PURPOSE TRUST	UNEMPLOYMENT COMPENSATION TRUST
ASSETS				
Cash and cash equivalents	\$ 260,033.64	\$ 397,015.38	\$ 12,476.51	\$ 341,374.83
Total assets	\$ 260,033.64	\$ 397,015.38	\$ 12,476.51	\$ 341,374.83
LIABILITIES				
Due to student groups	\$ 260,033.64	\$	\$	\$
Payroll deductions and withholdings	_____	397,015.38	_____	_____
Total liabilities	\$ 260,033.64	\$ 397,015.38	\$	\$
NET POSITION				
Held in trust	\$ _____	\$ _____	\$ 12,476.51	\$ 341,374.83
Total net position	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>12,476.51</u>	\$ <u>341,374.83</u>

METUCHEN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	STATE UNEMPLOYMENT COMPENSATION TRUST	PRIVATE PURPOSE TRUST
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Withholdings	\$ 58,979.54	\$
Other deposits		18,533.27
Total contributions	<u>\$ 58,979.54</u>	<u>\$ 18,533.27</u>
Investment earnings:		
Interest	\$ 3,989.08	\$
Net investment earnings	<u>\$ 3,989.08</u>	<u>\$</u>
Total additions	<u>\$ 62,968.62</u>	<u>\$ 18,533.27</u>
DEDUCTIONS:		
Unemployment claims	\$ 35,660.79	\$
Other disbursements		27,847.36
Total deductions	<u>\$ 35,660.79</u>	<u>\$ 27,847.36</u>
Change in net position	<u>\$ 27,307.83</u>	<u>\$ (9,314.09)</u>
Net position - July 1	<u>\$ 314,067.00</u>	<u>\$ 21,790.60</u>
Net position - June 30	<u><u>\$ 341,374.83</u></u>	<u><u>\$ 12,476.51</u></u>

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Metuchen School District have been prepared in conformity with U.S. 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.

Reporting Entity

The Metuchen School District is a Type II District located in Middlesex County, New Jersey. The District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a nine member board elected to three-year terms 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 primary criterion for including activities within the District's reporting entity are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discreetly presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District includes elementary schools, middle schools, and a high school. 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.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a Statement of Net Positions and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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 generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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 requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as generally 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 governmental 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.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

General Fund - The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the State to offset the cost of approved capital projects.

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 improvements programs.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations, an after school program (the "Zone"), an integrated preschool program for 3 and 4 year olds and an afterschool and summer program for students in grades 1 through 10, focusing on critical thinking skills ("Stream"). Enterprise funds are 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.

Fiduciary Fund Types

Agency Funds - The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Payroll and Student Activities Funds - These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Private Purpose Trust Funds - These trust funds are used to account for assets donated by individuals that will provide for the payment of awards and other purposes.

Basis of Accounting - Measurement Focus

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. 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 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.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - Measurement Focus (Continued)

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 are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Account Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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. In accordance with P.L. 2012, c. 202, which became effective January 17, 2014, the District elected to move the School Board election to the date of the November general election thereby eliminating the vote on the annual base budget unless required by the mandated State budget CAP. 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfer must be approved by School Board resolution. Budget amendments during the year ended June 30, 2019 totaled \$0.00. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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 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.

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

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund and capital projects fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available expendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements, and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition values on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. In fiscal year 2017, the District implemented GASB 72. The objective of this is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurement. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office & Computer Equipment	5-10
Instructional Equipment	10
Ground Equipment	15

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District accounts for compensated absences (e.g., unused sick days) 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 sick days in accordance with the District's employment contract and personnel policy. Upon termination, employees are paid for accrued sick time. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after four years of service.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick days that are expected to become eligible for payment upon retirement. The District estimates its accrued compensated absences liability based on the accumulated sick days at the balance sheet date by those employees who are currently eligible to receive retirement payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represent the remains of the District's equity in the cumulative earnings of the food service fund.

Unearned Revenue

Unearned revenue in the special revenue and capital projects funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable under generally accepted accounting principles.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. 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 their 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 positions are available.

Fund Balance Reserves

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Non-Spendable – includes amounts that cannot be spend because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve, and Excess Surplus as Restricted Fund Balance.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education

Assigned – includes amount that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

Unassigned – is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposed for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, he District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues Exchange and Non-Exchange 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 means within sixty days of the fiscal year end.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-Exchange Transactions (Continued)

Non-exchange 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 property 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 or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Proprietary Funds Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise funds are charges to customers for sales of food service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 program. Depreciation expense, where practicable, is specifically identified by function in the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately in the Statement of Activities.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Accounting and Financial Reporting for Pensions

In the District-Wide Financial Statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only two items that qualify for reporting in this category, deferred amounts from refunding debt and deferred amounts related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualify in this category, deferred amounts related to pension.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, certificates of deposits, deposits in the New Jersey Cash Management Fund, deposits in the governmental money market fund, deposits in the New Jersey Asset and Rebate Management Program and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), 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 the deposits to the governmental unit.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

The Metuchen School District had the following cash and cash equivalents at June 30, 2019:

<u>Fund Type</u>	<u>Cash in</u> <u>Bank</u>	<u>Reconciling</u> <u>Items</u>	<u>Reported</u> <u>Total</u>
Governmental	\$ 3,976,780.93	\$ (\$1,764,066.99)	\$ 2,212,713.94
Proprietary	468,313.55	(210.55)	468,103.00
Fiduciary	1,078,074.17	(67,173.81)	1,010,900.36
	<u>\$ 5,523,168.65</u>	<u>(\$1,831,451.35)</u>	<u>\$ 3,691,717.30</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2019, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$490,379.26 was covered by Federal Depository Insurance and \$5,032,789.39 was covered under the provisions of NJGUDPA.

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type 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 which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

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 factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

At June 30, 2019, the District had no outstanding investments.

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental activities:			
Capital assets not being depreciated			
Land	\$ 178,952.00	\$	\$ 178,952.00
Construction in Progress	98,798.00	1,791,043.00	1,889,841.00
Total Capital assets not being depreciated	<u>277,750.00</u>	<u>1,791,043.00</u>	<u>2,068,793.00</u>
Site & Site Improvements	800,275.00		800,275.00
Building & Building Improvements	60,258,536.00	159,724.00	60,418,260.00
Machinery and equipment	4,659,561.00	111,627.00	4,771,188.00
Totals at historical cost	<u>\$ 65,718,372.00</u>	<u>\$ 271,351.00</u>	<u>\$ 65,989,723.00</u>
Gross assets (memo only)	<u>\$ 65,996,122.00</u>	<u>\$ 2,062,394.00</u>	<u>\$ 68,058,516.00</u>
Less: accumulated depreciation for:			
Site & Site Improvements	\$ (800,275.00)	\$	\$ (800,275.00)
Building & Building Improvements	(27,096,326.00)	(2,234,054.62)	(29,330,380.62)
Machinery and equipment	(3,085,979.49)	(166,708.39)	(3,252,687.88)
Total depreciation	<u>\$ (30,982,580.49)</u>	<u>\$ (2,400,763.01)</u>	<u>\$ (33,383,343.50)</u>
Governmental activities capital assets, net	<u>\$ 35,013,541.51</u>	<u>\$ (338,369.01)</u>	<u>\$ 34,675,172.50</u>
Total Governmental Fund Activities	<u>\$ 35,291,291.51</u>	<u>\$ 1,452,673.99</u>	<u>\$ 36,743,965.50</u>
Business type activities:			
Machinery and equipment	\$ 246,798.87	\$ 24,180.76	\$ 270,979.63
Less: accumulated depreciation	<u>(176,872.70)</u>	<u>(33,838.29)</u>	<u>(210,710.99)</u>
Proprietary fund capital assets, net	<u>\$ 69,926.17</u>	<u>\$ (9,657.53)</u>	<u>\$ 60,268.64</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Business type activities:			
Machinery and equipment	\$ 246,798.87	\$ 24,180.76	\$ 270,979.63
Less: accumulated depreciation	<u>(176,872.70)</u>	<u>(33,838.29)</u>	<u>(210,710.99)</u>
Proprietary fund capital assets, net	<u>\$ 69,926.17</u>	<u>\$ (9,657.53)</u>	<u>\$ 60,268.64</u>

Depreciation expense was charged to functional expenses areas of the District as follows:

Instruction:

Regular	\$1,351,540.65
Special Education Instruction	266,751.44
Other Instruction	62,242.00

Support services:

Student and instruction related services	266,751.44
General administrative services	97,808.86
School administrative services	17,783.42
Central services	22,229.31
Administration information technology	22,229.31
Plant operations and maintenance	222,292.87
Pupil transportation	<u>71,133.71</u>

\$2,400,763.01

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 4: LONG-TERM LIABILITIES

At June 30, 2019, the District had no bonded debt or bonds or notes authorized but not issued. The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2019.

	Balance <u>June 30, 2018</u>	<u>Net Change</u>	Balance <u>June 30, 2019</u>	Due Within <u>One Year</u>
Bonds, Net	\$18,862,858.00	(\$1,983,322.00)	\$16,879,536.00	\$1,910,000.00
Compensated Absences	984,758.00	28,227.00	1,012,985.00	
Capital Leases	1,266,796.00	(289,736.00)	977,060.00	239,852.15
Net Pension Liability	9,900,680.00	(1,402,841.00)	8,497,839.00	
	<u>\$31,015,092.00</u>	<u>(\$3,647,672.00)</u>	<u>\$27,367,420.00</u>	<u>\$2,149,852.15</u>

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the fiscal year ended June 30, 2019, the District borrowing capacity under N.J.S.A. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation of Real Property</u>
2018	\$2,334,649,357
2017	2,299,749,828
2016	<u>2,303,856,247</u>
Average equalized valuation of property	<u>\$2,312,751,811</u>
School borrowing margin (4% of above)	<u>92,510,072</u>
Net debt applicable to limit June 30, 2019	<u>\$15,890,000</u>
School borrowing power available	<u>\$75,641,012</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements

The annual requirements to amortize all bonded debt outstanding as of June 30, 2019, including interest payments, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2020	\$1,910,000.00	\$596,381.26	\$2,506,381.26
2021	1,975,000.00	529,031.26	2,504,031.26
2022	2,060,000.00	448,731.26	2,508,731.26
2023	2,135,000.00	365,478.13	2,500,478.13
2024	2,190,000.00	279,150.00	2,469,150.00
2025	2,240,000.00	188,212.50	2,428,212.50
2026	1,165,000.00	117,275.00	1,282,275.00
2027	1,085,000.00	61,025.00	1,146,025.00
2028	1,130,000.00	16,950.00	1,146,950.00
	<u>\$15,890,000.00</u>	<u>\$2,602,234.41</u>	<u>\$18,492,234.41</u>

Capital Leases Payable

The District has entered into various capital leases. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2018:

<u>Fiscal Year June 30,</u>	<u>Amount</u>
2020	\$267,152.68
2021	260,379.40
2022	258,239.55
2023	<u>255,515.79</u>
Total Minimum Lease Payments	<u>\$1,041,287.42</u>
Less: Amounts Representing Interest	<u>(\$64,227.42)</u>
Present Value of Minimum Lease Payments	<u>\$977,060.00</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 5: 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 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, PO 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 non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision 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.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2013, P.L. 2012, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2013, P.L. 2012, c. 78, new members of TPAF and PERS, hired on or after June 28, 2013, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A 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.

Effective June 28, 2011, P.L. 2012, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2019	\$432,445.00	100.00%	\$432,445.00
2018	429,295.00	100.00%	429,295.00
2017	394,010.00	100.00%	394,010.00

During the fiscal years ended June 30, 2019, 2018, and 2017, the State of New Jersey contributed \$3,105,456, \$2,297,497.00, and \$1,716,936.00 respectively, excluding post-retirement medical and long-term disability, to the TPAF pension system on behalf of the District.

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,220,164.00 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 68.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$8,497,839.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0431592400 percent, which was an increase of 0.0006276239 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$429,295.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2018 measurement date.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$162,055	\$43,818
Changes of assumptions	1,400,303	2,717,157
Net difference between projected and actual earnings on pension plan investments		79,710
Changes in proportion and differences between District contributions and proportionate share of contributions	355,853	70,815
District contributions subsequent to the measurement date	<u>432,445</u>	
	<u>\$2,350,656</u>	<u>\$2,911,500</u>

The \$432,445.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS) (Continued)

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

<u>Year Ended</u>	<u>Amount</u>
<u>June 30</u>	
2019	\$115,987
2020	(24,650)
2021	(528,545)
2022	(450,558)
2023	(105,523)
	<u>(\$993,289)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

Inflation	2.25 Percent
Salary Increases (based on age)	
Though 2026	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 7.00 at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's proportionate share of the net pension liability	\$10,685,054	\$8,497,839	\$6,662,906

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2019 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	\$96,899,571
	\$96,899,571

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2018, the proportion of the TPAF net pension liability associated with the District was .1523150619% which was a decrease of .0003281794 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$5,648,906.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.25%
Salary increases:	
2011-2026	1.55 - 4.55%
Thereafter	2.00 - 5.45%
Investment rate of return	7.00%

Mortality Rate

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2018 and June 30, 2017 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, which is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>362,181</u>

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Non-Employer OPEB Liability

The portion of the total Non-Employer OPEB Liability that was associated with the District at June 30, 2019 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share associated with the District	64,791,146
	\$64,791,146

The total Non-Employer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The total Non-Employer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2019, the District recognized on-behalf post-employment expense and revenue of \$2,908,981.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2018 measurement date.

At June 30, 2018, the District's proportion was 0.1405117666 percent, which was an increase of .0024789882 from its proportion measured as of June 30, 2017.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

The total Non-Employer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15% Based on Age	2.10-8.98% Based on Age
Thereafter	2.00-5.45%	3.15-5.15% Based on Age	3.10-9.98 Based on Age

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female fully generational mortality projections from the central year using the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PFRS and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participant in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Pan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total Non-Employer OPEB Liability

Shown below are details regarding The Total OPEB non-employer Liability associated with the District for the measurement period from June 30, 2017 to June 30, 2018.

Balance at 6/30/17				\$74,040,564
Changes for the year:				
Service cost	\$	2,558,100.00		
Interest		2,712,556.00		
Differences between expected and actual experience		(5,412,352.00)		
Changes in assumptions or other inputs		(7,435,108.00)		
Membership Contributions		59,878.00		
Benefit payments - Net		(1,732,492.00)		
Net changes			(9,249,418)	
Balance at 6/30/18				\$64,791,146

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Non-Employer OPEB Liability to Changes in the Discount Rate

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	<u>1.00%</u> <u>Decrease (2.87%)</u>	<u>At Discount</u> <u>Rate (3.87)</u>	<u>1.00%</u> <u>Increase (4.87%)</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$76,596,324	\$64,791,146	\$55,407,249

Sensitivity of the Total Non-Employer OPEB Liability to Changes in Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the total Non-Employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	<u>1.00%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
State of New Jersey's Proportionate Share of the total Non-Employer OPEB Liability associated with the District	\$53,553,656	\$64,791,146	\$79,653,157

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB Liability associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$	\$ 6,289,428
Changes of assumptions		14,523,266
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	<u>1,330,626</u>	<u>9,718</u>
	<u>\$ 1,330,626</u>	<u>\$ 20,822,412.00</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's Non-Employer OPEB associated with the District will be recognized in OPEB expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2019	(\$2,300,465)
2020	(\$2,300,465)
2021	(\$2,300,465)
2022	(\$2,300,465)
2023	(\$2,300,465)
Total Thereafter	<u>(\$7,989,459)</u>
	<u>(\$19,491,786)</u>

Metuchen School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Employer OPEB Liability (Continued)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at <http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 8: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 9: CONTINGENCIES

The Board receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2018-2019 fiscal year were subject to the U.S. OMB Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the Board's annual audit. Findings and questioned costs, if any, relative to federal awards and state financial assistance programs will be discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. Further, the School Child Nutrition Program is a recipient of federal reimbursements and is subject to certain related federal regulations. These federal reimbursements are subject to subsequent audit and interpretation by the New Jersey Department of Education. The Board management does not believe such an audit would result in material amounts of disallowed costs.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance - The District maintains commercial coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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 table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Board & Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018-19	\$ 3,989.08	\$ 58,979.54	\$ 35,660.79	\$ 341,374.83
2017-18	1,353.00	60,214.00	42,065.00	314,067.00
2016-17	237.00	59,154.00	35,833.00	294,565.00

NOTE 11: FUND BALANCE APPROPRIATED

General Fund - Of the \$5,784,225.85 in General Fund Balance at June 30, 2019, \$1,069,053.00 has been assigned for encumbrances; \$811,580.00 has been restricted in the Capital Reserve Account; \$1,025,000.00 has been restricted in the Maintenance Reserve Account; \$594,601 has been restricted as excess surplus - subsequent years' expenditures; \$1,145,172.19 has been restricted as excess surplus resulting from current year operations; \$12,373.00 has been restricted for Emergency Reserve; \$63,000 has been assigned for subsequent year's expenditures; and \$1,063,446.66 is unassigned.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 12: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and 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.

The District accounts for compensated absences (e.g. unused vacation and 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 policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the Districts agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2019, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$1,012,985.00.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019 no liability existed for compensated absences in the proprietary fund.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 13: CALCULATION OF EXCESS SURPLUS - BUDGETARY BASIS

In accordance with N.J.S.A.18A:7F-7, as amended by P.L. 2004, c73 (S1701), the Restricted Fund Balance Excess Surplus is a required calculation pursuant to the New Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restricted General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance resulting from the year ended June 30, 2019 is \$2,700,000.00.

General Fund Expenditures Fiscal Year Ended June 30, 2019	\$44,892,418.19
Less:	
On-Behalf TPAF Pension, PRM, LTD, and Social Security Reimbursement	5,736,584.97
Adjusted General Fund Expenditures	\$39,155,833.22
Excess Surplus Percentage	2.00%
2% of Adjusted 2018-18 General Fund Expenditures	\$783,116.66
Add: Allowable Adjustments	404,637.00
Maximum Unreserved/Undesignated Fund Balance	\$1,187,753.66
Total Unassigned/Unrestricted Fund Balance	2,332,925.85
Excess Surplus	\$1,145,172.19

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was originally established by the Metuchen School District 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. The balance remaining in the reserve as of June 30, 2019 is \$811,580.00.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 14: CAPITAL RESERVE ACCOUNT (CONTINUED)

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

The activity of the capital reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$403,000.00
Increased by:	
Board Approved Transfers	249,999.24
Capital Projects Closed	158,580.76
Ending balance, June 30, 2019	\$811,580.00

NOTE 15: MAINTENANCE RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 15: MAINTENANCE RESERVE ACCOUNT (CONTINUED)

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

The activity of the maintenance reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning balance, July 1, 2018	\$838,000.00
Increased by:	
Board Approved Transfers	<u>187,000.00</u>
Ending balance, June 30, 2019	<u><u>\$1,025,000.00</u></u>

NOTE 16: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the District for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve account was created to fund medical expenses in excess of 4%. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41.

The activity of the emergency reserve during the year ended June 30, 2019, is as follows:

Balance, July 1, 2018	
and June 30, 2019	<u><u>\$12,373.00</u></u>

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balances sheet at June 30, 2019:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$315,446.86	
Capital Projects Fund		\$169,965.86
Enterprise Funds	<u> </u>	<u>145,481.00</u>
	<u>\$315,446.86</u>	<u>\$315,446.86</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 18: PRIOR PERIOD ADJUSTMENTS

	<u>Governmental Activities</u>
Net Position 6/30/18	\$11,450,225.00
Adjustments:	
GASB 68 Pension Adjustment	(399,744.00)
Accrued Interest on Bonds Adjustment	10,855.69
Other Adjustments, Net	<u>(181.59)</u>
Net Position 6/30/18 (As Restated)	<u>\$11,061,155.10</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2019

NOTE 19: INVENTORY

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food, Commodities and Supplies \$6,087.18

NOTE 20: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2019.

NOTE 21: SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the financial statement date through December 12, 2019 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events needed to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION - Part II

BUDGETARY COMPARISON SCHEDULES

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 36,239,985	\$	\$ 36,239,985	\$ 36,239,985	\$
Tuition	65,000		65,000	140,701	75,701
Transportation Fees from Individuals	120,000		120,000	153,733	33,733
Miscellaneous	10,000		10,000	35,763	25,763
Total Local Sources	\$ 36,434,985	\$	\$ 36,434,985	\$ 36,570,182	\$ 135,197
State Sources:					
Special education aid	\$ 985,204	\$	\$ 985,204	\$ 985,204	\$
Security	83,283		83,283	158,054	74,771
Transportation Aid	226,496		226,496	226,496	
Extraordinary aid				387,817	387,817
Non Public Transportation Aid				16,820	16,820
TPAF pension (on-behalf - non-budgeted)				3,105,458	3,105,458
TPAF post-retirement medical (on-behalf - non-budgeted)				1,408,630	1,408,630
TPAF long-term disability insurance (on-behalf - non-budgeted)				2,335	2,335
Reimbursed TPAF social security (reimbursed - non-budgeted)				1,220,164	1,220,164
Total State Sources	\$ 1,294,983	\$	\$ 1,294,983	\$ 7,510,978	\$ 6,215,995
Federal Sources					
Medicaid Reimbursement	19,031		19,031	7,425	(11,606)
Total - Federal Sources	\$ 19,031	\$	\$ 19,031	\$ 7,425	\$ (11,606)
TOTAL REVENUES	\$ 37,748,999	\$	\$ 37,748,999	\$ 44,088,585	\$ 6,339,586
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction					
Preschool/Kindergarten - salaries of teachers	\$ 500,863	\$ (85,000)	\$ 415,863	\$ 414,200	\$ 1,663
Grades 1-5 - salaries of teachers	3,919,290	(339,000)	3,580,290	3,576,052	4,238
Grades 6-8 - salaries of teachers	3,187,543	59,000	3,246,543	3,244,981	1,562
Grades 9-12 - salaries of teachers	4,122,041	(176,000)	3,946,041	3,943,874	2,167
General supplies	650,874	248,773	899,647	864,835	34,812
Textbooks	184,969	(15,000)	169,969	162,612	7,257
Total Regular Programs - Instruction	\$ 12,565,480	\$ (307,227)	\$ 12,258,253	\$ 12,206,554	\$ 51,699
Special Education - Instruction					
Cognitive Mild					
Other Salaries for instruction	\$	\$ 125,011	\$ 125,011	\$ 125,011	\$
Total Cognitive Mild	\$	\$ 125,011	\$ 125,011	\$ 125,011	\$
Special Ed/Multiple Disabilities:					
Salaries of teachers	\$ 199,263	\$ 30,000	\$ 229,263	\$ 225,257	\$ 4,006
Other Salaries for Instruction	266,016	(13,511)	252,505	249,434	3,071
Total Resource Room/Resource Center	\$ 465,279	\$ 16,489	\$ 481,768	\$ 474,691	\$ 7,077

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Special Ed/Resource Center:					
Salaries of teachers	\$ 1,854,805	\$ 188,000	\$ 2,042,805	\$ 2,041,669	\$ 1,136
Other Salaries for Instruction	987,376	(152,245)	835,131	827,295	7,836
General supplies	6,400	700	7,100	6,709	391
Textbooks	6,000	3,764	9,764	9,669	95
Other objects	2,000	(257)	1,743	1,741	2
Total Resource Room/Resource Center	\$ 2,856,581	\$ 39,962	\$ 2,896,543	\$ 2,887,083	\$ 9,460
Preschool Disabilities - Part-Time:					
Salaries of teachers	\$ 161,488	\$ (12,000)	\$ 149,488	\$ 113,487	\$ 36,001
Other Salaries for Instruction	79,804		79,804	67,305	12,499
Purchased technical services	100,000	35,000	135,000	119,999	15,001
General supplies	6,500	554	7,054	5,565	1,489
Total Preschool Disabilities - Part-Time	\$ 347,792	\$ 23,554	\$ 371,346	\$ 306,356	\$ 64,990
Preschool Disabilities - Full - Time:					
Salaries of teachers	\$ 52,418	\$ 80,000	\$ 132,418	\$ 130,464	\$ 1,954
Other Salaries for Instruction	79,804		79,804	78,617	1,187
Total Preschool Disabilities - Part-Time	\$ 132,222	\$ 80,000	\$ 212,222	\$ 209,081	\$ 3,141
Home Instruction					
Salaries of teachers	\$ 40,000	\$ 12,000	\$ 52,000	\$ 51,439	\$ 561
Total Home Instruction	\$ 40,000	\$ 12,000	\$ 52,000	\$ 51,439	\$ 561
Basic Skills/Remedial - Instruction					
Salaries of teachers	\$ 317,654	\$	\$ 317,654	\$ 205,709	\$ 111,945
Total Basic Skills/Remedial - Instruction	\$ 317,654	\$	\$ 317,654	\$ 205,709	\$ 111,945
Bilingual Education - Instruction					
Salaries of teachers	\$ 37,644	\$ 60,000	\$ 97,644	\$ 94,235	\$ 3,409
General supplies	500		500	500	500
Total Bilingual Education - Instruction	\$ 38,144	\$ 60,000	\$ 98,144	\$ 94,235	\$ 3,909
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	\$ 196,856	\$ 1,700	\$ 198,556	\$ 198,510	\$ 46
Supplies and materials	20,000	850	20,850	20,817	33
Total School-Spon. Cocurricular Actvts. - Inst.	\$ 216,856	\$ 2,550	\$ 219,406	\$ 219,327	\$ 79
School-Spon. Cocurricular Athletics - Inst.					
Salaries	\$ 428,488	\$ 6,365	\$ 434,853	\$ 434,805	\$ 48
Purchased services (300-500 series)	47,459	4,200	51,659	51,659	
Supplies and materials	68,329	14,720	83,049	69,225	13,824
Other objects	90,530	(1,220)	89,310	82,231	7,079
Total School-Spon. Cocurricular Athletics - Inst.	\$ 634,806	\$ 24,065	\$ 658,871	\$ 637,920	\$ 20,951

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other Instructional Programs - Instruction					
Salaries	\$ 3,000	\$	\$ 3,000	\$	\$ 3,000
Total Other Special Instruction	\$ 3,000	\$	\$ 3,000	\$	\$ 3,000
TOTAL INSTRUCTION	\$ 17,617,814	\$ 76,404	\$ 17,694,218	\$ 17,417,406	\$ 276,812
UNDISTRIBUTED EXPENDITURES:					
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	\$ 74,160	\$ (2,000)	\$ 72,160	\$ 42,950	\$ 29,210
Tuition to other LEAs within the state - special	669,796	(10,000)	659,796	489,286	170,510
Tuition to private schools for the disabled - within state	1,631,405	(122,887)	1,508,518	1,418,852	89,666
Tuition - state facilities	40,000		40,000		40,000
Total Undistributed Expenditures - Instruction:	\$ 2,415,361	\$ (134,887)	\$ 2,280,474	\$ 1,951,088	\$ 329,386
Undist. Expend. - Health Services					
Salaries	\$ 265,281	\$ 6,300	\$ 271,581	\$ 271,509	\$ 72
Purchased professional and technical services	575,000	(575,000)			
Supplies and materials	7,983		7,983	6,766	1,217
Other objects	4,429		4,429	3,431	998
Total Undistributed Expenditures - Health Services	\$ 852,693	\$ (568,700)	\$ 283,993	\$ 281,706	\$ 2,287
Undist. Expend. - Speech/Occupational Therapy, Physical Therapy & Related Services					
Salaries of other professional staff	\$ 155,970	\$ 68,000	\$ 223,970	\$ 223,315	\$ 655
Purchased Professional - Educational Services		585,000	585,000	509,839	75,161
Supplies and materials	1,800	100	1,900	1,880	20
Total Undist. Expend. - Speech/Occ Therapy, PT & Related Serv.	\$ 157,770	\$ 653,100	\$ 810,870	\$ 735,034	\$ 75,836
Undist. Expend. - Guidance Services					
Salaries of other professional staff	\$ 695,845	\$	\$ 695,845	\$ 682,171	\$ 13,674
Salaries of secretaries and clerical assistants	42,230		42,230	42,230	
Supplies and materials	50,100		50,100	42,004	8,096
Total Undist. Expend. - Guidance Services	\$ 788,175	\$	\$ 788,175	\$ 766,405	\$ 21,770
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	\$ 828,964	\$	\$ 828,964	\$ 810,930	\$ 18,034
Salaries of secretarial and clerical assistants	67,270	800	68,070	68,007	63
Supplies and materials	9,800	4,264	14,064	14,061	3
Travel	6,345	750	7,095	5,961	1,134
Total Undist. Expend. - Child Study Teams	\$ 912,379	\$ 5,814	\$ 918,193	\$ 898,959	\$ 19,234

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of supervisor of instruction	\$ 636,351	\$	\$ 636,351	\$ 601,729	\$ 34,622
Salaries of Sec and Clerical Assist.	46,660		46,660	44,133	2,527
Purchased prof- educational services	23,800	24,855	48,655	18,648	30,007
Travel	60,254	12,122	72,376	31,980	40,396
Other objects	13,750	8	13,758	12,410	1,348
Total Undist. Expend. - Improvement of Inst. Serv.	\$ 780,815	\$ 36,985	\$ 817,800	\$ 708,900	\$ 108,900
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 242,074	\$ 6,300	\$ 248,374	\$ 247,610	\$ 764
Salaries - Tech Coordinator	102,669		102,669	102,669	
Supplies and materials	53,450		53,450	46,060	7,390
Other objects	8,450		8,450	7,759	691
Total Undist. Expend. - Edu. Media Serv./Sch. Library	\$ 406,643	\$ 6,300	\$ 412,943	\$ 404,098	\$ 8,845
Total Student and Instruction Related Services	\$ 3,898,475	\$ 133,499	\$ 4,031,974	\$ 3,795,102	\$ 236,872
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 238,058	\$	\$ 238,058	\$ 225,934	\$ 12,124
Legal services	91,800		91,800	74,808	16,992
Audit Services	46,297		46,297	46,200	97
Purchased technical services	16,438		16,438	6,343	10,095
Communications/telephone	112,484	(12,500)	99,984	89,495	10,489
Travel	26,930		26,930	24,993	1,937
Supplies and materials	16,995	16,000	32,995	30,910	2,085
Miscellaneous expenditures	50,470	13,500	63,970	63,575	395
Total Undist. Expend. - Supp. Serv. - General Admin.	\$ 599,472	\$ 17,000	\$ 616,472	\$ 562,258	\$ 54,214
Undist. Expend. - Support Serv. - School Admin.					
Salaries of principals/assistant principals	\$ 773,852	\$ 480	\$ 774,332	\$ 774,323	\$ 9
Salaries of other professional staff	151,378		151,378	151,378	
Salaries of secretarial and clerical assistants	546,791	50	546,841	529,542	17,299
Other purchased services (400-500 series)	34,000		34,000	34,000	
Travel	11,400	2,900	14,300	11,379	2,921
Supplies and materials	7,850	(800)	7,050	2,775	4,275
Other objects	119,797	11,384	131,181	93,082	38,099
Total Undist. Expend. - Support Serv. - School Admin.	\$ 1,645,068	\$ 14,014	\$ 1,659,082	\$ 1,596,479	\$ 62,603
Undist. Expend. - Central Services					
Salaries	\$ 401,783	\$ 4,800	\$ 406,583	\$ 399,564	\$ 7,019
Travel	2,000		2,000	1,745	255
Interest on lease purchase agreements	5,295	22,632	27,927	27,845	82
Total Undist. Expend. - Central Services	\$ 409,078	\$ 27,432	\$ 436,510	\$ 429,154	\$ 7,356

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undist. Expend. - Admin. Info Tech.					
Salaries	\$ 116,916	\$ 1,800	\$ 118,716	\$ 118,653	\$ 63
Other purchased services (400-500 series)	39,000		39,000	37,873	1,127
Total Undist. Expend. - Admin. Info Tech	\$ 155,916	\$ 1,800	\$ 157,716	\$ 156,526	\$ 1,190
Total Other Administrative Services	\$ 2,210,062	\$ 43,246	\$ 2,253,308	\$ 2,182,159	\$ 71,149
Undist. Expend. -Required Maintenance for School Facilities					
Salaries	\$ 132,611	\$ 13,000	\$ 145,611	\$ 142,133	\$ 3,478
Cleaning, repair, and maintenance services	225,000	226,314	451,314	341,421	109,893
General supplies	62,000	14,400	76,400	64,236	12,164
Total Undist. Expend. -Required Maintenance for School Facilities	\$ 419,611	\$ 253,714	\$ 673,325	\$ 547,790	\$ 125,535
Undist. Expend. - Custodial Services					
Salaries	\$ 1,204,027	\$	\$ 1,204,027	\$ 1,163,941	\$ 40,086
Cleaning, repair and maintenance services	99,100	10,000	109,100	84,118	24,982
Other purchased property services	52,000		52,000	50,120	1,880
Insurance	255,000	(16,341)	238,659	230,414	8,245
Miscellaneous Purchased Services	1,500		1,500	1,410	90
General supplies	120,000	1,300	121,300	114,601	6,699
Energy (heat and electricity)	555,255	(31,000)	524,255	463,864	60,391
Other objects	40,000	(600)	39,400	25,594	13,806
Total Undist. Expend. - Custodial Services	\$ 2,326,882	\$ (36,641)	\$ 2,290,241	\$ 2,134,062	\$ 156,179
Undistributed Expenses - Care and Upkeep of Grounds					
Salaries	\$ 128,808	\$ 2,500	\$ 131,308	\$ 131,240	\$ 68
Cleaning,Repair, and Maintenance Services	39,943	25,550	65,493	58,406	7,087
Total Undist. Expend. - Care and Upkeep of Grounds	\$ 168,751	\$ 28,050	\$ 196,801	\$ 189,646	\$ 7,155
Undistributed Expenses - Security					
Salaries	\$ 60,000	\$ (56,000)	\$ 4,000	\$ 3,404	\$ 596
Purchased Services	60,000	26,000	26,000	26,000	26,000
Total Undist. Expend. - Security	\$ 60,000	\$ (30,000)	\$ 30,000	\$ 3,404	\$ 26,596
Total Maintenance, Custodial and Grounds (plant operations and maintenance)	\$ 2,975,244	\$ 215,123	\$ 3,190,367	\$ 2,874,902	\$ 315,465
Undist. Expend. - Student Transportation Serv.					
Sal. for pup.trans. (bet. home and school) - special	\$ 339,129	\$ 10,000	\$ 349,129	\$ 345,371	\$ 3,758
Cleaning, Repair and Maintenance Services	43,260	4,000	47,260	46,596	664
Contr Serv (Spl. Ed. Students) - Vendors	1,487,749		1,487,749	1,345,878	141,871
Supplies and Materials	4,326		4,326	4,239	87
Total Undist. Expend. - Student Transportation Serv.	\$ 1,874,464	\$ 14,000	\$ 1,888,464	\$ 1,742,084	\$ 146,380

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits:					
Social security contributions	\$ 417,150	\$ 39,000	\$ 456,150	\$ 455,357	\$ 793
Other Retirement Contributions - PERS	406,850	55,000	461,850	459,170	2,680
Workmen's compensation	181,280	4,000	185,280	184,840	440
Health benefits	5,359,366	(424,406)	4,934,960	4,914,230	20,730
Tuition Reimbursement	28,840		28,840	23,521	5,319
Other Employee Benefits	72,100	52,000	124,100	124,056	44
Total Unallocated benefits	\$ 6,465,586	\$ (274,406)	\$ 6,191,180	\$ 6,161,174	\$ 30,006
TPAF pension (on-behalf - non-budgeted)	\$	\$	\$	3,105,458	(3,105,458)
TPAF post-retirement medical (on-behalf - non-budgeted)				1,408,630	(1,408,630)
TPAF long-term disability insurance (on-behalf - non-budgeted)				2,335	(2,335)
Reimbursed TPAF social security (reimbursed - non-budgeted)				1,220,164	(1,220,164)
Total On-Behalf Payments				\$ 5,736,587	\$ (5,736,587)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 6,465,586	\$ (274,406)	\$ 6,191,180	\$ 11,897,761	\$ (5,706,581)
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 20,438,664	\$ 13,575	\$ 20,452,239	\$ 25,005,354	\$ (4,553,115)
TOTAL GENERAL CURRENT EXPENSE	\$ 38,056,478	\$ 89,979	\$ 38,146,457	\$ 42,422,760	\$ (4,276,303)
CAPITAL OUTLAY					
Equipment					
Undistributed expenditures equipment	\$	\$ 391,709	\$ 391,709	\$ 271,352	\$ 120,357
Total Equipment	\$	\$	\$ 391,709	\$ 271,352	\$ 120,357
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	\$ 100,314	\$	\$ 100,314	\$ 100,314	\$
Legal Services		11,000	11,000	11,000	
Architectural/engineering services		54,761	54,761	34,091	20,670
Construction services		2,356,000	2,356,000	1,742,276	613,724
Supplies and materials		125,000	125,000	3,675	121,325
Lease Purchase Agreement - Principal	312,551	(22,632)	289,919	289,919	
Total Facilities Acquisition and Construction Services	\$ 412,865	\$ 2,524,129	\$ 2,936,994	\$ 2,181,275	\$ 755,719
TOTAL CAPITAL OUTLAY	\$ 412,865	\$ 2,915,838	\$ 3,328,703	\$ 2,452,627	\$ 876,076
Transfer of Funds to Charter Schools	\$ 33,159	\$	\$ 33,159	\$ 17,033	\$ 16,126
TOTAL EXPENDITURES	\$ 38,502,502	\$ 3,005,817	\$ 41,508,319	\$ 44,892,420	\$ (3,384,101)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (753,503)	\$ (3,005,817)	\$ (3,759,320)	\$ (803,835)	\$ 2,955,485

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
OTHER FINANCING SOURCES					
Operating Transfer In:					
Transfer from Capital Projects Fund	\$	\$	\$	158,581	\$ 158,581
Total Other Financing Sources	\$	\$	\$	158,581	\$ 158,581
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (753,503)	\$ (3,005,817)	\$ (3,759,320)	\$ (645,254)	\$ 3,114,066
Fund Balance, July 1 (As Restated)				6,553,787	
Fund Balance, June 30				\$ 5,908,533	
Recapitulation:					
Restricted Fund Balance:				\$	
Capital Reserve				811,580	
Maintenance Reserve				1,025,000	
Emergency Reserve				12,373	
Excess Surplus- Designated for subsequent years expenditures				594,601	
Excess Surplus- Current Year				1,145,172	
Assigned Fund Balance				1,069,053	
Year- End Encumbrances				63,000	
Designated for Subsequent Year's Expenditures				1,187,754	
Unassigned Fund Balance				\$ 5,908,533	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payment not recognized on GAAP basis				(124,307)	
Fund Balance per Governmental Funds (GAAP)				\$ 5,784,226	

METUCHEN SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	\$ 502,723.00	\$ 41,196.89	\$ 543,919.89	\$ 502,722.94	\$ (41,196.95)
Federal sources	758,619.00	93,474.00	852,093.00	758,618.65	(93,474.35)
Total revenues	\$ 1,261,342.00	\$ 134,670.89	\$ 1,396,012.89	\$ 1,261,341.59	\$ (134,671.30)
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 105,189.32	\$ 30,357.58	\$ 135,546.90	\$ 105,189.00	\$ 30,357.90
Other purchased services	474,605.00		474,605.00	474,605.00	
General supplies	43,141.41		43,141.41	43,141.41	
Textbooks	61,869.55		61,869.55	61,869.55	
Total instruction	\$ 684,805.28	\$ 30,357.58	\$ 715,162.86	\$ 684,804.96	\$ 30,357.90
Support services:					
Purchased professional & technical services	\$ 385,532.00	\$ 104,313.31	\$ 489,845.31	\$ 385,531.91	\$ 104,313.40
Personal services - employee benefits	8,971.00		8,971.00	8,971.00	
Other purchased services	5,269.00		5,269.00	5,269.00	
Supplies and materials	176,134.15		176,134.15	176,134.15	
Other objects	630.57		630.57	630.57	
Total support services	\$ 576,536.72	\$ 104,313.31	\$ 680,850.03	\$ 576,536.63	\$ 104,313.40
Facilities acquisition & construction services:					
Equipment	\$	\$	\$	\$	\$
Total expenditures	\$ 1,261,342.00	\$ 134,670.89	\$ 1,396,012.89	\$ 1,261,341.59	\$ 134,671.30

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 44,088,585.00	\$ 1,261,341.59
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	98,629.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(124,307.00)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u><u>44,062,907.00</u></u>	\$ <u><u>1,261,341.59</u></u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 44,892,420.00	\$ 1,261,341.59
Difference - budget to GAAP Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial purposes		
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ <u><u>44,892,420.00</u></u>	\$ <u><u>1,261,341.59</u></u>

REQUIRED SUPPLEMENTARY INFORMATION – Part III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

METUCHEN BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0400325384%	\$ 7,651,013	\$ *	* 275.93%	48.72%
2014	0.0418459529%	7,834,707	2,839,397.00	275.93%	52.08%
2015	0.0423420418%	9,504,940	2,845,142.00	334.08%	47.92%
2016	0.0415693311%	12,311,644	2,788,576.00	441.50%	40.14%
2017	0.0425316161%	9,900,680	2,899,935.00	341.41%	48.10%
2018	0.0431592400%	8,497,839	2,905,124.00	292.51%	53.60%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

METUCHEN BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending <u>June 30,</u>	Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency <u>(Excess)</u>	District's Covered- Employee <u>Payroll</u>	Contributions as a Percentage of Covered- Employee <u>Payroll</u>
2014	\$ 344,972	\$ 344,972	\$ -0-	2,839,397.00	12.15%
2015	364,028	364,028	-0-	2,845,142.00	12.79%
2016	369,296	369,296	-0-	2,788,576.00	13.24%
2017	394,010	394,010	-0-	2,899,935.00	13.59%
2018	429,295	429,295	-0-	2,905,124.00	14.78%
2019	432,445	432,445	-0-	3,169,336.00	13.64%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

METUCHEN BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion Share of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	District's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.1458100000%	\$ -0-	\$ 73,691,874	* -0-	* -0-	33.76%
2014	0.1469400000%	-0-	78,536,729	* -0-	* -0-	33.64%
2015	0.1484400000%	-0-	93,817,266	14,910,351.00	629.21%	28.71%
2016	0.1499000000%	-0-	117,917,683	15,455,439.00	762.95%	22.33%
2017	0.1526432413%	-0-	102,917,577	15,742,326.00	653.76%	25.41%
2018	0.1523150619%	-0-	96,899,571	15,922,456.00	608.57%	26.49%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

* - Data Not Available

METUCHEN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms:

None

Change in assumptions:

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount Rate	Long-Term Expected Rate of Return	Actuarial Experience Study Period
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

METUCHEN BOROUGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	<u>Measurement Date Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District		
Balance at 6/30	\$74,040,564	\$79,926,751
Changes for the year:		
Service cost	2,558,100	3,088,635
Interest	2,712,556	2,342,566
Changes of benefit terms		
Differences between expected and actual experience	(5,412,352)	
Changes in assumptions or other inputs	(7,435,108)	(9,665,599)
Membership Contributions	59,878	63,148
Benefit payments - Net	(1,732,492)	(1,714,937)
Net changes	<u>(9,249,418)</u>	<u>(5,886,187)</u>
Balance at 6/30	<u>\$64,791,146</u>	<u>\$74,040,564</u>
Covered Employee Payroll	19,091,792	18,647,450
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	339.37%	397.05%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

METUCHEN BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.58% to 3.87% as of
June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

METUCHEN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA BASIC	IDEA PRESCHOOL	TITLE I A	TITLE II	TITLE IV	TECHNOLOGY	TEXTBOOK	NONPUBLIC SECURITY	NURSING
REVENUES:									
State sources	\$ 597,005.00	\$ 16,259.00	\$ 103,119.87	\$ 32,002.57	\$ 10,232.21	\$ 42,016.41	\$ 61,869.55	\$ 175,667.15	\$ 110,240.94
Federal sources									
Total revenues	\$ 597,005.00	\$ 16,259.00	\$ 103,119.87	\$ 32,002.57	\$ 10,232.21	\$ 42,016.41	\$ 61,869.55	\$ 175,667.15	\$ 110,240.94
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$ 4,050.00	\$ 15,104.00	\$ 79,431.00	\$ 6,604.00	\$ 6,604.00	\$	\$	\$	\$
Other purchased services	474,605.00				1,125.00	42,016.41	61,869.55		
General supplies									
Textbooks									
Total instruction	\$ 478,655.00	\$ 15,104.00	\$ 79,431.00	\$ 7,729.00	\$ 7,729.00	\$ 42,016.41	\$ 61,869.55	\$	\$
Support services:									
Personal services - employee benefits		1,155.00	7,188.00	628.00	628.00				
Purchased professional and technical services	118,350.00		16,500.87	25,636.00	1,875.21				110,240.94
Other purchased services				5,269.00					
General supplies				467.00				175,667.15	
Other objects				630.57					
Total support services	\$ 118,350.00	\$ 1,155.00	\$ 23,688.87	\$ 32,002.57	\$ 2,503.21	\$	\$	\$ 175,667.15	\$ 110,240.94
Total expenditures	\$ 597,005.00	\$ 16,259.00	\$ 103,119.87	\$ 32,002.57	\$ 10,232.21	\$ 42,016.41	\$ 61,869.55	\$ 175,667.15	\$ 110,240.94

(Continued on next page)

METUCHEN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	COMPENSATORY EDUCATION	ESL	TRANSPORTATION	EXAMINATION & CLASSIFICATION	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	HOME INSTRUCTION	TOTAL
REVENUES:								
State sources	\$ 36,041.00	\$ 1,726.00	\$ 8,340.00	\$ 32,036.00	\$ 21,248.00	\$ 10,308.00	\$ 3,229.89	\$ 502,722.94
Federal sources								758,618.65
Total revenues	\$ 36,041.00	\$ 1,726.00	\$ 8,340.00	\$ 32,036.00	\$ 21,248.00	\$ 10,308.00	\$ 3,229.89	\$ 1,261,341.59
EXPENDITURES:								
Instruction:								
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$	\$ 105,189.00
Other purchased services								474,605.00
General supplies								43,141.41
Textbooks								61,869.55
Total instruction	\$	\$	\$	\$	\$	\$	\$	\$ 684,804.96
Support services:								
Personal services - employee benefits								8,971.00
Purchased professional and technical services	36,041.00	1,726.00	8,340.00	32,036.00	21,248.00	10,308.00	3,229.89	385,531.91
Other purchased services								5,269.00
General supplies								176,134.15
Other objects								630.57
Total support services	\$ 36,041.00	\$ 1,726.00	\$ 8,340.00	\$ 32,036.00	\$ 21,248.00	\$ 10,308.00	\$ 3,229.89	\$ 576,536.63
Total expenditures	\$ 36,041.00	\$ 1,726.00	\$ 8,340.00	\$ 32,036.00	\$ 21,248.00	\$ 10,308.00	\$ 3,229.89	\$ 1,261,341.59

CAPITAL PROJECTS FUND DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

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, 2019

REVENUES AND OTHER FINANCING SOURCES:	
State grant	\$ <u>(112,871.14)</u>
Total revenues and other financing sources	\$ <u>(112,871.14)</u>
EXPENDITURES AND OTHER FINANCING USES:	
Operating transfers out - capital reserve	\$ <u>158,580.76</u>
Total expenditures and other financing uses	\$ <u>158,580.76</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (271,451.90)
Fund balance - July 1	<u>271,451.90</u>
Fund balance - June 30	\$ <u><u>- 0 -</u></u>
<u>Reconciliation to GAAP Basis:</u>	
Total fund balance - GAAP basis (B-2)	\$ <u><u>- 0 -</u></u>

METUCHEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - EDGAR BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - grants	\$ 164,059.00	\$ (59,198.00)	\$ 104,861.00	
Transfer - reserve	88,798.00	(88,798.00)	-	
Leasing proceeds	<u>157,290.00</u>		<u>157,290.00</u>	
Total revenues and other financing sources	<u>\$ 410,147.00</u>	<u>\$ (147,996.00)</u>	<u>\$ 262,151.00</u>	<u>\$ 262,151.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$ 41,965.00	\$	\$ 41,965.00	
Construction services	<u>220,186.00</u>		<u>220,186.00</u>	
Total expenditures and other financing uses	<u>\$ 262,151.00</u>	<u>\$ -</u>	<u>\$ 262,151.00</u>	<u>\$ 262,151.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 147,996.00</u>	<u>\$ (147,996.00)</u>	<u>\$ -</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3120-070-14-1002			
Grant date	4/28/14			
Debt authorization date	N/A			
Debt authorized	N/A			
Debt issued	N/A			
Original authorized cost	\$410,147.00			
Additional authorized cost	N/A			
Revised authorized cost	\$262,151.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			

METUCHEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - CAMPBELL BOILER REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
State sources - grants	\$ 118,778.00	\$ (53,673.00)	\$ 65,105.00	
Transfer - reserve	64,809.00	(64,809.00)	-	
Leasing proceeds	<u>113,357.00</u>		<u>113,357.00</u>	
Total revenues and other financing sources	<u>\$ 296,944.00</u>	<u>\$ (118,482.00)</u>	<u>\$ 178,462.00</u>	<u>\$ 178,462.00</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$ 30,389.00	\$	\$ 30,389.00	
Construction services	<u>148,073.00</u>		<u>148,073.00</u>	
Total expenditures and other financing uses	<u>\$ 178,462.00</u>	<u>\$ -</u>	<u>\$ 178,462.00</u>	<u>\$ 178,462.00</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 118,482.00</u>	<u>\$ (118,482.00)</u>	<u>\$ -</u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	3120-060-14-1001			
Grant date	3/28/14			
Debt authorization date	N/A			
Debt authorized	N/A			
Debt issued	N/A			
Original authorized cost	\$296,944.00			
Additional authorized cost	N/A			
Revised authorized cost	\$178,462.00			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			

METUCHEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS
BUDGETARY BASIS - EMERGENCY GENERATOR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>PRIOR PERIODS</u>	<u>CURRENT YEAR</u>	<u>TOTALS</u>	<u>REVISED AUTHORIZED COST</u>
REVENUES AND OTHER FINANCING SOURCES:				
Federal sources - grants	\$ 141,777.00	\$	\$ 141,777.00	\$
Transfer - reserve	<u>15,753.00</u>	<u>(4,973.90)</u>	<u>10,779.10</u>	
Total revenues and other financing sources	\$ <u>157,530.00</u>	\$ <u>(4,973.90)</u>	\$ <u>152,556.10</u>	\$ <u>152,556.10</u>
EXPENDITURES AND OTHER FINANCING USES:				
Purchased professional and technical services	\$ 152,556.10	\$	\$ 152,556.10	
Construction services	<u>-</u>	<u>-</u>	<u>-</u>	
Total expenditures and other financing uses	\$ <u>152,556.10</u>	\$ <u>-</u>	\$ <u>152,556.10</u>	\$ <u>152,556.10</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u><u>4,973.90</u></u>	\$ <u><u>(4,973.90)</u></u>	\$ <u><u>-</u></u>	
ADDITIONAL PROJECT INFORMATION:				
Project number	pdmc-pj-02nj-1867-251r			
Grant date	4/13/15			
Debt authorization date	N/A			
Debt authorized	N/A			
Debt issued	N/A			
Original authorized cost	\$157,530.00			
Additional authorized cost	N/A			
Revised authorized cost	\$152,556.10			
Percentage increase over original authorized cost	N/A			
Percentage completion	100.00%			

METUCHEN SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>ISSUE / PROJECT TITLE</u>	<u>ORIGINAL DATE</u>	<u>APPROPRIATION</u>	<u>PRIOR YEARS</u>	<u>EXPENDITURES TO DATE</u>	<u>CURRENT YEAR</u>	<u>(MEMO ONLY) UNEXPENDED BALANCE JUNE 30, 2019</u>
Edgar Boiler Replacement	4/28/14	\$ 410,147.00	\$ 262,151.00	\$ 147,996.00	\$	
Campbell Boiler Replacement	3/28/14	296,944.00	178,462.00	118,482.00		
Emergency Generator	4/13/15	<u>157,530.00</u>	<u>152,556.10</u>	<u>4,973.90</u>		
		<u>\$ 864,621.00</u>	<u>\$ 593,169.10</u>	<u>\$ 271,451.90</u>	<u>\$</u>	

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary 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 Services Fund:	This fund provides for the operation of food services within the school 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".
Integrated Preschool Program:	This fund provides for the operation of a preschool program for three and four year olds.
Stream:	This fund provides for an afterschool and summer program for students in grades 1 through 10, focusing on critical thinking skills

METUCHEN SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					
	FOOD SERVICE	THE ZONE	INTEGRATED PRESCHOOL	STREAM	FY 2019 TOTAL	FY 2018 TOTAL
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 92,272.48	\$ 230,362.52	\$ 142,253.50	\$ 3,214.50	\$ 468,103.00	\$ 413,243.00
Accounts receivable:						
State	380.51				380.51	313.00
Federal	5,683.33				5,683.33	4,760.00
Inventories	6,087.18				6,087.18	9,208.00
Total current assets	<u>\$ 104,423.50</u>	<u>\$ 230,362.52</u>	<u>\$ 142,253.50</u>	<u>\$ 3,214.50</u>	<u>\$ 480,254.02</u>	<u>\$ 433,605.00</u>
Noncurrent assets:						
Furniture, machinery & equipment	\$ 270,979.63				\$ 270,979.63	\$ 505,963.00
Less accumulated depreciation	<u>(210,710.99)</u>				<u>(210,710.99)</u>	<u>(436,035.00)</u>
Total noncurrent assets	<u>\$ 60,268.64</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 60,268.64</u>	<u>\$ 69,928.00</u>
Total assets	<u>\$ 164,692.14</u>	<u>\$ 230,362.52</u>	<u>\$ 142,253.50</u>	<u>\$ 3,214.50</u>	<u>\$ 540,522.66</u>	<u>\$ 503,533.00</u>
LIABILITIES:						
Current liabilities:						
Unearned revenue	\$ 25,743.83				\$ 25,743.83	
Interfunds payable		70,234.00	72,664.00	2,583.00	145,481.00	153,838.00
Accounts payable	<u>13,530.70</u>				<u>13,530.70</u>	<u>8,358.00</u>
Total current liabilities	<u>\$ 39,274.53</u>	<u>\$ 70,234.00</u>	<u>\$ 72,664.00</u>	<u>\$ 2,583.00</u>	<u>\$ 184,755.53</u>	<u>\$ 162,196.00</u>
Total liabilities	<u>\$ 39,274.53</u>	<u>\$ 70,234.00</u>	<u>\$ 72,664.00</u>	<u>\$ 2,583.00</u>	<u>\$ 184,755.53</u>	<u>\$ 162,196.00</u>
NET POSITION:						
Net investments in capital assets	\$ 60,268.64				\$ 60,268.64	\$ 69,928.00
Unrestricted	<u>65,148.97</u>	<u>160,128.52</u>	<u>69,589.50</u>	<u>631.50</u>	<u>295,498.49</u>	<u>271,409.00</u>
Total net position	<u>\$ 125,417.61</u>	<u>\$ 160,128.52</u>	<u>\$ 69,589.50</u>	<u>\$ 631.50</u>	<u>\$ 355,767.13</u>	<u>\$ 341,337.00</u>

METUCHEN SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS - ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					FY 2018 TOTAL
	FOOD SERVICE	THE ZONE	INTEGRATED PRESCHOOL	STREAM	FY 2019 TOTAL	
OPERATING REVENUES:						
Charges for services:						
Sales-Reimbursable	\$ 344,956.63	\$	\$	\$	\$ 344,956.63	\$ 508,126.00
Sales-Nonreimbursable	162,332.53				162,332.53	
Miscellaneous Revenue		129,519.55	55,785.50	1,850.00	187,155.05	202,961.00
Total operating revenues	\$ 507,289.16	\$ 129,519.55	\$ 55,785.50	\$ 1,850.00	\$ 694,444.21	\$ 711,087.00
OPERATING EXPENSES:						
Cost of sales-Reimbursable	\$ 200,140.93	\$	\$	\$	\$ 200,140.93	\$ 301,125.00
Cost of sales-Nonreimbursable	94,183.96				94,183.96	
Salaries	174,710.65	97,790.00	37,664.00	11,921.00	322,085.65	316,292.00
Employee benefits	69,145.11	7,480.00			76,625.11	70,984.00
Other purchased services	22,500.00				22,500.00	21,613.00
Miscellaneous Expenses	43,683.87	8,311.03		6,461.50	58,456.40	65,301.00
Depreciation	33,838.29				33,838.29	32,284.00
Total operating expenses	\$ 638,202.81	\$ 113,581.03	\$ 37,664.00	\$ 18,382.50	\$ 807,830.34	\$ 807,599.00
Operating income (loss)	\$ (130,913.65)	\$ 15,938.52	\$ 18,121.50	\$ (16,532.50)	\$ (113,386.13)	\$ (96,512.00)
NONOPERATING REVENUES (EXPENSES):						
State sources						
School lunch program	\$ 5,857.17	\$	\$	\$	\$ 5,857.17	\$ 6,849.00
Federal sources						
School lunch	86,138.82				86,138.82	86,635.00
National food distribution commodities	35,820.27				35,820.27	35,635.00
Total nonoperating revenues (expenses)	\$ 127,816.26	\$	\$	\$	\$ 127,816.26	\$ 129,119.00
Net income/ (Loss)	\$ (3,097.39)	\$ 15,938.52	\$ 18,121.50	\$ (16,532.50)	\$ 14,430.13	\$ 32,607.00
Total net position - July 1	128,515.00	144,190.00	51,468.00	17,164.00	341,337.00	308,730.00
Total net position - June 30	\$ 125,417.61	\$ 160,128.52	\$ 69,589.50	\$ 631.50	\$ 355,767.13	\$ 341,337.00
					341,337.00	
					822,260.47	
					(807,830.34)	
					355,767.13	

METUCHEN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND					
	FOOD SERVICE	THE ZONE	INTEGRATED PRESCHOOL	STREAM	FY 2019 TOTAL	FY 2018 TOTAL
Cash flows from operating activities:						
Receipts from customers	\$ 533,032.99	\$ 129,519.55	\$ 55,785.50	\$ 1,850.00	\$ 720,188.04	\$ 711,087.00
Payments to employees	(174,710.65)	(97,790.00)	(37,664.00)	(18,382.50)	(328,547.15)	(316,292.00)
Payments to employee benefits	(69,145.11)	(7,480.00)			(76,625.11)	(70,984.00)
Payment to suppliers	(352,215.35)	(8,311.03)			(360,526.38)	(381,589.00)
Net cash provided (used for) by operating activities	<u>\$ (63,038.12)</u>	<u>\$ 15,938.52</u>	<u>\$ 18,121.50</u>	<u>\$ (16,532.50)</u>	<u>\$ (45,510.60)</u>	<u>\$ (57,778.00)</u>
Cash flows from noncapital financing activities:						
State sources	\$ 5,790.60				\$ 5,790.60	\$ 6,834.00
Federal sources	121,035.79				121,035.79	123,170.00
Interfunds		(48,604.00)	37,664.00	8,664.00		(20,393.00)
Net cash provided by (used for) noncapital financing activities	<u>\$ 126,826.39</u>	<u>\$ (48,604.00)</u>	<u>\$ 37,664.00</u>	<u>\$ 8,664.00</u>	<u>\$ 126,826.39</u>	<u>\$ 109,611.00</u>
Cash flows from capital and related financing activities						
Purchase of capital assets	\$ (24,180.76)				\$ (24,180.76)	\$ (22,209.00)
Net cash provided by (used for) capital and related financing activities	<u>\$ (24,180.76)</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (24,180.76)</u>	<u>\$ (22,209.00)</u>
Net increase (decrease) in cash and cash equivalents	\$ 39,607.51	\$ (32,665.48)	\$ 55,785.50	\$ (7,868.50)	\$ 57,135.03	\$ 29,624.00
Cash and cash equivalents - July 1	<u>52,664.97</u>	<u>263,028.00</u>	<u>86,468.00</u>	<u>11,083.00</u>	<u>413,243.97</u>	<u>383,619.97</u>
Cash and cash equivalents - June 30	<u>\$ 92,272.48</u>	<u>\$ 230,362.52</u>	<u>\$ 142,253.50</u>	<u>\$ 3,214.50</u>	<u>\$ 470,379.00</u>	<u>\$ 413,243.97</u>
Operating income (loss)	\$ (130,913.65)	\$ 15,938.52	\$ 18,121.50	\$ (16,532.50)	\$ (113,386.13)	\$ (96,512.00)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:						
Depreciation	33,838.29				33,838.29	32,284.00
Change in assets and liabilities:						
(Increase) Decrease in Inventory	3,120.82				3,120.82	(1,908.00)
Increase (Decrease) in unearned revenue	25,743.83				25,743.83	
Increase (Decrease) in accounts payable	5,172.59				5,172.59	8,358.00
Net cash provided (used) by operating activities	<u>\$ (63,038.12)</u>	<u>\$ 15,938.52</u>	<u>\$ 18,121.50</u>	<u>\$ (16,532.50)</u>	<u>\$ (45,510.60)</u>	<u>\$ (57,778.00)</u>

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

**Unemployment Compensation
Insurance Trust Fund:**

This trust fund is used to account for board contributions which are utilized to pay unemployment compensation claims as they arise.

Student Activity Fund:

This agency fund is used to account for student funds held at the schools.

Payroll Agency Fund:

This agency fund is used to account for the payroll transactions of the school district including childcare and medical flexible spending.

METUCHEN SCHOOL DISTRICT
 COMBINING STATEMENTS OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	AGENCY FUNDS		TRUST FUNDS			
	STUDENT ACTIVITY & ATHLETICS	PAYROLL & AGENCY	TOTAL AGENCY	UNEMPLOYMENT COMPENSATION	PRIVATE PURPOSE TRUST	TOTAL TRUST
ASSETS						
Cash and cash equivalents	\$ 260,033.64	\$ 397,015.38	\$ 657,049.02	\$ 341,374.83	\$ 12,476.51	\$ 353,851.34
Total assets	\$ 260,033.64	\$ 397,015.38	\$ 657,049.02	\$ 341,374.83	\$ 12,476.51	\$ 353,851.34
LIABILITIES						
Payroll deductions and withholdings	\$	\$ 397,015.38	\$ 397,015.38	\$	\$	\$
Due to student groups	260,033.64		260,033.64			
Total liabilities	\$ 260,033.64	\$ 397,015.38	\$ 657,049.02	\$	\$	\$
NET POSITION						
Held in trust	\$	\$	\$	\$ 341,374.83	\$ 12,476.51	\$ 353,851.34
Total net position	\$ -0-	\$ -0-	\$ -0-	\$ 341,374.83	\$ 12,476.51	\$ 353,851.34

METUCHEN SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019

	<u>PRIVATE PURPOSE TRUST FUNDS</u>	<u>UNEMPLOYMENT COMPENSATION TRUST</u>	<u>TOTALS</u>
ADDITIONS:			
Contributions:			
Withholdings	\$	\$ 58,979.54	\$ 58,979.54
Other deposits	18,533.27		18,533.27
Total contributions	<u>\$ 18,533.27</u>	<u>\$ 58,979.54</u>	<u>\$ 77,512.81</u>
Investment earnings:			
Interest	\$	\$ 3,989.08	\$ 3,989.08
Net investment earnings	<u>\$</u>	<u>\$ 3,989.08</u>	<u>\$ 3,989.08</u>
Total additions	<u>\$ 18,533.27</u>	<u>\$ 62,968.62</u>	<u>\$ 81,501.89</u>
DEDUCTIONS:			
Trust expenditures:			
Unemployment claims	\$	\$ 35,660.79	\$ 35,660.79
Other disbursements	27,847.36		27,847.36
Total deductions	<u>\$ 27,847.36</u>	<u>\$ 35,660.79</u>	<u>\$ 63,508.15</u>
Change in net position	<u>\$ (9,314.09)</u>	<u>\$ 27,307.83</u>	<u>\$ 17,993.74</u>
Net position beginning of year	<u>\$ 21,790.60</u>	<u>\$ 314,067.00</u>	<u>\$ 335,857.60</u>
Net position end of year	<u>\$ 12,476.51</u>	<u>\$ 341,374.83</u>	<u>\$ 353,851.34</u>

METUCHEN SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JUNE 30, 2018</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$ 214,159.85	\$ 555,835.76	\$ 509,961.97	\$ 260,033.64
Total assets	<u>\$ 214,159.85</u>	<u>\$ 555,835.76</u>	<u>\$ 509,961.97</u>	<u>\$ 260,033.64</u>
LIABILITIES:				
Due student groups:				
Moss Elementary	\$ 1,490.73	\$ 3,341.87	\$ 3,424.31	\$ 1,408.29
Edgar Elementary	58,883.05	81,887.14	72,620.00	68,150.19
Campbell Elementary	26,811.60	54,803.24	49,628.35	31,986.49
HS Athletic	15,401.29	75,471.00	64,871.95	26,000.34
HS Staff	45,453.63	91,137.38	89,747.97	46,843.04
HS General	<u>66,119.55</u>	<u>249,195.13</u>	<u>229,669.39</u>	<u>85,645.29</u>
Total liabilities	<u>\$ 214,159.85</u>	<u>\$ 555,835.76</u>	<u>\$ 509,961.97</u>	<u>\$ 260,033.64</u>

METUCHEN SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JUNE 30, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ASSETS:				
Cash and cash equivalents	\$ <u>376,385.95</u>	\$ <u>25,778,323.91</u>	\$ <u>25,757,694.48</u>	\$ <u>397,015.38</u>
Total assets	\$ <u><u>376,385.95</u></u>	\$ <u><u>25,778,323.91</u></u>	\$ <u><u>25,757,694.48</u></u>	\$ <u><u>397,015.38</u></u>
LIABILITIES:				
Payroll and deductions payable	\$ <u>376,385.95</u>	\$ <u>25,778,323.91</u>	\$ <u>25,757,694.48</u>	\$ <u>397,015.38</u>
Total liabilities	\$ <u><u>376,385.95</u></u>	\$ <u><u>25,778,323.91</u></u>	\$ <u><u>25,757,694.48</u></u>	\$ <u><u>397,015.38</u></u>

LONG-TERM LIABILITY SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

METUCHEN SCHOOL DISTRICT
LONG-TERM LIABILITY
SCHEDULE OF SERIAL BONDS
JUNE 30, 2019

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2018</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2019</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Construction of renovations and improvements to the High School and Edgar School - Reissue	10/1/2012	\$ 8,620,000.00	8/15/2019	\$ 1,020,000.00	3.000%	\$ 7,535,000.00	\$ 990,000.00	\$ 6,545,000.00
			8/15/2020	1,050,000.00	3.000%			
			8/15/2021	1,090,000.00	4.000%			
			8/15/2022	1,125,000.00	2.125%			
			8/15/2023	1,125,000.00	4.000%			
			8/15/2024	1,135,000.00	2.500%			
Construction of renovations and improvements to the High School, Edgar School, Campbell School, and Moss School - Reissue	8/15/2015	12,085,000.00	9/15/2019	890,000.00	4.000%			
			9/17/2020	925,000.00	4.000%			
			9/15/2021	970,000.00	5.000%			
			9/18/2022	1,010,000.00	5.000%			
			9/15/2023	1,065,000.00	5.000%			
			9/19/2024	1,105,000.00	5.000%			
			9/15/2025	1,165,000.00	5.000%			
		9/20/2026	1,085,000.00	5.000%				
			9/15/2027	1,130,000.00	3.000%			
						<u>\$ 10,200,000.00</u>	<u>855,000.00</u>	<u>9,345,000.00</u>
						<u>\$ 17,735,000.00</u>	<u>\$ 1,845,000.00</u>	<u>\$ 15,890,000.00</u>

METUCHEN SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2019

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE PRINCIPAL</u>	<u>INTEREST</u>	<u>BALANCE JUNE 30, 2018</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2019</u>
Boilers	3/14/18	5	\$ 319,999.00	\$ 15,488.00	\$ 66,796.00	\$ 66,796.00	\$
Science Labs	3/27/18	5	1,200,000.00	91,287.00	1,200,000.00	222,940.00	977,060.00
					\$ 1,266,796.00	\$ 289,736.00	\$ 977,060.00
					\$ 1,266,796.00	\$ 289,736.00	\$ 977,060.00

METUCHEN SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 2,269,915.00	\$ 2,269,915.00	\$
State Sources:			
Debt Service Aid Type II	<u>236,517.00</u>	<u>236,517.00</u>	<u> </u>
Total Revenues	<u>\$ 2,506,432.00</u>	<u>\$ 2,506,432.00</u>	<u>\$</u>
EXPENDITURES:			
Regular Debt Service:			
Interest	\$ 661,432.00	\$ 661,432.00	\$
Redemption of Principal	<u>1,845,000.00</u>	<u>1,845,000.00</u>	<u> </u>
Total Debt Service	<u>\$ 2,506,432.00</u>	<u>\$ 2,506,432.00</u>	<u>\$</u>
Total Expenditures	<u>\$ 2,506,432.00</u>	<u>\$ 2,506,432.00</u>	<u>\$</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures		\$ - 0 -	
Fund Balance, July 1		<u>- 0 -</u>	
Fund Balance, June 30		<u>\$ - 0 -</u>	

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STATISTICAL SECTION
(UNAUDITED)

METUCHEN SCHOOL DISTRICT
STATISTICAL SECTION

Contents

Page

Financial Trends:

These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.

J-1 to J-5

Revenue Capacity:

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity:

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.

J-10 to J-13

Demographic and Economic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 to J-15

Operating Information:

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.

J-16 to J-20

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

METUCHEN SCHOOL DISTRICT
NET POSITION BY COMPONENT UNIT
UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 14,183,680	\$ 12,768,423	\$ 13,273,256	\$ 13,389,354	\$ 14,827,053	\$ 14,315,931	\$ 14,831,779	\$ 15,418,400	\$ 16,083,885	\$ 16,818,577
Restricted	1,886,269	1,564,181	2,242,985	1,756,385	1,993,016	2,086,947	3,649,873	2,605,530	3,319,428	3,583,607
Unrestricted (deficit)	(1,159,444)	1,477,386	760,551	719,470	(1,159,444)	(7,508,373)	(8,282,092)	(7,348,519)	(7,953,088)	(8,504,008)
Total governmental activities net position	\$ 14,910,505	\$ 15,809,990	\$ 16,276,792	\$ 15,865,209	\$ 15,660,625	\$ 8,894,505	\$ 10,199,560	\$ 10,675,411	\$ 11,450,225	\$ 11,898,176
Business-type activities										
Net investment in capital assets	\$ 10,077	\$ 7,510	\$ 68,823	\$ 87,943	\$ 81,345	\$ 95,040	\$ 101,822	\$ 80,003	\$ 69,928	\$ 60,269
Unrestricted	172,571	211,489	139,668	123,352	170,497	163,920	181,669	228,727	271,409	295,498
Total business-type activities net position	\$ 182,648	\$ 218,999	\$ 208,491	\$ 211,295	\$ 251,842	\$ 258,960	\$ 283,491	\$ 308,730	\$ 341,337	\$ 355,767
District-wide										
Net investment in capital assets	\$ 14,193,757	\$ 12,775,933	\$ 13,342,079	\$ 13,477,297	\$ 14,908,398	\$ 14,410,971	\$ 14,933,601	\$ 15,498,403	\$ 16,153,813	\$ 16,878,845
Restricted	1,886,269	1,564,181	2,242,985	1,756,385	1,993,016	2,086,947	3,649,873	2,605,530	3,319,428	3,583,607
Unrestricted (deficit)	(986,873)	1,688,875	900,219	842,822	(988,947)	(7,344,453)	(8,100,423)	(7,119,792)	(7,681,679)	(8,208,510)
Total district net position	\$ 15,093,153	\$ 16,028,989	\$ 16,485,283	\$ 16,076,504	\$ 15,912,467	\$ 9,153,465	\$ 10,483,051	\$ 10,984,141	\$ 11,791,562	\$ 12,253,943

Source: CAFR Schedule A-1

METUCHEN SCHOOL DISTRICT
CHANGE IN NET POSITION
UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES & INDIRECT ALLOCATIONS										
Governmental activities										
Instruction										
Regular	\$ 14,958,271	\$ 15,185,472	\$ 15,197,916	\$ 16,350,357	\$ 16,395,357	\$ 17,325,592	\$ 18,275,035	\$ 19,477,119	\$ 19,764,827	\$ 22,526,284
Special education	2,722,563	2,792,351	3,342,126	3,478,398	3,575,539	3,792,555	4,162,646	4,880,066	5,080,286	10,047,223
Other special education	1,442,781	1,300,399	1,312,671	1,359,558	1,408,774	1,395,546	1,469,636	1,533,299	1,557,998	1,958,834
Support Services:										
Instruction	1,978,134	2,060,871	2,123,690	2,213,443	2,406,025	2,156,707	1,917,586	1,866,313	1,954,358	
Student & instruction related services	5,501,557	5,292,895	5,565,989	5,729,187	5,787,480	5,134,970	5,049,519	5,291,570	5,813,296	6,447,150
General administrative services	1,880,846	1,532,536	1,601,176	2,047,836	2,138,112	2,341,479	2,499,079	2,557,993	1,643,440	747,547
School administrative services	704,007	674,779	594,523	686,105	820,142	725,564	699,323	710,065	1,610,054	2,158,355
Plant operations and maintenance	3,471,358	3,200,865	3,369,258	3,505,495	3,539,246	3,678,707	3,923,137	4,257,540	4,252,588	3,630,788
Pupil transportation	1,885,349	1,792,852	2,039,465	2,173,458	2,105,130	2,047,847	1,992,972	2,029,260	2,186,891	1,935,820
Business and other support services	96,212	435,726	488,338	158,114	153,072	154,165	91,871	169,661	241,615	811,155
Special Schools	18,665									
Interest on long-term debt	1,847,096	1,670,129	1,693,164	1,337,057	1,090,274	970,012	1,040,251	667,341	724,256	661,432
Capital outlay	-	-	-	-	-	-	-	-	-	-
Unallocated depreciation	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	36,506,839	35,938,875	37,328,316	39,039,008	39,418,851	39,723,134	41,121,055	43,440,227	44,829,609	50,924,588
Business-type activities:										
Food service	446,367	429,930	472,876	504,956	539,389	584,238	616,215	569,943	646,297	638,203
After school program	127,345	152,656	158,248	139,712	128,591	140,342	144,458	119,311	126,262	113,581
Stream	-	-	-	-	-	-	13,204	56,495	18,383	-
Integrated preschool program	-	-	-	-	-	-	135,569	20,000	35,040	37,664
Total business-type activities expense	573,712	582,586	631,124	644,668	667,980	724,580	765,749	765,254	807,599	807,830
Total district expenses	\$ 37,080,551	\$ 36,521,461	\$ 37,959,440	\$ 39,683,676	\$ 40,086,831	\$ 40,447,714	\$ 42,030,501	\$ 44,205,976	\$ 45,637,208	\$ 51,732,418
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Regular programs	\$ -	\$ 88,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,648	\$ 133,621	\$ 140,701
Special schools	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	129,547	139,775	153,733
Operating grants and contributions	1,716,584	1,635,978	1,436,133	1,376,200	1,379,211	1,453,271	1,532,451	6,724,405	7,464,324	11,295,065
Capital grants and contributions	-	-	-	-	-	-	-	124,774	-	-
Total governmental activities program revenues	1,716,584	1,724,626	1,436,133	1,376,200	1,379,211	1,453,271	1,532,451	7,067,374	7,737,720	11,589,499
Business-type activities:										
Charges for services										
Food service	350,334	349,458	377,529	382,444	417,444	426,853	427,937	443,836	508,126	507,289
After school program	141,611	156,830	127,587	136,732	161,430	180,815	148,474	137,843	156,386	129,520
Stream	-	-	-	-	-	-	39,725	35,925	5,475	1,850
PreSchool program	-	-	-	-	-	-	167,828	38,887	41,100	55,786
Operating grants and contributions	116,240	112,649	115,500	128,296	125,707	124,030	150,013	134,497	129,119	127,816
Total business type activities program revenues	608,185	618,937	620,616	647,472	704,581	731,698	933,977	790,988	840,206	822,260
Total district program revenues	\$ 2,324,769	\$ 2,343,563	\$ 2,056,749	\$ 2,023,672	\$ 2,083,792	\$ 2,184,969	\$ 2,466,428	\$ 7,858,362	\$ 8,577,926	\$ 12,411,759
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (34,790,255)	\$ (34,214,249)	\$ (35,892,183)	\$ (37,662,808)	\$ (38,039,640)	\$ (38,269,863)	\$ (39,588,604)	\$ (36,372,853)	\$ (37,091,889)	\$ (39,335,090)
Business-type activities	34,473	36,351	(10,508)	2,804	36,601	7,118	24,531	25,239	32,607	14,430
Total district-wide net expense	\$ (34,755,782)	\$ (34,177,898)	\$ (35,902,691)	\$ (37,660,004)	\$ (38,003,039)	\$ (38,262,745)	\$ (39,564,073)	\$ (36,347,614)	\$ (37,059,282)	\$ (39,320,659)

METUCHEN SCHOOL DISTRICT
CHANGE IN NET POSITION
UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 28,194,381	\$ 29,272,156	\$ 29,819,545	\$ 30,367,802	\$ 30,972,158	\$ 32,181,436	\$ 32,825,065	\$ 34,206,953	\$ 35,188,091	\$ 36,239,985
Taxes levied for debt service	2,408,334	2,449,459	2,455,048	2,453,395	2,381,877	2,302,219	2,383,161	2,265,600	2,269,127	2,269,915
Federal and state aid not restricted	2,551,952	2,705,926	3,763,986	4,239,306	4,228,349	4,471,564	5,087,035	364,851	394,264	1,626,447
Payments in lieu of taxes	1,123,672	-	-	-	-	-	-	-	-	-
Miscellaneous income	171,849	244,044	320,406	190,721	252,673	199,537	598,398	11,500	15,221	35,763
Transfers	444,941	-	-	-	-	-	-	-	-	-
Total governmental activities	34,895,129	34,671,585	36,358,985	37,251,224	37,835,057	39,154,756	40,893,659	36,848,704	37,866,703	40,172,110
Business-type activities:										
Investment earnings	253	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	253	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 34,895,382	\$ 34,671,585	\$ 36,358,985	\$ 37,251,224	\$ 37,835,057	\$ 39,154,756	\$ 40,893,659	\$ 36,848,704	\$ 37,866,703	\$ 40,172,110
CHANGE IN NET POSITION										
Governmental activities	\$ 104,874	\$ 457,336	\$ 466,802	\$ (411,584)	\$ (204,583)	\$ 884,893	\$ 1,305,055	\$ 475,851	\$ 774,814	\$ 837,020
Business-type activities	34,726	36,351	(10,509)	2,804	36,601	7,118	24,531	25,239	32,607	14,430
Total district	\$ 139,600	\$ 493,687	\$ 456,294	\$ (408,780)	\$ (167,982)	\$ 892,011	\$ 1,329,586	\$ 501,090	\$ 807,421	\$ 851,451

Source: CAFR Schedule A-2

METUCHEN SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 985,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	580,509	-	-	-	-	-	-	-	-	-
Restricted	-	744,899	2,084,423	768,365	913,872	1,804,716	1,785,207	2,330,191	1,847,974	3,588,726
Committed	-	214,674	201,775	1,337,407	772,517	459,391	1,087,705	1,174,308	1,805,817	1,132,053
Assigned	-	600,000	357,706	497,230	220,000	280,000	490,844	474,207	676,548	1,063,447
Unassigned	-	794,281	760,551	719,470	821,473	821,663	833,962	853,098	924,819	1,063,447
Total General Fund	\$ 1,565,722	\$ 2,353,854	\$ 3,404,455	\$ 3,322,472	\$ 2,727,862	\$ 3,365,770	\$ 4,197,718	\$ 4,831,804	\$ 5,255,158	\$ 5,784,226
All Other Governmental Funds										
Unreserved, reported in:										
Capital projects fund	\$ 896,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service fund	86,627	-	-	86,629	86,629	282,231	286,117	275,339	271,452	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	621,698	617,090	-	645,092	-	-	-	-	-
Total all other governmental funds	\$ 983,075	\$ 621,698	\$ 617,090	\$ 86,629	\$ 731,721	\$ 282,231	\$ 286,117	\$ 275,339	\$ 1,340,505	\$ -

Source: CAFR Schedule B-1

METUCHEN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 30,602,715	\$ 31,721,615	\$ 32,274,593	\$ 32,821,197	\$ 33,354,035	\$ 34,483,655	\$ 35,208,226	\$ 36,472,553	\$ 37,457,218	\$ 38,509,900
Miscellaneous	171,849	244,045	320,406	252,546	252,432	199,842	358,002	229,695	288,617	330,197
State sources	4,319,030	3,242,836	4,027,530	4,862,983	4,851,808	5,178,192	5,725,868	6,249,988	7,088,316	8,111,669
Federal sources	994,262	1,018,714	890,389	752,523	755,752	746,643	893,618	963,842	770,272	766,044
Total revenue	36,087,856	36,227,210	37,512,918	38,689,249	39,214,027	40,608,332	42,185,714	43,916,078	45,604,423	47,717,810
Expenditures										
Instruction										
Regular Instruction	10,948,023	10,726,949	11,005,651	10,786,662	10,926,652	11,916,406	12,548,197	12,302,125	12,446,006	12,206,554
Special education instruction	1,985,999	1,930,022	2,344,905	2,359,733	2,494,205	2,701,516	3,037,488	3,478,234	3,629,883	4,738,466
Other special instruction	1,208,484	1,044,426	1,043,678	1,063,003	1,114,160	1,098,004	1,163,044	1,206,551	1,219,734	1,157,191
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,978,134	2,060,871	2,123,690	2,213,443	2,406,025	2,156,707	1,917,586	1,866,313	1,954,358	1,968,121
Student & instruction related services	4,449,665	4,092,461	3,580,722	4,373,107	4,447,183	3,780,917	3,664,566	3,884,508	4,379,336	4,371,639
School administrative services	589,327	552,171	585,593	553,730	555,737	583,522	558,538	628,384	1,539,163	1,596,479
General administrative services	1,460,782	1,492,134	1,525,306	1,598,850	1,658,896	1,854,484	2,015,991	2,042,687	1,245,727	562,258
Business administrative services	-	-	-	-	-	-	-	-	-	585,680
Plant operations and maintenance	2,562,907	2,309,343	2,442,222	2,478,228	2,544,364	2,583,870	2,895,459	2,782,766	2,947,028	2,874,990
Pupil transportation	1,586,804	1,460,790	1,684,070	1,785,740	1,730,203	1,668,592	1,572,402	1,655,835	1,800,304	1,742,084
Unallocated employee benefits	6,836,568	6,829,704	7,328,395	8,506,549	8,235,263	8,377,443	8,488,206	9,582,098	10,436,128	11,897,761
Other support services	18,665	-	-	-	-	-	-	-	-	-
Special Schools	2,500	-	-	-	-	-	-	-	-	-
Charter Schools	606,563	407,725	79,681	462,712	766,228	1,046,613	846,168	1,361,332	1,078,032	2,452,627
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	1,320,000	1,370,000	1,440,000	1,495,000	1,590,000	1,665,000	1,995,000	1,720,000	1,785,000	1,845,000
Interest and other charges	1,397,740	1,341,840	1,283,012	1,134,936	1,054,628	986,840	647,235	781,937	724,256	661,432
Bond issuance costs	-	-	-	-	-	-	111,125	-	-	-
Total expenditures	36,952,161	35,718,436	36,466,925	38,811,693	39,523,544	40,419,914	41,461,005	43,292,770	45,184,955	48,660,194
Excess (Deficiency) of revenues over (under) expenditures	(864,305)	508,774	1,045,993	(122,444)	(309,517)	188,418	724,709	623,308	419,468	(942,384)
Other Financing sources (uses)										
Payment to refunded debt escrow agent	-	-	-	(9,630,507)	-	-	(13,495,419)	-	-	-
Refunding bonds	-	-	-	8,620,000	319,999	-	12,085,000	-	-	-
Reoffering premium	-	-	-	666,107	-	-	1,521,544	-	-	-
Discount	-	-	-	(43,100)	-	-	-	-	-	-
Lease proceeds	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	(62,500)	-	-	-	-	-	-
Transfer Capital Outlay	444,941	-	-	-	-	-	-	-	-	-
Transfers in	218,592	-	-	-	-	-	-	-	-	158,581
Transfers out	(218,592)	-	-	-	-	-	-	-	-	(158,581)
Total other financing sources (uses)	444,941	-	-	(450,000)	319,999	-	111,125	-	-	-
Net change in fund balances	\$ (419,364)	\$ 508,774	\$ 1,045,993	\$ (572,444)	\$ 10,482	\$ 188,418	\$ 835,834	\$ 623,308	\$ 419,468	\$ (942,384)
Debt service as a percentage of noncapital expenditures	7.5%	7.7%	7.5%	6.9%	6.8%	6.7%	6.5%	6.0%	5.7%	5.4%

Source: CAFR Schedule B-2

METUCHEN SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

Fiscal Year Ended June 30,	Interest Earned	Tuition	Rentals	Transportation Fees	Miscellaneous	Total
2010	\$ 15,558	\$ 124,727	\$ 14,500	-	\$ 17,001	\$ 171,786
2011	1,525	185,525	14,500	-	42,495	260,015
2012	-	165,825	15,000	108,865	30,725	211,550
2013	-	132,494	11,922	108,130	-	252,546
2014	-	127,087	12,252	110,243	2,850	252,432
2015	-	85,958	11,000	102,804	-	199,762
2016	-	64,637	11,000	126,632	396,129	598,398
2017	-	88,648	11,500	129,547	-	229,695
2018	-	133,621	12,075	139,775	3,146	288,617
2019	18,304	140,701	13,050	153,733	4,409	330,197

Source: District records

METUCHEN SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (1)	Net Valuation Taxable	Total Direct School Tax Rate (2)	Estimated Actual (County Equalized Value)
2010	\$ 9,762,200	\$ 795,616,400	\$ 109,058,200	\$ 39,401,800	\$ 16,709,200	\$ 970,547,800	\$ 3,600,009	\$ 974,147,809	3.199	\$ 2,345,197,193
2011	9,349,400	796,856,500	110,288,000	39,145,500	16,258,800	971,898,200	3,474,360	975,372,560	3.281	2,298,237,066
2012	8,891,700	797,570,600	110,815,100	38,296,000	16,258,800	971,832,200	3,635,750	975,467,950	3.337	2,209,826,687
2013	8,719,600	795,065,000	109,058,500	37,736,900	16,183,300	966,763,300	2,910,399	969,673,699	3.412	2,153,706,989
2014	8,509,000	802,952,900	108,942,000	37,676,400	15,883,800	973,964,100	2,910,399	976,874,499	3.490	2,121,701,671
2015	9,286,700	807,914,500	109,292,700	36,460,500	17,617,700	980,572,100	-	980,572,100	3.554	2,190,249,757
2016	13,660,700	814,437,600	109,677,600	36,412,600	17,852,000	992,040,500	-	992,040,500	3.660	2,272,195,373
2017	14,558,100	820,995,800	109,556,400	36,467,000	22,263,500	1,003,840,800	-	1,003,840,800	3.695	2,343,041,025
2018	9,643,100	836,211,900	117,355,800	36,595,900	34,209,500	1,034,016,200	-	1,034,016,200	3.673	2,380,520,174
2019	9,294,800	841,230,300	124,694,800	36,370,900	47,269,500	1,058,860,300	-	1,058,860,300	3.684	2,390,743,509

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
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Metuchen Board of Education			Overlapping Rates		
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct	Borough	Middlesex County	Total Direct & Overlapping Tax Rate
2010	2.890	0.250	3.140	1.034	0.713	4.887
2011	3.057	0.250	3.307	1.072	0.790	5.169
2012	3.110	0.250	3.360	1.098	0.831	5.289
2013	3.190	0.240	3.430	1.127	0.850	5.407
2014	3.235	0.240	3.475	1.150	0.867	5.492
2015	3.314	0.240	3.554	1.205	0.883	5.642
2016	3.430	0.230	3.660	1.256	0.880	5.796
2017	3.482	0.230	3.712	1.306	0.932	5.950
2018	3.472	0.230	3.702	1.355	0.915	5.972
2019	3.467	0.217	3.684	1.401	0.877	5.962

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.

(Rates are per \$100 of assessed value)

(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 AND NINE YEARS PRIOR
UNAUDITED

Taxpayer	2019			2010 *		
	Taxes Total	Rank	% of Total District Taxes	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Whippany Office Park LLC	\$ 1,616,278	1	2.56%			
Columbia II Metuchen	713,753	2	1.13%			
Homestead At Metuchen	249,409	3	0.40%			
P&V Warehouse & Distributing	246,693	4	0.39%			
Nassau Development	219,780	5	0.35%			
Redfield Village	207,900	6	0.33%			
Metuchen Manor & David Shalit	191,565	7	0.30%			
250 Liberty LLC	191,547	8	0.30%			
Victorian Restoration Rentals Inc	190,080	9	0.30%			
398-400 Amboy Ave Association	185,070	10	0.29%			
Total	\$ 4,012,075		6.36%			

Source: Municipal Tax Assessor

* - Data Not Available

METUCHEN SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTION
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 30,602,715	\$ 30,602,715	100.00%	-
2011	31,721,615	31,721,615	100.00%	-
2012	32,274,593	32,274,593	100.00%	-
2013	32,821,197	32,821,197	100.00%	-
2014	33,354,035	33,354,035	100.00%	-
2015	34,483,655	34,483,655	100.00%	-
2016	35,208,226	35,208,226	100.00%	-
2017	36,472,553	36,472,553	100.00%	-
2018	37,457,218	37,457,218	100.00%	-
2019	38,385,590	38,385,590	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
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases			
2010	\$ 31,892,000	\$ -	\$ 31,892,000	*	*
2011	30,522,000	-	30,522,000	*	*
2012	29,082,000	-	29,082,000	2.7%	\$ 1,373
2013	27,610,000	-	27,610,000	2.5%	1,299
2014	26,020,000	319,999	26,339,999	2.2%	1,233
2015	24,355,000	258,830	24,613,830	2.1%	1,150
2016	21,240,000	196,277	21,436,277	1.7%	1,000
2017	19,520,000	132,310	19,652,310	1.8%	914
2018	17,735,000	1,266,796	19,001,796	1.4%	879
2019	15,890,000	977,060	16,867,060	1.2%	770

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

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

(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.

(*) Data not available

METUCHEN SCHOOL DISTRICT
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
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		
2009	\$ 33,212,000	\$ -	\$ 33,212,000	3.40%	1,568
2010	31,892,000	-	31,892,000	3.27%	1,501
2011	30,522,000	-	30,522,000	3.13%	1,429
2012	29,082,000	-	29,082,000	2.98%	1,359
2013	27,610,000	-	27,610,000	2.85%	1,288
2014	26,020,000	-	26,020,000	2.66%	1,210
2015	24,355,000	-	24,355,000	2.48%	1,127
2016	21,240,000	-	21,240,000	2.14%	970
2017	19,520,000	-	19,520,000	1.94%	*
2018	17,735,000	-	17,735,000	1.72%	*
2019	15,890,000	-	15,890,000	1.50%	*

(*) Data not 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
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes Borough of Metuchen	\$15,174,820.00	100.00%	\$15,174,820.00
Other debt Middlesex County	465,543,163.00	2.23%	10,397,913.08
			<hr/>
Subtotal, overlapping debt			\$25,572,733.08
Metuchen School District Direct Debt			<hr/> 16,867,060.00
Total direct and overlapping debt			<hr/> <hr/> \$42,439,793.08

Source: Municipal Chief Financial Officer, County Treasurer's Office

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 the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

METUCHEN SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 92,270,235	\$ 92,394,561	\$ 91,376,813	\$ 86,801,741	\$ 85,673,065	\$ 86,208,779	\$ 86,398,173	\$ 87,947,345	\$ 93,276,754	\$ 92,510,072
Total net debt applicable to limit	31,892,000	30,522,000	29,082,000	26,475,000	26,339,999	24,613,830	21,436,277	19,652,310	19,001,796	16,867,060
Legal debt margin	\$ 60,378,235	\$ 61,872,561	\$ 62,294,813	\$ 60,326,741	\$ 59,333,066	\$ 61,594,949	\$ 64,961,896	\$ 68,295,035	\$ 74,274,958	\$ 75,643,012
Total net debt applicable to the limit as a percentage of debt limit	34.56%	33.03%	31.83%	30.50%	30.74%	28.55%	24.81%	22.35%	20.37%	18.23%

Source: Abstract of ratables and district records.
Borough's Annual Debt Statement

Year	Equalized Valuation Basis
2016	\$ 2,303,856,247
2017	2,299,749,828
2018	2,334,649,357
	\$ 6,938,255,432

Average equalized valuation of taxable property

	\$ 2,312,751,811
Debt limit (4% of average equalization value)	\$ 92,510,072
Total net debt applicable to limit as of June 30, 2018	16,867,060
Legal debt margin	\$ 75,643,012

METUCHEN SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2010	*	\$	\$	7.8%
2011	21,101	*	52,792	8.0%
2012	21,177	1,079,815,230	49,759	8.7%
2013	21,248	1,125,931,520	50,990	8.9%
2014	21,355	1,171,812,915	52,990	4.3%
2015	21,395	1,191,294,995	54,873	4.2%
2016	21,435	1,255,469,385	55,681	3.7%
2017	21,513	1,088,213,592	58,571	3.2%
2018	21,614	1,331,941,136	50,584	5.5%
2019	21,902	1,410,773,526	61,624	5.5%
			64,413	

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by municipality estimated based upon the census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.
- (*) Data not available

METUCHEN SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND TEN YEARS AGO
UNAUDITED

<u>Employer</u>	2019		2010	
	<u># of Employees</u>	<u>Rank (Optional)</u> <u>Percentage of Total Employment</u>	<u># of Employees</u>	<u>Rank (Optional)</u> <u>Percentage of Total Employment</u>
	0	0.00%	0	0.00%

Source: Municipal Records - Data Not Available

METUCHEN SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	145	147	146	146	146	146	146	147	147	149
Special education	30	32	34	34	34	35	37	38	40	39
Other instruction	10	10	10	10	10	10	10	10	10	10
Support Services:										
General administrative services	11	11	11	11	11	11	11	11	11	11
School administrative services	16	16	16	16	16	16	16	16	16	16
Business administrative services	5	5	5	5	5	5	5	5	5	5
Plant operations and maintenance	27	25	27	27	25	25	25	25	25	25
Pupil transportation	6	6	6	6	5	5	5	5	6	6
Total	250	252	255	255	252	253	255	257	260	261

Source: District Personnel Records

METUCHEN SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (1)	Cost Per Pupil	Percentage Change	Teaching Staff (2)	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				
2010	2,055	31,677,192	15,415	0.73%	194	1:13	1:12	1:12	2,043	1,983	4.83%	96.49%
2011	2,065	32,296,804	15,640	1.44%	194	1:13	1:12	1:12	2,050	1,986	0.16%	96.17%
2012	2,149	33,664,232	15,665	0.16%	194	1:13	1:12	1:12	2,142	2,102	5.52%	97.81%
2013	2,147	35,719,045	16,637	5.84%	194	1:13	1:12	1:12	2,098	2,007	5.52%	93.48%
2014	2,146	35,700,487	16,636	-0.01%	196	1:13	1:12	1:12	2,107	2,030	-2.05%	94.59%
2015	2,173	36,214,854	16,666	0.18%	197	1:13	1:15	1:13	2,109	2,033	0.09%	93.56%
2016	2,236	36,569,880	16,355	-1.90%	197	1:13	1:15	1:13	2,115	2,036	0.28%	91.06%
2017	2,259	38,171,765	16,898	3.21%	198	1:13	1:15	1:13	2,150	2,056	1.65%	91.01%
2018	2,278	41,597,667	18,261	7.46%	198	1:13	1:11	1:11	2,269	2,258	5.53%	99.12%
2019	2,282	43,701,135	19,150	4.65%	198	1:13	1:11	1:11	2,275	2,136	0.24%	93.58%

Sources: District records

Note: Enrollment based on annual October district count.

(1) Operating expenditures equal total expenditures less debt service and capital outlay (from CAFR Exhibit B-2).

(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
SCHOOL BUILDING INFORMATION
UNAUDITED

District Building	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Moss School</u>										
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	130	130	130	135	125	127	162	166	151	156
<u>Campbell School</u>										
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	692	695	705	669	658	643	660	675	697	700
<u>Edgar School</u>										
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	645	672	664	694	717	766	766	725	713	711
<u>Metuchen High School</u>										
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	603	611	614	627	646	654	655	693	717	715

N/A - Information not currently available.

Source: District's records

METUCHEN SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

SCHOOL FACILITIES *	Square Ft	Percentage	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Moss School	30,000	10%	\$ 56,280	\$ 127,307	\$ 136,138	\$ 77,998	\$ 73,194	\$ 71,680	\$ 44,392	\$ 50,449	\$ 31,198	\$ 76,769
Campbell School	57,000	20%	106,932	121,520	134,829	113,997	97,323	119,467	143,109	138,356	70,176	111,936
Edgar School	92,000	32%	172,591	167,814	115,375	208,995	110,522	191,148	85,902	126,208	74,619	88,228
Metuchen High School	113,000	39%	211,987	162,028	173,698	198,995	119,914	95,574	166,777	150,136	49,365	127,868
	<u>292,000</u>		<u>\$ 547,790</u>	<u>\$ 578,669</u>	<u>\$ 560,040</u>	<u>\$ 599,985</u>	<u>\$ 400,953</u>	<u>\$ 477,869</u>	<u>\$ 440,180</u>	<u>\$ 465,149</u>	<u>\$ 225,358</u>	<u>\$ 404,801</u>

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.



New Jersey Schools Insurance Group
Educational Risk and Insurance Consortium - North
Package Policy Declarations

Named Insured:
Metuchen Board of Education
16 Simpson Place
Metuchen, NJ 08840-1827

Agent:
Schenck Agency, Inc., The
495 Main Street
P.O. Box 351
Metuchen, NJ 08840-0351

Policy Term: 07/01/2018 to 07/01/2019 12:01 AM Eastern Standard Time

Article I - Property

Real and Personal Property	\$500,000,000 per occurrence NJSIG Limit
Extra Expense	\$50,000,000 per occurrence NJSIG Limit
Valuable Papers and Records	\$10,000,000 per occurrence NJSIG Limit
Demolition and Increased Cost of Construction	\$25,000,000 per occurrence NJSIG Limit
Loss of Rents	Not Covered
Loss of Business Income/Tuition	Not Covered
Limited Builders Risk	\$10,000,000 per occurrence NJSIG Limit
Fire Department Service Charge	\$10,000 per occurrence
Arson Reward	\$10,000 per occurrence
Pollutant Cleanup and Removal	\$250,000 per occurrence
Fine Arts	Not Covered
Sublimits: Special Flood Hazard Area Flood Zones	\$25,000,000 per occurrence/ NJSIG annual aggregate
Accounts Receivable	\$250,000 per occurrence
All Flood Zones	\$75,000,000 per occurrence /NJSIG annual aggregate
Earthquake	\$50,000,000 per occurrence /NJSIG annual aggregate
Terrorism	\$1,000,000 per occurrence /NJSIG annual aggregate
Deductibles:	
Real & Personal	\$5,000 per occurrence
Extra Expense	\$5,000 per occurrence
Valuable Papers	\$5,000 per occurrence
Special Flood Hazard Area Flood Deductibles:	
	\$500,000 per building
	\$500,000 per building contents
All Other Flood Zones Flood Deductible:	\$10,000 per member/per occurrence



**New Jersey Schools Insurance Group
 Educational Risk and Insurance Consortium - North
 Package Policy Declarations**

**Article II - Electronic Data Processing
 Not Covered**

Article III - Equipment Breakdown

Combined Single Limit per Accident for Property Damage and Business Income \$100,000,000

SubLimits:	Property Damage	Included
	Off Premises Property Damage	\$1,000,000
	Business Income	Included
	Extra Expense	\$10,000,000
	Service Interruption	\$10,000,000
	Perishable Goods	\$1,000,000
	Data Restoration	\$1,000,000
	Contingent Business Income	\$1,000,000
	Demolition	\$1,000,000
	Ordinance or Law	\$1,000,000
	Expediting Expenses	\$1,000,000
	Hazardous Substances	\$1,000,000
	Newly Acquired Locations (120 days notice)	\$1,000,000
	Terrorism	Included

Deductibles: \$5,000 per Accident for Property Damage
 12 Hours for Indirect Coverages
 Service Interruption Waiting Period 24 Hours

Article IV - Crime

Insuring Agreements	Limits	Deductibles
Insuring Agreement 1 - Public Employee Dishonesty with Faithful Performance	\$50,000	\$500
Insuring Agreement 2 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	Not Covered	Not Covered
Insuring Agreement 3 - Theft, Disappearance and Destruction - Money Orders & Counterfeit Paper Currency	Not Covered	Not Covered
Insuring Agreement 4 - Forgery or Alteration	Not Covered	Not Covered
Insuring Agreement 5 - Computer Fraud	Not covered	Not covered
Public Officials Bond:	Not Covered	Not Covered



**New Jersey Schools Insurance Group
Educational Risk and Insurance Consortium - North
Package Policy Declarations**

Article V - Comprehensive General Liability

Bodily Injury and Property Damage	\$11,000,000 per occurrence
Products and Completed Operations	\$11,000,000 annual aggregate
Sexual Abuse	\$11,000,000 per occurrence \$17,000,000 annual NJSIG aggregate
Personal Injury and Advertising Injury	\$11,000,000 per occurrence/annual aggregate
Employee Benefits Liability	\$11,000,000 per occurrence/annual aggregate
Employee Benefits Liability Deductible	\$1,000 each claim
Premises Medical Payments	\$10,000 per accident \$5,000 limit per person
Terrorism	\$1,000,000 per occurrence/annual NJSIG aggregate
Deductible	N/A

Article VI - Automobile

Liability	
Symbol 1 Any Auto	
Bodily Injury and Property Damage	\$11,000,000 per accident
Symbol 6 Uninsured/Underinsured Motorists - Private Passenger Autos	\$1,000,000 Per Accident
Symbol 6 Uninsured/Underinsured Motorists - All Other Vehicles	\$15,000 Bodily Injury Per Person \$30,000 Bodily Injury Per Accident \$5,000 Property Damage Per Accident
Symbol 5 Personal Injury Protection (including pedestrians)	\$250,000
Medical Payments	\$10,000 private passenger vehicles \$5,000 all other vehicles
Terrorism	\$1,000,000 per occurrence/annual NJSIG aggregate
Deductible	\$0
Physical Damage	(Scheduled vehicles only)
Symbol 7 Comprehensive	\$1,000 deductible
Collision	\$1,000 deductible
Hired Car Physical Damage \$110,000 Limit	\$1,000 deductible
Replacement Cost	\$1,000 deductible
Garage Keepers	Included

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@scnco.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable President and Members
of the Board of Education
Metuchen School District
County of Middlesex
Metuchen, New Jersey 08840

We have audited, in accordance with the 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 financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Metuchen School District (the "District") as of and for the year ended June 30, 2019, 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 12, 2019.

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 Metuchen School 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

December 12, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Metuchen School District
County of Middlesex
Metuchen, New Jersey 08840

Report on Compliance for Each Major Federal and State Program

We have audited the Metuchen School District's, County of Middlesex, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Metuchen School District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Metuchen School 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; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey *OMB 15-08*. Those standards, the Uniform Guidance and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Metuchen School 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 Metuchen School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Metuchen School District, County of Middlesex, State of New Jersey 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, 2019.

Report on Internal Control Over Compliance

Management of the Metuchen School 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 Metuchen School 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 an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with *the Uniform Guidance* and New Jersey OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Metuchen School 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 and 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 the Uniform Guidance and State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

December 12, 2019

METUCHEN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL GRANTEE/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2018		BALANCE AT JUNE 30, 2019	
						UNEARNED REVENUE (ACCOUNTS RECEIVABLE)	CASH RECEIVED	UNEARNED REVENUE (ACCOUNTS RECEIVABLE)	SUBRECEIPT BUDGETARY EXPENDITURES
Enterprise Fund									
U.S. Department of Agriculture									
Passed-through State Department of Education:									
Child Nutrition Cluster:									
National School Lunch - Food Distribution	10.555	181NJ004N1099	N/A	7/1/18-6/30/19	35,820.00	\$	35,820.00	\$	\$
Healthy Hunger Free Kids Act	10.551		N/A	7/1/18-6/30/19	6,937.56		6,487.02		(450.54)
National School Lunch Program	10.555	181NJ004N1099	N/A	7/1/18-6/30/19	79,201.26		73,968.47		(5,232.79)
Total Child Nutrition Cluster						\$	116,275.49	\$	(5,683.33)
Total U.S. Department of Agriculture						\$	116,275.49	\$	(5,683.33)
Special Revenue Fund									
N.C.L.B. Cluster:									
Title I - Part A	84.010	S010A180030	NCLB222018	7/1/18-6/30/19	119,727.00	\$	58,622.00	\$	(44,497.87)
Title II - Part A	84.367	S367A180029	NCLB222018	7/1/18-6/30/19	34,093.00		20,171.00		(11,831.57)
Title IV - Part A	84.424	S424A180031	NCLB222018	7/1/18-6/30/19	13,863.00				(10,232.21)
Total N.C.L.B. Cluster						\$	78,793.00	\$	(66,561.65)
I.D.E.A. Special Education Cluster:									
I.D.E.A. Part B - Basic	84.027	S027A180100	IDEA222018	7/1/18-6/30/19	666,080.00	\$	354,811.00	\$	(242,194.00)
I.D.E.A. Part B - Preschool	84.173	S173A180114	IDEA222018	7/1/18-6/30/19	18,340.00				(16,259.00)
Total I.D.E.A. Special Education Cluster						\$	354,811.00	\$	(258,453.00)
General Fund									
U.S. Department of Health & Human Services									
Passed-Through State Department of Education:									
Medical Assistance Prog. (SEMII)	93.778	1805NJ5MAP		7/1/18-6/30/19	7,425.00	\$	7,425.00	\$	\$
Total U.S. Department of Health & Human Services						\$	7,425.00	\$	\$
Total U.S. Department of Education						\$	441,029.00	\$	(325,014.65)
Total Federal Financial Assistance						\$	557,304.49	\$	(330,697.98)

See accompanying notes to schedules of financial assistance.

METUCHEN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2018		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2019		MEMO	
				DEFERRED REVENUE (ACCTS.REC.)	DEFERRED REVENUE (ACCTS.REC.)				BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES		
General Fund:												
State Aid Cluster:												
Special Education Categorical Aid	19-495-034-5120-089	\$ 985,204.00	7/1/18-6/30/19	\$	\$	\$ 895,795.42	\$ (985,204.00)	\$ 89,408.58	\$	\$	\$ 89,408.58	\$ 985,204.00
Security Aid	19-495-034-5120-084	158,054.00	7/1/18-6/30/19			143,710.39	(158,054.00)	14,343.61	0.00		14,343.61	158,054.00
						\$ 1,039,505.81	\$ (1,143,258.00)	\$ 103,752.19	\$ 0.00		\$ 103,752.19	\$ 1,143,258.00
Other-General Fund:												
Extraordinary Special Education Costs Aid	19-495-034-5120-473	387,817.00	7/1/18-6/30/19	\$	\$		(387,817.00)		(387,817.00)	\$	387,817.00	\$ 387,817.00
Transportation Aid	19-495-034-5120-014	226,496.00	7/1/18-6/30/19			205,941.19	(226,496.00)	20,554.81			20,554.81	226,496.00
Nonpublic School Transportation Costs Aid	Not Available	16,820.00	7/1/18-6/30/19				(16,820.00)		(16,820.00)		16,820.00	16,820.00
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	1,220,163.97	7/1/18-6/30/19			1,160,180.16	(1,220,163.97)		(59,983.81)		59,983.81	1,220,163.97
On-behalf TPAF long-term disability insurance	Not Available	2,335.00	7/1/18-6/30/19			2,335.00	(2,335.00)					2,335.00
On-behalf TPAF pension contributions	19-495-034-5094-002	3,105,456.00	7/1/18-6/30/19			3,105,456.00	(3,105,456.00)					3,105,456.00
On-behalf TPAF post retirement medical	19-495-034-5094-001	1,408,630.00	7/1/18-6/30/19			1,408,630.00	(1,408,630.00)					1,408,630.00
						\$ 5,882,592.35	\$ (6,367,717.97)	\$ 20,554.81	\$ (464,620.81)		\$ 485,175.62	\$ 6,367,717.97
Special Revenue Fund:												
Nonpublic nursing aid	100-034-5120-070	113,975.00	7/1/18-6/30/19	\$	\$	113,975.00	(110,240.94)		3,734.06	\$		110,240.94
Nonpublic textbook	100-034-5120-064	62,532.00	7/1/18-6/30/19			62,532.00	(61,869.55)		662.45			61,869.55
Nonpublic technology	100-034-5120-373	42,156.00	7/1/18-6/30/19			42,156.00	(42,016.41)		139.59			42,016.41
Nonpublic security	100-034-5120-509	176,250.00	7/1/18-6/30/19			176,250.00	(175,667.15)		582.85			175,667.15
Compensatory education	100-034-5120-067	36,041.00	7/1/18-6/30/19			36,041.00	(36,041.00)					36,041.00
E.S.L.	100-034-5120-067	4,314.00	7/1/18-6/30/19			4,314.00	(4,314.00)					4,314.00
Transportation	100-034-5120-067	8,340.00	7/1/18-6/30/19			8,340.00	(8,340.00)					8,340.00
Home Instruction	100-034-5120-067	3,229.89	7/1/18-6/30/19			3,229.89	(3,229.89)		(3,229.89)		3,229.89	3,229.89
Examination & classification	100-034-5120-066	43,323.00	7/1/18-6/30/19			43,323.00	(43,036.00)		287.00			43,036.00
Connective speech	100-034-5120-066	21,248.00	7/1/18-6/30/19			21,248.00	(21,248.00)		11,287.00			21,248.00
Supplementary instruction	100-034-5120-066	32,511.00	7/1/18-6/30/19			32,511.00	(10,308.00)		22,203.00			10,308.00
						\$ 540,690.00	\$ (502,722.94)	\$	\$ 37,967.06		\$ 3,229.89	\$ 502,722.94
Debt Service Fund:												
Debt Service Aid Type II	19-495-034-5120-075	236,517.00				236,517.00	(236,517.00)					236,517.00
						\$ 236,517.00	\$ (236,517.00)					236,517.00
Enterprise Fund:												
National School Lunch Program (State Share)	19-100-010-3360-067	5,857.17	7/1/18-6/30/19			5,476.66	(5,857.17)		(380.51)		380.51	5,857.17
						\$ 5,476.66	\$ (5,857.17)		\$ (380.51)		\$ 380.51	\$ 5,857.17
Total state financial assistance subject to single audit						\$ 7,704,731.82	\$ (6,256,073.09)	\$ 124,307.00	\$ (427,034.26)		\$ 592,538.21	\$ 8,256,073.08
Less: On-behalf amounts not utilized for determination of major programs:												
On-behalf TPAF long-term disability insurance		\$				(2,335.00)	2,335.00					
On-behalf TPAF pension contributions						(3,105,456.00)	3,105,456.00					
On-behalf TPAF post retirement medical						(1,408,630.00)	1,408,630.00					
						\$ 3,188,310.82	\$ (3,739,652.00)					

See accompanying notes to schedules of financial assistance.

Metuchen School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2019

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Metuchen School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenue, whereas GAAP basis does not.

Metuchen School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2019

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$25,678.00) for the general fund. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$7,425.00	\$7,485,300.00	\$7,492,725.00
Special Revenue Fund	758,618.65	502,722.94	1,261,341.59
Debt Service Fund		236,517.00	236,517.00
Food Service Fund	121,959.09	5,857.17	127,816.26
	<hr/>	<hr/>	<hr/>
Total Awards and Financial Assistance	<u>\$888,002.74</u>	<u>\$8,230,397.11</u>	<u>\$9,118,399.85</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits, and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2019. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2019.

Metuchen School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|--|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with Federal Uniform Guidance? | No |
| (4) | Identification of Federal State Program(s): | |

<u>Program</u>	<u>CFDA Number</u>
IDEA Cluster:	
IDEA Part B Basic	84.027
IDEA Part B Preschool	84.173

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$750,000.00
Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under Federal Uniform Guidance? | Yes |

Metuchen School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
 - (c) Material weakness identified? No
 - (d) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):

<u>Program</u>	<u>Grant Number</u>
State Aid Cluster:	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084
Debt Service Aid	495-034-5120-075

- (5) Program Threshold Determination:
 - Type A State Program Threshold > \$750,000.00
 - Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under New Jersey OMB Circular 15-08? Yes

Metuchen School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

Federal Programs - None Reported
State Programs – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported
State Programs – None Reported

Metuchen School District
Schedule of Prior Year Audit Findings

Not Applicable

