

Annual Comprehensive Financial Report

of the

Metuchen School District

County of Middlesex

Metuchen, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Metuchen School District
Business Office**

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INTRODUCTORY SECTION

The Metuchen Schools
16 Simpson Place
Metuchen, New Jersey 08840

February 2, 2022

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 Annual Comprehensive Financial Report (ACFR) of the Metuchen School District (the “District”) for the fiscal year ended June 30, 2021. 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 Annual Comprehensive 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 2020-2021 fiscal year with an enrollment of 2320 students which is about 2 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 2021-2022.

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 2021-2022 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 93.5% of the Class of 2021 pursuing post-secondary education. Of the 191 graduates in the Class of 2021, 24 students were designated National Merit Commended Scholars and 1 student was a National Merit Scholarship Program Finalist. Our SAT scores exceeded state and national averages with the MHS Class of 2021 averaging 616 in Evidence Based Reading and Writing and 612 in Mathematics.

Metuchen School District employs highly competent teaching, supervisory and administrative staff with approximately 43% certified with a BA degree, 54% with a Master's Degree and 3% with a PhD/EdD. The professional staff continues to enhance their skills through curriculum development and strong, consistent professional development either through workshops or college level courses.

Financial Information

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

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

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

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

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

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

Cash Management

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

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

Risk Management

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

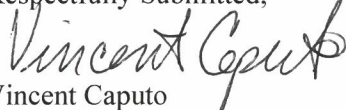
Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of 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, 2021

<u>Members of the Board of Education</u>		<u>Expiration of Term</u>
Brian Glassberg	President	2023
Chris Derflinger	Vice President	2021
Dan E. Benderly	Member	2023
Michelle Cook	Member	2021
Hazel-Anne Johnson-Marcus	Member	2023
Alicia Killean	Member	2022
Jonathan Lifton	Member	2022
Justin Manley	Member	2021
Eric Suss	Member	2022

Other Officials

Vincent Caputo, Superintendent of Schools

Michael Harvier, Business Administrator/Board Secretary

Richard Cohen, Assistant Superintendent of Schools/Principal Moss School

Tania Herzog, Director of Special 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

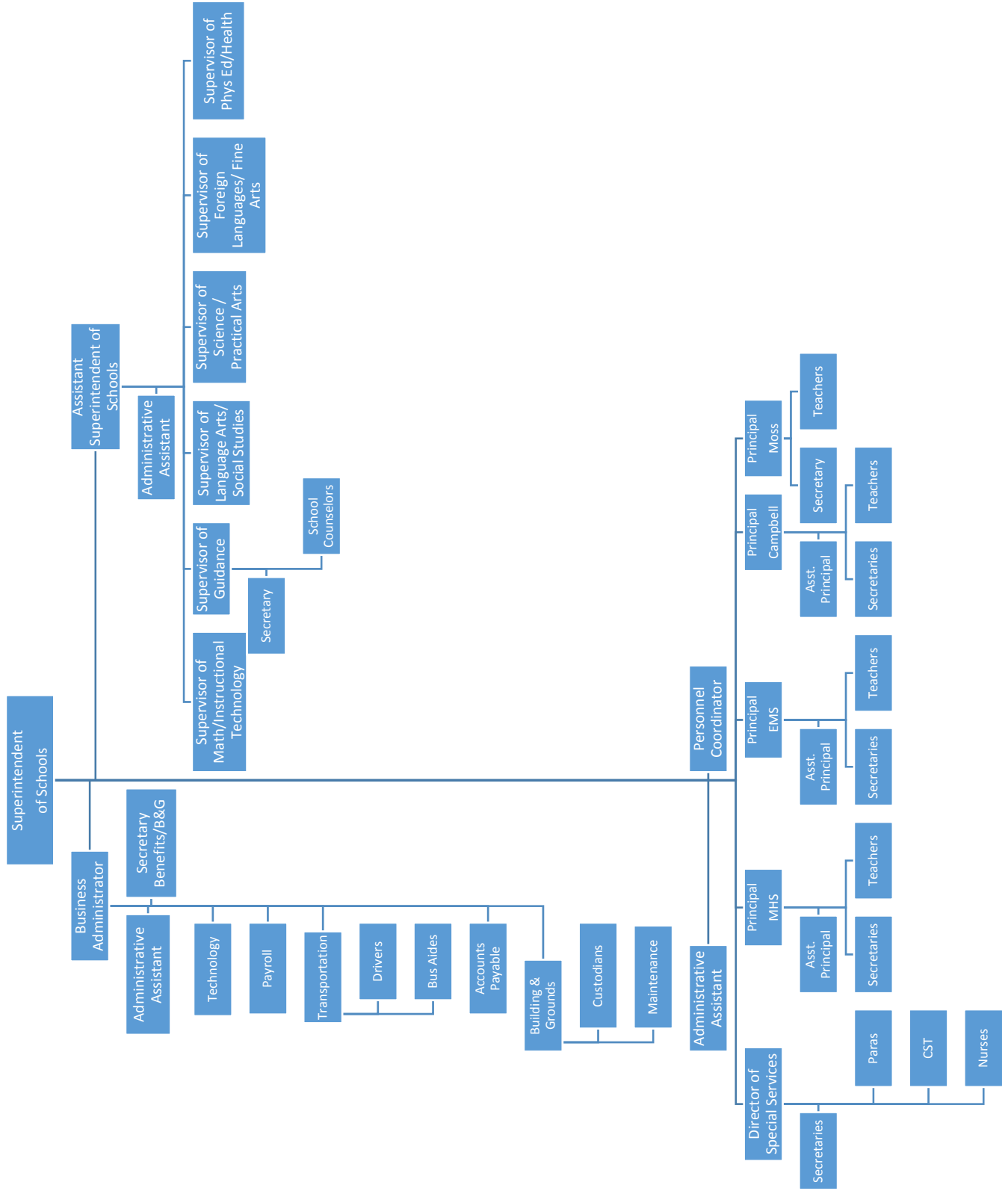
Official Depository

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

Bond Counsel

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

Metuchen School District Organizational Chart



FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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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 and each major fund of the Metuchen School District, County of Middlesex, New Jersey as of and for the year ended June 30, 2021, 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 and each major fund of the Metuchen School District, County of Middlesex, New Jersey as of June 30, 2021, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, in 2021, the District adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities (an Amendment of GASB Statement No. 34). Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information 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.

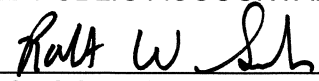
The combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2022 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

February 2, 2022

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, 2021
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, 2021. 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 (2020-2021) and the prior fiscal year (2019-2020) is required to be presented in the MD&A.

Financial Highlights

- Revenue from governmental activities accounted for \$58,373,292.33 of school district revenue. The other \$592,269.07 of revenue was generated by the business type activities.
- The District's total net position is \$18,796,988.28

Overview of the Financial Statements

This Annual Comprehensive Financial Report ("ACFR") 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 and Proprietary Funds.

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
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.

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, 2021
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 two 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.

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
UNAUDITED**

Financial Analysis of the District as a Whole

The District's combined net positions have increased from the 2019-2020 fiscal year. The net positions from governmental activities increased \$3,090,147.47. Net positions from business-type activities increased \$86,285.99. 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 2021	FY 2020*	FY 2021	FY 2020	FY 2021	FY 2020*	Percentage Change
Current and Other Assets	\$11,759,143.81	\$9,778,873.58	\$507,906.24	\$442,624.04	\$12,267,050.05	\$10,221,497.62	20.01%
Capital Assets	30,964,454.73	33,203,854.73	28,003.19	50,813.23	30,992,457.92	33,254,667.96	-6.80%
Total Assets	42,723,598.54	42,982,728.31	535,909.43	493,437.27	43,259,507.97	43,476,165.58	-0.50%
Deferred Outflows Pension Related	1,426,885.00	1,887,705.00			1,426,885.00	1,887,705.00	-24.41%
Total Deferred Outflows	1,426,885.00	1,887,705.00	0.00	0.00	1,426,885.00	1,887,705.00	-24.41%
Long-Term Liabilities	21,300,193.24	24,807,481.35			21,300,193.24	24,807,481.35	-14.14%
Short-Term Liabilities	1,409,218.79	1,822,986.92	83,477.66	127,291.49	1,492,696.45	1,950,278.41	-23.46%
Total Liabilities	22,709,412.03	26,630,468.27	83,477.66	127,291.49	22,792,889.69	26,757,759.76	-14.82%
Deferred Inflows Pension Related	3,096,515.00	2,985,556.00			3,096,515.00	2,985,556.00	3.72%
Total Deferred Inflows	3,096,515.00	2,985,556.00	0.00	0.00	3,096,515.00	2,985,556.00	3.72%
Net Positions:							
Net Investment In Capital Assets	18,246,562.73	17,635,432.88	28,003.19	50,813.23	18,274,565.92	17,686,246.11	3.33%
Restricted	8,437,035.96	6,227,793.59			8,437,035.96	6,227,793.59	35.47%
Unrestricted (Deficit)	(8,339,042.18)	(8,608,817.43)	424,428.58	315,332.55	(7,914,613.60)	(8,293,484.88)	-4.57%
Total Net Positions	\$18,344,556.51	\$15,254,409.04	\$452,431.77	\$366,145.78	\$18,796,988.28	\$15,620,554.82	20.33%

*-as restated

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
UNAUDITED**

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

	<u>FY 2021</u>	<u>FY 2020</u>
Revenue:		
Program Revenue:		
Charges for Services	\$233,739.04	\$827,387.38
Operating Grants and Contributions	14,885,107.00	10,073,233.81
General Revenue:		
Property Taxes	41,236,232.00	40,202,856.00
Federal and State Aid	2,446,681.00	1,977,810.00
Other	163,802.36	93,586.99
	<hr/>	<hr/>
Total Revenue	<u>58,965,561.40</u>	<u>53,174,874.18</u>
Expenses/Indirect Allocations:		
Instruction	37,455,167.96	33,201,656.18
Student & Instructional Related Services	7,793,688.76	6,504,007.94
Administrative and Business	4,280,228.34	4,205,425.01
Maintenance & Operations	3,827,349.93	3,590,457.74
Transportation	1,397,678.87	1,707,415.81
Other	1,035,014.08	1,220,564.64
	<hr/>	<hr/>
Total Expenses	<u>55,789,127.94</u>	<u>50,429,527.32</u>
Increase/(Decrease) in Net Positions	<u><u>\$3,176,433.46</u></u>	<u><u>\$2,745,346.86</u></u>

Sources of Revenue for Fiscal Year 2021

The District's total revenue for the 2020-2021 school year was \$58,965,561.4 as reflected in Table A-3 below. Property taxes accounted for 69.94 percent of the total revenue with the other 30.06 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, 2021
UNAUDITED**

**Table A-3
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2021</u>		<u>FY 2020</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$41,236,232.00	69.94%	\$40,202,856.00	75.61%
Operating Grants & Contributions	14,885,107.00	25.24%	10,073,233.81	18.94%
Other Sources	163,802.36	0.28%	93,586.99	0.18%
Federal & State Aid Unrestricted	2,446,681.00	4.15%	1,977,810.00	3.72%
Charges for Services	233,739.04	0.40%	827,387.38	1.56%
	<u>\$58,965,561.40</u>	<u>100.00%</u>	<u>\$53,174,874.18</u>	<u>100.00%</u>

Expenses & Indirect Costs Allocated for the Fiscal Year 2021

The total expenditures for the 2020-2021 fiscal year for all programs and services were \$55,789,127.94. 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 83.63 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 2021</u>		<u>FY 2020</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$37,455,167.96	67.15%	\$33,201,656.18	65.85%
Student & Instr. Related Services	7,793,688.76	13.97%	6,504,007.94	12.90%
Administrative and Business	4,280,228.34	7.67%	4,205,425.01	8.34%
Maintenance & Operations	3,827,349.93	6.86%	3,590,457.74	7.12%
Transportation	1,397,678.87	2.51%	1,707,415.81	3.39%
Other	1,035,014.08	1.86%	1,220,564.64	2.42%
	<u>\$55,789,127.94</u>	<u>100.00%</u>	<u>\$50,429,527.32</u>	<u>100.00%</u>

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
UNAUDITED**

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 Activities**

<u>Function/Program</u>	<u>FY 2021</u>		<u>FY 2020</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$25,949,762.76	63.80%	\$25,029,347.81	63.31%
Student & Instruction Related Services	5,983,692.29	14.71%	5,186,906.46	13.12%
Administrative and Business	3,603,392.07	8.86%	3,847,750.27	9.73%
Maintenance & Operations	3,621,073.91	8.90%	3,576,154.97	9.05%
Transportation	1,305,913.86	3.21%	1,539,278.27	3.89%
Other	206,447.01	0.51%	349,468.35	0.88%
	<u>\$40,670,281.90</u>	<u>100.00%</u>	<u>\$39,528,906.13</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, 2021
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 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2020</u>	
Land and Site Improvements	\$178,952.00	\$178,952.00			\$178,952.00	\$178,952.00	0.000%
Building and Building Improvements	29,350,622.09	31,535,373.73			29,350,622.09	31,535,373.73	-6.928%
Machinery and Equipment	1,434,880.64	1,489,529.00	\$28,003.19	\$50,813.23	1,462,883.83	1,540,342.23	-5.029%
Total Assets	<u>\$30,964,454.73</u>	<u>\$33,203,854.73</u>	<u>\$28,003.19</u>	<u>\$50,813.23</u>	<u>\$30,992,457.92</u>	<u>\$33,254,667.96</u>	<u>-6.803%</u>

**METUCHEN SCHOOL DISTRICT
METUCHEN, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
UNAUDITED**

Debt Administration

At June 30, 2021, the District had \$21,300,193.24 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 2021	FY 2020	
Bonds, Net	\$12,717,892.00	\$14,831,214.00	-14.25%
Compensated Absences	1,360,733.24	1,228,446.50	10.77%
Capital Leases	0.00	737,207.85	-100.00%
Net Pension Liability	7,221,568.00	8,010,613.00	-9.85%
	<u>\$21,300,193.24</u>	<u>\$24,807,481.35</u>	<u>-14.14%</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, 2021.

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, 2021

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 5,728,757.68	\$ 410,393.35	\$ 6,139,151.03
Receivables, net	987,774.36	87,948.63	1,075,722.99
Due from other funds	37,080.41		37,080.41
Inventory		9,564.26	9,564.26
Restricted assets:			
Restricted cash and cash equivalents	5,005,531.36		5,005,531.36
Capital assets:			
Non Depreciable	178,952.00		178,952.00
Depreciable - Net	30,785,502.73	28,003.19	30,813,505.92
Total assets	<u>\$ 42,723,598.54</u>	<u>\$ 535,909.43</u>	<u>\$ 43,259,507.97</u>
DEFERRED OUTFLOW OF RESOURCES			
Related to pensions	\$ 1,426,885.00	\$ _____	\$ 1,426,885.00
Total deferred outflow of resources	<u>\$ 1,426,885.00</u>	<u>\$ _____</u>	<u>\$ 1,426,885.00</u>
LIABILITIES			
Accounts payable	\$ 807,345.41	\$ 10,317.58	\$ 817,662.99
Due to other funds		37,080.41	37,080.41
Unearned revenue	148,748.37	36,079.67	184,828.04
Payable to state government	101,578.00		101,578.00
Accrued interest payable	156,051.31		156,051.31
Payroll liabilities payable	164,625.10		164,625.10
Unemployment liabilities payable	30,870.60		30,870.60
Noncurrent liabilities:			
Due within one year:			
Bonds payable, net	2,060,000.00		2,060,000.00
Due beyond one year:			
Compensated absences payable	1,360,733.24		1,360,733.24
Bonds payable, net	10,657,892.00		10,657,892.00
Net pension liability	7,221,568.00		7,221,568.00
Total liabilities	<u>\$ 22,709,412.03</u>	<u>\$ 83,477.66</u>	<u>\$ 22,792,889.69</u>
DEFERRED INFLOW OF RESOURCES			
Related to pensions	\$ 3,096,515.00	\$ _____	\$ 3,096,515.00
Total deferred inflow of resources	<u>\$ 3,096,515.00</u>	<u>\$ _____</u>	<u>\$ 3,096,515.00</u>
Net investment in capital assets	\$ 18,246,562.73	\$ 28,003.19	\$ 18,274,565.92
Restricted for:			
Special revenue fund	211,408.78		211,408.78
Other purposes	8,225,627.18		8,225,627.18
Unrestricted (Deficit)	<u>(8,339,042.18)</u>	<u>424,428.58</u>	<u>(7,914,613.60)</u>
Total net positions	<u>\$ 18,344,556.51</u>	<u>\$ 452,431.77</u>	<u>\$ 18,796,988.28</u>

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

METUCHEN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2021

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	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 13,033,979.09	\$ 11,374,624.75	\$ 150,734.00	\$ 7,085,777.69	\$ (17,172,092.15)	\$	\$ (17,172,092.15)
Special education	7,103,417.85	4,028,718.22		3,739,379.90	(7,392,756.17)		(7,392,756.17)
Other	1,096,699.09	817,728.96		529,513.61	(1,384,914.44)		(1,384,914.44)
Support services:							
Student and instruction related services	5,385,929.87	2,407,758.89		1,809,996.47	(5,983,692.29)		(5,983,692.29)
General administrative services	726,805.09	208,614.21		35,927.03	(899,492.27)		(899,492.27)
School administrative services	1,589,196.09	854,115.86		555,063.11	(1,888,248.84)		(1,888,248.84)
Central services	422,999.09	149,415.46		60,058.17	(512,356.38)		(512,356.38)
Administration information technology	218,530.09	110,552.45		25,787.96	(303,294.58)		(303,294.58)
Plant operations and maintenance	3,111,775.09	715,574.84		206,276.02	(3,621,073.91)		(3,621,073.91)
Student transportation services	1,164,592.17	233,086.70		59,015.01	(1,305,913.86)		(1,305,913.86)
Unallocated benefits	18,580,391.34	(18,580,391.34)	32,750.00				
Unallocated depreciation	2,319,799.00	(2,319,799.00)					
Interest on long term debt	529,031.00			236,298.00	(292,733.00)		(292,733.00)
Total governmental activities	\$ 55,283,144.86	\$	\$ 183,484.00	\$ 14,343,092.97	\$ (40,756,567.89)	\$	\$ (40,756,567.89)
Business-type activities:							
Food service fund	494,210.80		21,810.83	542,014.03	69,614.06		69,614.06
The Zone	11,772.28		4,256.82		(7,515.46)		(7,515.46)
Integrated Preschool Stream			20,202.85		20,202.85		20,202.85
			3,984.54		3,984.54		3,984.54
Total business-type activities	\$ 505,983.08	\$	\$ 50,255.04	\$ 542,014.03	\$ 86,285.99	\$	\$ 86,285.99
Total primary government	\$ 55,789,127.94	\$	\$ 233,739.04	\$ 14,885,107.00	\$ (40,756,567.89)	\$	\$ (40,670,281.90)
General Revenues:							
Taxes:							
Property taxes - general					\$ 38,968,499.00	\$	\$ 38,968,499.00
Property taxes - debt service					2,267,733.00		2,267,733.00
Federal and state aid not restricted					2,446,681.00		2,446,681.00
Miscellaneous income					163,802.36		163,802.36
Total general revenues					\$ 43,846,715.36	\$	\$ 43,846,715.36
Change in net position					\$ 3,090,147.47	\$	\$ 3,176,433.46
Net position - beginning (as restated)					\$ 15,254,409.04	\$	\$ 15,620,554.82
Net position - ending					\$ 18,344,556.51	\$	\$ 18,796,988.28

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, 2021

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS AND OTHER DEBITS:			
Assets:			
Cash and cash equivalents	\$ 10,525,920.09	\$ 208,368.95	\$ 10,734,289.04
Accounts receivable:			
State	843,870.36		843,870.36
Federal		107,059.00	107,059.00
Other		36,845.00	36,845.00
Interfunds	<u>37,080.41</u>	<u>0.63</u>	<u>37,081.04</u>
Total assets	<u>\$ 11,406,870.86</u>	<u>\$ 352,273.58</u>	<u>\$ 11,759,144.44</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts payable	\$ 257,789.61	\$ 39,286.80	\$ 297,076.41
Interfunds payable	0.63		0.63
Payroll liabilities payable	164,625.10		164,625.10
Unemployment liabilities payable	30,870.60		30,870.60
Payable to state government		101,578.00	101,578.00
Unearned revenue	<u>148,748.37</u>		<u>148,748.37</u>
Total liabilities	<u>\$ 602,034.31</u>	<u>\$ 140,864.80</u>	<u>\$ 742,899.11</u>
Fund balances:			
Restricted for:			
Capital reserve account	\$ 1,259,415.00	\$	\$ 1,259,415.00
Emergency reserve account	12,373.00		12,373.00
Maintenance reserve account	800,000.00		800,000.00
Unemployment	373,733.36		373,733.36
Student Activities		211,408.78	211,408.78
FFCRA/SEMI	850.40		
Excess surplus-current year	1,083,756.49		1,083,756.49
Excess surplus designated for subsequent years expenditures	1,475,403.11		1,475,403.11
Assigned for:			
Year-end encumbrances	3,220,095.82		3,220,095.82
Designated for subsequent years expenditures	329,999.89		329,999.89
Unassigned	<u>2,249,209.48</u>		<u>2,249,209.48</u>
Total fund balances	<u>\$ 10,804,836.55</u>	<u>\$ 211,408.78</u>	<u>\$ 11,016,245.33</u>
Total liabilities and fund balances	<u>\$ 11,406,870.86</u>	<u>\$ 352,273.58</u>	<u>\$ 11,759,144.44</u>

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

METUCHEN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

Total Fund Balances (Brought Forward)	\$	11,016,245.33
<p>Amounts Reported for Governmental Activities in the Statement of Net Assets (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$ 68,982,007.00	
Accumulated Depreciation	<u>(38,017,552.27)</u>	30,964,454.73
<p>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.</p>		
Serial bonds payable, net	\$ (12,717,892.00)	
Net pension liability	(7,221,568.00)	
Compensated absences payable	<u>(1,360,733.24)</u>	(21,300,193.24)
<p>Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Deferred outflows:		
Pension related		1,426,885.00
Deferred inflows:		
Pension related		(3,096,515.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Account payable - pension related	\$ (510,269.00)	
Accrued Interest Payable	<u>(156,051.31)</u>	<u>(666,320.31)</u>
Net Positions of Governmental Activities	\$	<u><u>18,344,556.51</u></u>

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, 2021

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 38,968,499.00	\$	\$ 2,267,733.00	\$ 41,236,232.00
Tuition	150,734.00			150,734.00
Transportation fees from individuals	32,750.00			32,750.00
Miscellaneous revenues	<u>163,802.36</u>	<u>203,546.60</u>		<u>367,348.96</u>
Total revenues-local sources	<u>\$ 39,315,785.36</u>	<u>\$ 203,546.60</u>	<u>\$ 2,267,733.00</u>	<u>\$ 41,787,064.96</u>
State sources	\$ 9,778,910.60	\$ 419,156.00	\$ 236,298.00	\$ 10,434,364.60
Federal sources	<u>11,665.00</u>	<u>986,874.78</u>		<u>998,539.78</u>
Total revenues	<u>\$ 49,106,360.96</u>	<u>\$ 1,609,577.38</u>	<u>\$ 2,504,031.00</u>	<u>\$ 53,219,969.34</u>
EXPENDITURES:				
Current expense:				
Instruction:				
Regular	\$ 13,000,841.00	\$	\$	\$ 13,000,841.00
Special education	4,597,335.00	1,070,518.76		5,667,853.76
Other instruction	1,099,245.00			1,099,245.00
Support services:				
Tuition	1,473,794.00			1,473,794.00
Student and instruction related services	4,812,895.00	575,580.78		5,388,475.78
General administrative services	729,351.00			729,351.00
School administrative services	1,591,742.00			1,591,742.00
Central services	425,545.00			425,545.00
Administration information technology	221,076.00			221,076.00
Plant operations and maintenance	3,114,321.00			3,114,321.00
Student transportation services	1,167,128.00			1,167,128.00
Employee benefits	13,486,224.60			13,486,224.60
Capital outlay	953,084.00			953,084.00
Debt service:				
Principal			1,975,000.00	1,975,000.00
Interest			<u>529,031.00</u>	<u>529,031.00</u>
Total expenditures	<u>\$ 46,672,581.60</u>	<u>\$ 1,646,099.54</u>	<u>\$ 2,504,031.00</u>	<u>\$ 50,822,712.14</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,433,779.36</u>	<u>\$ (36,522.16)</u>	<u>\$</u>	<u>\$ 2,397,257.20</u>
Net change in fund balances	\$ 2,433,779.36	\$ (36,522.16)	\$	\$ 2,397,257.20
Fund balances, July 1, 2020 (As Restated)	<u>\$ 8,371,057.19</u>	<u>\$ 247,930.94</u>	<u>\$</u>	<u>\$ 8,618,988.13</u>
Fund balances, June 30, 2021	<u>\$ 10,804,836.55</u>	<u>\$ 211,408.78</u>	<u>\$</u>	<u>\$ 11,016,245.33</u>

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, 2021

Total net change in fund balances - governmental funds (from B-2)		\$ 2,397,257.20
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>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.</p>		
Depreciation expense	\$ (2,319,799.00)	
Capital outlays-Capitalized (net)	<u>80,399.00</u>	(2,239,400.00)
<p>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.</p>		
Paid - principal on bond		1,975,000.00
<p>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.</p>		
Amortization of Original Issue Premium on Refunding Bonds		138,322.00
<p>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.</p>		
Payment of capital leases payable		737,207.85
<p>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.</p>		
		22,604.17
<p>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.</p>		
District pension contributions	\$ 484,445.00	
Less: Pension expense	<u>(293,002.00)</u>	191,443.00
<p>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 (+).</p>		
		<u>(132,286.74)</u>
Change in net assets of governmental activities		\$ <u>3,090,147.47</u>

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

OTHER FUNDS

OTHER FUNDS

METUCHEN SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	<u>FOOD SERVICE</u>	<u>THE ZONE</u>	<u>INTEGRATED PRESCHOOL</u>	<u>STREAM</u>	<u>TOTAL</u>
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 107,464.65	\$ 178,066.60	\$ 120,762.10	\$ 4,100.00	\$ 410,393.35
Accounts receivable:					
State	3,229.99				3,229.99
Federal	84,718.64				84,718.64
Inventories	9,564.26				9,564.26
Total current assets	<u>\$ 204,977.54</u>	<u>\$ 178,066.60</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 507,906.24</u>
Noncurrent assets:					
Furniture, machinery & equipment	\$ 292,141.11				\$ 292,141.11
Less accumulated depreciation	<u>(264,137.92)</u>				<u>(264,137.92)</u>
Total noncurrent assets	<u>\$ 28,003.19</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 28,003.19</u>
Total assets	<u>\$ 232,980.73</u>	<u>\$ 178,066.60</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 535,909.43</u>
LIABILITIES:					
Current liabilities:					
Unearned revenue	\$ 36,079.67				\$ 36,079.67
Interfunds payable	20,000.00	17,080.41			37,080.41
Accounts payable	10,317.58				10,317.58
Total current liabilities	<u>\$ 66,397.25</u>	<u>\$ 17,080.41</u>	<u>\$</u>	<u>\$</u>	<u>\$ 83,477.66</u>
Total liabilities	<u>\$ 66,397.25</u>	<u>\$ 17,080.41</u>	<u>\$</u>	<u>\$</u>	<u>\$ 83,477.66</u>
NET POSITION:					
Net investments in capital assets	\$ 28,003.19				\$ 28,003.19
Unrestricted	138,580.29	160,986.19	120,762.10	4,100.00	424,428.58
Total net position	<u>\$ 166,583.48</u>	<u>\$ 160,986.19</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 452,431.77</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, 2021

	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-Nonreimbursable	\$ 21,810.83				\$ 21,810.83
Miscellaneous Revenue		4,256.82	20,202.85	3,984.54	28,444.21
Total operating revenues	<u>\$ 21,810.83</u>	<u>\$ 4,256.82</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ 50,255.04</u>
OPERATING EXPENSES:					
Cost of sales-Reimbursable	\$ 202,461.39				\$ 202,461.39
Cost of sales-Nonreimbursable	10,655.86				10,655.86
Salaries	124,934.16	11,227.20			136,161.36
Employee benefits	49,304.86				49,304.86
Other purchased services	23,395.00				23,395.00
Miscellaneous Expenses	60,649.49	545.08			61,194.57
Depreciation	22,810.04				22,810.04
Total operating expenses	<u>\$ 494,210.80</u>	<u>\$ 11,772.28</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 505,983.08</u>
Operating income (loss)	<u>\$ (472,399.97)</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ (455,728.04)</u>
NONOPERATING REVENUES (EXPENSES):					
State sources					
School lunch program	\$ 21,030.31				\$ 21,030.31
Federal sources					
School lunch & breakfast	461,386.88				461,386.88
P-EBT Administrative Cost Reimbursement	614.00				614.00
Emergency Operational Cost Reimbursement	8,095.34				8,095.34
National food distribution commodities	50,887.50				50,887.50
Total nonoperating revenues (expenses)	<u>\$ 542,014.03</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 542,014.03</u>
Net income/(Loss)	<u>\$ 69,614.06</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ 86,285.99</u>
Total net position - July 1	<u>96,969.42</u>	<u>168,501.65</u>	<u>100,559.25</u>	<u>115.46</u>	<u>366,145.78</u>
Total net position - June 30	<u>\$ 166,583.48</u>	<u>\$ 160,986.19</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 452,431.77</u>

METUCHEN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	<u>FOOD SERVICE</u>	<u>THE ZONE</u>	<u>INTEGRATED PRESCHOOL</u>	<u>STREAM</u>	<u>TOTAL</u>
Cash flows from operating activities:					
Receipts from customers	\$ 13,671.12	\$ 4,256.82	\$ 20,202.85	\$ 3,984.54	\$ 42,115.33
Payments to employees	(124,934.16)	(11,227.20)			(136,161.36)
Payments to employee benefits	(49,304.86)				(49,304.86)
Payment to suppliers	(288,177.66)	(545.08)			(288,722.74)
Net cash provided (used for) by operating activities	<u>\$ (448,745.56)</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ (432,073.63)</u>
Cash flows from noncapital financing activities:					
State sources	\$ 17,924.73				\$ 17,924.73
Federal sources	444,136.84				444,136.84
Interfunds	20,000.00	(55,076.92)			(35,076.92)
Net cash provided by (used for) noncapital financing activities	<u>\$ 482,061.57</u>	<u>\$ (55,076.92)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 426,984.65</u>
Net increase (decrease) in cash and cash equivalents	\$ 33,316.01	\$ (62,592.38)	\$ 20,202.85	\$ 3,984.54	\$ (5,088.98)
Cash and cash equivalents - July 1	<u>74,148.64</u>	<u>240,658.98</u>	<u>100,559.25</u>	<u>115.46</u>	<u>415,482.33</u>
Cash and cash equivalents - June 30	<u>\$ 107,464.65</u>	<u>\$ 178,066.60</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 410,393.35</u>
Operating income (loss)	\$ (472,399.97)	\$ (7,515.46)	\$ 20,202.85	\$ 3,984.54	\$ (455,728.04)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	22,810.04				22,810.04
Change in assets and liabilities:					
(Increase) Decrease in Inventory	9,581.28				9,581.28
Increase (Decrease) in unearned revenue	(8,139.71)				(8,139.71)
Increase (Decrease) in accounts payable	(597.20)				(597.20)
Net cash provided (used) by operating activities	<u>\$ (448,745.56)</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>3,984.54</u>	<u>\$ (432,073.63)</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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 include 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, 2021

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. 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. Separate statements for each fund category – governmental and proprietary - 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, 2021

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, 2021

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.

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 and Proprietary 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, 2021

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, 2021 totaled \$2,541,346.00. 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, 2021

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 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, 2021

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, 2021

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 represents 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, 2021

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, Unemployment, Student Activities, and Excess Surplus as Restricted Fund Balance.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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, the 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, 2021

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, 2021

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, 2021

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 one item that qualifies 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 qualifies in this category, deferred amounts related to pensions.

Recently Adopted Accounting Pronouncements

Beginning with the year ended June 30, 2021, the District has implemented GASB Statement 84, Fiduciary Activities. The objective of this new Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. As a result of the implementation of this Statement, the New Jersey Department of Education has made the following determinations as to the reporting of certain funds which, in prior years, have been reported as Fiduciary Activities:

<u>Activity</u>	<u>Prior To</u>	<u>After</u>
	<u>Implementation</u>	<u>Implementation</u>
Student Activity Funds	Fiduciary Fund	Special Revenue Fund
Payroll Agency Funds	Fiduciary Fund	General Fund
State Unemployment	Fiduciary Fund	General Fund

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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.

The Metuchen School District had the following cash and cash equivalents at June 30, 2021:

<u>Fund Type</u>	<u>Cash in Bank</u>	<u>Reconciling Items</u>	<u>Reported Total</u>
Governmental	\$ 12,414,262.20	\$ (\$1,679,973.16)	\$ 10,734,289.04
Proprietary	427,195.25	(16,801.90)	410,393.35
	<u>\$ 12,841,457.45</u>	<u>(\$1,696,775.06)</u>	<u>\$ 11,144,682.39</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, 2021, 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, \$500,000.00 was covered by Federal Depository Insurance and \$12,341,457.45 was covered under the provisions of NJGUDPA.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

Deposits (Continued)

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.
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.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

Investments (Continued)

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
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, 2021, 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, 2021

NOTE 3: CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 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
Total Capital assets not being depreciated	<u>178,952.00</u>	<u>_____</u>	<u>178,952.00</u>
Site & Site Improvements	800,275.00		800,275.00
Building & Building Improvements	63,056,000.00	5,494.00	63,061,494.00
Machinery and equipment	4,866,381.00	74,905.00	4,941,286.00
Totals at historical cost	<u>\$ 68,722,656.00</u>	<u>\$ 80,399.00</u>	<u>\$ 68,803,055.00</u>
Gross assets (memo only)	<u>\$ 68,901,608.00</u>	<u>\$ 80,399.00</u>	<u>\$ 68,982,007.00</u>
Less: accumulated depreciation for:			
Site & Site Improvements	\$ (800,275.00)	\$ _____	\$ (800,275.00)
Building & Building Improvements	(31,520,626.27)	(2,190,245.64)	(33,710,871.91)
Machinery and equipment	(3,376,852.00)	(129,553.36)	(3,506,405.36)
Total depreciation	<u>\$ (35,697,753.27)</u>	<u>\$ (2,319,799.00)</u>	<u>\$ (38,017,552.27)</u>
Governmental activities capital assets, net	<u>\$ 33,203,854.73</u>	<u>\$ (2,239,400.00)</u>	<u>\$ 30,964,454.73</u>
Business type activities:			
Machinery and equipment	\$ 292,141.11	\$ _____	\$ 292,141.11
Less: accumulated depreciation	<u>(241,327.88)</u>	<u>(22,810.04)</u>	<u>(264,137.92)</u>
Proprietary fund capital assets, net	<u>\$ 50,813.23</u>	<u>\$ (22,810.04)</u>	<u>\$ 28,003.19</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2021

NOTE 3: CHANGE IN CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2021 was as follows:

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

Instruction:

Regular	\$1,299,087.44
Special Education Instruction	255,177.89
Other Instruction	69,593.97

Support services:

Student and instruction related services	255,177.89
General administrative services	92,791.96
School administrative services	23,197.99
Central services	23,197.99
Administration information technology	23,197.99
Plant operations and maintenance	208,781.91
Pupil transportation	<u>69,593.97</u>

\$2,319,799.00

Metuchen School District
Notes to the Financial Statements
June 30, 2021

NOTE 4: LONG-TERM LIABILITIES

At June 30, 2021, 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, 2021.

	<u>Balance</u> <u>June 30, 2020</u>	<u>Net Change</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
Bonds, Net	\$14,831,214.00	(\$2,113,322.00)	\$12,717,892.00	\$2,060,000.00
Compensated Absences	1,228,446.50	132,286.74	1,360,733.24	
Capital Leases	737,207.85	(737,207.85)		
Net Pension Liability	<u>8,010,613.00</u>	<u>(789,045.00)</u>	<u>7,221,568.00</u>	
	<u>\$24,807,481.35</u>	<u>(\$3,507,288.11)</u>	<u>\$21,300,193.24</u>	<u>\$2,060,000.00</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, 2021, the District borrowing capacity under N.J.S.A. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation</u> <u>of Real Property</u>
2020	\$2,492,943,305
2019	2,425,241,182
2018	<u>2,334,649,357</u>
Average equalized valuation of property	<u>\$2,417,611,281</u>
School borrowing margin (4% of above)	<u>96,704,451</u>
Net debt applicable to limit June 30, 2021	<u>\$12,005,000</u>
School borrowing power available	<u>\$84,699,451</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2021

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements

The annual requirements to amortize all bonded debt outstanding as of June 30, 2021, including interest payments, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u> 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>\$12,005,000.00</u>	<u>\$1,476,821.89</u>	<u>\$13,481,821.89</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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, 2021

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, 2021

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>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2021	\$484,445.00	100.00%	\$484,445.00
2020	432,445.00	100.00%	432,445.00
2019	429,295.00	100.00%	429,295.00

During the fiscal years ended June 30, 2021, 2020, and 2019, the State of New Jersey contributed \$\$4,653,598.00, \$3,431,276.00, and \$3,105,456 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 \$1,229,692.60, \$1,260,666.96, and \$1,220,163.97 during the years ended June 30, 2021, 2020, and 2019, respectively, 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
June 30, 2021

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

Public Employees Retirement System (PERS)

At June 30, 2021, the District reported a liability of \$7,221,568.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.0442840343 percent, which was a decrease of 0.0001737207 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$484,445 in the district-wide financial statements. This pension expense was based on the pension plans June 30, 2020 measurement date.

At June 30, 2021, 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	\$131,493	\$25,539
Changes of assumptions	234,276	3,023,739
Net difference between projected and actual earnings on pension plan investments	246,839	
Changes in proportion and differences between District contributions and proportionate share of contributions	304,008	47,237
District contributions subsequent to the measurement date	<u>510,269</u>	
	<u>\$1,426,885</u>	<u>\$3,096,515</u>

The \$510,269.00 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, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

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:

Year Ended <u>June 30</u>	<u>Amount</u>
2021	(\$854,821)
2022	(774,802)
2023	(420,773)
2024	(139,566)
2025	<u>10,063</u>
	<u><u>(\$2,179,899)</u></u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. These actuarial valuations used the following assumptions:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	2.00%-6.00%	2.00%-6.00%
	Based on Years of Service	Based on Years of Service
Thereafter	3.00%-7.00%	3.00%-7.00%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2020 and June 30, 2019) 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. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Estate Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and June 30, 2019, respectively. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

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, 2020, 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>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the net pension liability	\$9,162,234	\$7,221,568	\$5,679,831

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 by visiting <http://www.state.nj.us/treasury/pensions>.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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, 2021 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$101,198,427</u>
	<u>\$101,198,427</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 which was rolled forward to June 30, 2020. 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, 2020, the proportion of the TPAF net pension liability associated with the District was 0.1536830313% which was a decrease of 0.0009767294 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized on-behalf pension expense and revenue of \$6,292,949.00 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, 2020 measurement date.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Inflation Rate:		
Price	2.75%	2.75%
Wage	3.25%	3.25%
Salary Increases:		
Through 2026	1.55%-4.45%	1.55%-4.55%
	Based on Years of Service	Based on Years of Service
Thereafter	2.75%-5.65%	2.00%-5.65%
	Based on Years of Service	Based on Years of Service
Investment Rate of Return	7.00%	7.00%

Mortality Rate

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2020 and June 30, 2019 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. 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, 2020 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Estate Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 5.40% and 5.60% as of June 30, 2020 and 2019, 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, 2020 and 2019, and a municipal bond rate of 2.21% and 3.50% as of June 30, 2020 and 2019, 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 based on 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 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 by visiting <http://www.state.nj.us/treasury/pensions>.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>366,108</u>

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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, 2021 was as follows:

Total OPEB Liability:	
District's Proportionate Share	\$-0-
State's Proportionate Share Associated with the District	<u>96,909,504</u>
	<u><u>\$96,909,504</u></u>

The total Non-Employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

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

For the year ended June 30, 2021, the District recognized on-behalf post-employment expense and revenue of \$4,972,337.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2020 measurement date.

At June 30, 2020, the District's proportion was 0.1429133718 percent, which was an increase of 0.0011586950 from its proportion measured as of June 30, 2019. 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
June 30, 2021

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 that was associated with the District as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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:

	<u>TPAF/ABP</u>	<u>June 30, 2020</u> <u>PERS</u>	<u>PFRS</u>
Inflation – 2.5%			
Salary Increases			
Through 2026	1.55-4.45%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-4.45%*	3.00-7.00%*	Applied to All Future Years

	<u>TPAF/ABP</u>	<u>June 30, 2019</u> <u>PERS</u>	<u>PFRS</u>
CPI – 2.5%			
Salary Increases			
Through 2026	1.55-3.05%*	2.00-6.00%*	3.25-15.25%*
Thereafter	1.55-3.05%*	3.00-7.00%*	Applied to All Future Years

*Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

Actuarial Assumptions and Other Input (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015— June 30, 2018, July 1, 2014 — June 30, 2018, and July 1, 2013 - June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate

The discount rate for June 30, 2020 and June 30, 2019 was 2.21% and 3.50% 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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

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, 2019 to June 30, 2020.

Balance at 6/30/19		\$59,152,924
Changes for the year:		
Service cost	\$2,457,454	
Interest	2,127,980	
Differences between expected and actual experience	17,105,089	
Changes in assumptions or other inputs	17,702,036	
Membership contributions	51,136	
Benefit payments - net	<u>(1,687,115)</u>	
Net changes		<u>37,756,580</u>
Balance at 6/30/20		<u>\$96,909,504</u>

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, 2020, 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, 2020		
	1.00%	At Discount Rate	1.00%
	<u>Decrease (1.21%)</u>	<u>(2.21%)</u>	<u>Increase (3.21%)</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the District	\$116,829,409	\$96,909,504	\$81,334,057

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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 Healthcare Trends

The following presents the total Non-Employer OPEB liability associated with the District as of June 30, 2020, 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, 2020		
	1.00% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1.00% <u>Increase</u>
State of New Jersey's Proportionate Share of the Total Non-Employer OPEB Liability Associated with the District	\$78,228,620	\$96,909,504	\$119,154,285

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

At June 30, 2020, 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:

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between expected and actual experience	\$ 14,713,387	\$ 13,106,162
Changes of assumptions	16,483,987	11,057,923
Changes in proportion	2,239,679	51,225
	\$ 33,437,053	\$ 24,215,310

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the State's proportionate share of the total Non-Employer OPEB Liability associated with the District will be recognized in OPEB expense as follows:

Measurement Period Ended <u>June 30,</u>	<u>Amount</u>
2021	\$499,773
2022	499,773
2023	499,773
2024	499,773
2025	499,773
Total Thereafter	<u>6,722,879</u>
	<u><u>\$9,221,743</u></u>

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/financial-reports.shtml>.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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 2020-2021 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, 2021

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. Charges are applied to the Unemployment Compensation Claims Payable first, and any remaining charges are applied to the Unemployment Compensation budget appropriation. The following table is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the combined ending balance of the District's Unemployment Compensation Claims Payable and Unemployment Restricted Fund Balance for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-21	\$ 399.01	\$ 113,373.84	\$ 82,503.24	\$ 404,603.96
2019-20	1,311.36	72,866.57	42,218.41	373,334.35
2018-19	3,989.08	58,979.54	35,660.79	341,374.83

NOTE 11: FUND BALANCE APPROPRIATED

General Fund - Of the \$10,804,836.55 in General Fund Balance at June 30, 2021, \$3,220,095.82 has been assigned for encumbrances; \$1,259,415 has been restricted in the Capital Reserve Account; \$800,000.00 has been restricted in the Maintenance Reserve Account; \$1,475,403.11 has been restricted as excess surplus - subsequent years' expenditures; \$1,083,756.49 has been restricted as excess surplus resulting from current year operations; \$12,373.00 has been restricted for Emergency Reserve; \$850.40 has been restricted for FFCRA/SEMI, \$329,999.89 has been assigned for subsequent year's expenditures; and \$2,249,209.48 is unassigned.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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 District's 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, 2021, a liability existed for compensated absences for governmental fund-types in the district-wide Statement of Net Position of \$1,360,733.24.

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, 2021, 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, 2021

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, 2021 is \$1,083,756.49.

General Fund Expenditures Fiscal Year Ended June 30, 2021	\$46,672,581.60
Less:	
On-Behalf TPAF Pension, PRM, LTD, and Social Security Reimbursement	7,343,894.60
Adjusted General Fund Expenditures	\$39,328,687.00
Excess Surplus Percentage	4.00%
4% of Adjusted 2020-21 General Fund Expenditures	\$1,573,147.48
Add: Allowable Adjustments	826,629.00
Maximum Unreserved/Undesignated Fund Balance	\$2,399,776.48
Total Unassigned/Unrestricted Fund Balance	3,483,532.97
Excess Surplus	\$1,083,756.49

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, 2021 is \$1,259,415.00.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$1,611,580.00
Increased(Decreased) by:	
Board Approved Transfers	900,000.00
Appropriated	<u>(1,252,165.00)</u>
 Ending balance, June 30, 2021	 <u><u>\$1,259,415.00</u></u>

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, 2021

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning balance, July 1, 2020	\$1,362,000.00
Increased by:	
Board Approved Transfers	400,000.00
Decreased by:	
Appropriated	962,000.00
Ending balance, June 30, 2021	\$800,000.00

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 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 for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance, July 1, 2020	
and June 30, 2021	\$12,373.00

Metuchen School District
Notes to the Financial Statements
June 30, 2021

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balances sheet at June 30, 2021:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$37,080.41	\$0.63
Special Revenue Fund	0.63	
Enterprise Funds	<u> </u>	<u>37,080.41</u>
	<u>\$37,081.04</u>	<u>\$37,081.04</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: INVENTORY

Inventory in the Food Service Fund at June 30, 2021 consisted of the following:

Food, Commodities and Supplies	<u>\$9,564.26</u>
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NOTE 19: 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, 2021.

Metuchen School District
Notes to the Financial Statements
June 30, 2021

NOTE 20: PRIOR PERIOD ADJUSTMENTS

Net Position at June 30, 2020 has been adjusted to properly reflect a prior period adjustment due to GASB 84 implementation:

	<u>Governmental Activities</u>
Net Position 6/30/20	\$14,633,143.75
Adjustments:	
Unemployment	373,334.35
Student Activities/Athletics	<u>247,930.94</u>
Net Position 6/30/20 (as Restated)	<u>\$15,254,409.04</u>

NOTE 21: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through February 2, 2022 which is the date the financial statements were available to be issued. Based upon this evaluation, the District has determined that no 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, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 38,968,499.00	\$	\$ 38,968,499.00	\$ 38,968,499.00	\$
Tuition	75,000.00		75,000.00	150,734.00	75,734.00
Transportation Fees from Individuals	165,330.00		165,330.00	32,750.00	(132,580.00)
Miscellaneous	11,156.00		11,156.00	163,802.36	152,646.36
Total Local Sources	\$ 39,219,985.00	\$	\$ 39,219,985.00	\$ 39,315,785.36	\$ 95,800.36
State Sources:					
Special education aid	\$ 1,411,863.00	\$ (179,934.00)	\$ 1,231,929.00	\$ 1,231,929.00	\$
Security	158,054.00		158,054.00	158,054.00	
Transportation Aid	226,496.00		226,496.00	226,496.00	
Extraordinary aid				808,649.00	808,649.00
Non Public Transportation Aid				17,980.00	17,980.00
TPAF pension (on-behalf - non-budgeted)				4,653,598.00	4,653,598.00
TPAF post-retirement medical (on-behalf - non-budgeted)				1,458,365.00	1,458,365.00
TPAF long-term disability insurance (on-behalf - non-budgeted)				2,239.00	2,239.00
Reimbursed TPAF social security (reimbursed - non-budgeted)				1,229,692.60	1,229,692.60
Total State Sources	\$ 1,796,413.00	\$ (179,934.00)	\$ 1,616,479.00	\$ 9,787,002.60	\$ 8,170,523.60
Federal Sources					
Medicaid Reimbursement	\$ 17,875.00	\$	\$ 17,875.00	\$ 11,665.00	\$ (6,210.00)
Total - Federal Sources	\$ 17,875.00	\$	\$ 17,875.00	\$ 11,665.00	\$ (6,210.00)
TOTAL REVENUES	\$ 41,034,273.00	\$ (179,934.00)	\$ 40,854,339.00	\$ 49,114,452.96	\$ 8,260,113.96
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction					
Kindergarten - salaries of teachers	\$ 514,865.00	\$ (123,867.00)	\$ 390,998.00	\$ 383,658.00	\$ 7,340.00
Grades 1-5 - salaries of teachers	3,965,782.00	(133,000.00)	3,832,782.00	3,830,837.00	1,945.00
Grades 6-8 - salaries of teachers	3,504,094.00	(69,000.00)	3,435,094.00	3,433,949.00	1,145.00
Grades 9-12 - salaries of teachers	4,414,891.00	(254,800.00)	4,160,091.00	4,158,406.00	1,685.00
General supplies	652,949.00	485,197.00	1,138,146.00	1,062,967.00	75,179.00
Textbooks	192,512.00	(44,142.00)	148,370.00	131,024.00	17,346.00
Total Regular Programs - Instruction	\$ 13,245,093.00	\$ (139,612.00)	\$ 13,105,481.00	\$ 13,000,841.00	\$ 104,640.00
Special Ed/Multiple Disabilities:					
Salaries of teachers	\$ 291,172.00	\$ 29,400.00	\$ 320,572.00	\$ 318,159.00	\$ 2,413.00
Other Salaries for Instruction	292,730.00	5,000.00	297,730.00	283,780.00	13,950.00
Total Special Ed/Multiple Disabilities	\$ 583,902.00	\$ 34,400.00	\$ 618,302.00	\$ 601,939.00	\$ 16,363.00

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Special Ed/Resource Center:					
Salaries of teachers	\$ 2,468,064.00	\$ 93,000.00	\$ 2,561,064.00	\$ 2,503,627.00	\$ 57,437.00
Other Salaries for Instruction	946,911.00	44,000.00	990,911.00	922,727.00	68,184.00
General supplies	11,000.00	8,881.00	19,881.00	19,057.00	824.00
Textbooks	8,500.00	3,025.00	11,525.00	11,522.00	3.00
Other objects	2,000.00		2,000.00	77.00	1,923.00
Total Resource Room/Resource Center	\$ 3,436,475.00	\$ 148,906.00	\$ 3,585,381.00	\$ 3,457,010.00	\$ 128,371.00
Preschool Disabilities - Part-Time:					
Salaries of teachers	\$ 169,441.00	\$ 43,000.00	\$ 212,441.00	\$ 212,424.00	\$ 17.00
Other Salaries for Instruction	36,734.00		36,734.00	33,188.00	3,546.00
Purchased technical services	135,000.00	5,000.00	140,000.00	116,153.00	23,847.00
General supplies	9,000.00		9,000.00	3,441.00	5,559.00
Total Preschool Disabilities - Part-Time	\$ 350,175.00	\$ 48,000.00	\$ 398,175.00	\$ 365,206.00	\$ 32,969.00
Preschool Disabilities - Full - Time:					
Salaries of teachers	\$ 133,467.00	\$	\$ 133,467.00	\$ 129,855.00	\$ 3,612.00
Other Salaries for Instruction	82,201.00		82,201.00	43,325.00	38,876.00
Total Preschool Disabilities - Full-Time	\$ 215,668.00	\$	\$ 215,668.00	\$ 173,180.00	\$ 42,488.00
Home Instruction					
Salaries of teachers	\$ 55,000.00	\$ 9,000.00	\$ 64,000.00	\$ 63,192.00	\$ 808.00
Total Home Instruction	\$ 55,000.00	\$ 9,000.00	\$ 64,000.00	\$ 63,192.00	\$ 808.00
Basic Skills/Remedial - Instruction					
Salaries of teachers	\$ 224,921.00	\$ (39,035.00)	\$ 185,886.00	\$ 104,437.00	\$ 81,449.00
Total Basic Skills/Remedial - Instruction	\$ 224,921.00	\$ (39,035.00)	\$ 185,886.00	\$ 104,437.00	\$ 81,449.00
Bilingual Education - Instruction					
Salaries of teachers	\$ 98,232.00	\$ 42.00	\$ 98,274.00	\$ 98,274.00	\$
General supplies	500.00		500.00		500.00
Total Bilingual Education - Instruction	\$ 98,732.00	\$ 42.00	\$ 98,774.00	\$ 98,274.00	\$ 500.00
School-Spon. Occurricular Actvs. - Inst.					
Salaries	\$ 203,211.00	\$	\$ 203,211.00	\$ 175,562.00	\$ 27,649.00
Supplies and materials	20,000.00		20,000.00	19,823.00	177.00
Total School-Spon. Occurricular Actvs. - Inst.	\$ 223,211.00	\$	\$ 223,211.00	\$ 195,385.00	\$ 27,826.00

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
School-Spon. Co-curricular Athletics - Inst.					
Salaries	\$ 456,552.00	\$	456,552.00	\$ 440,850.00	\$ 15,702.00
Purchased services (300-500 series)	58,000.00		58,000.00	57,300.00	700.00
Supplies and materials	50,794.00	2,100.00	52,894.00	50,009.00	2,885.00
Other objects	85,976.00	(1,800.00)	84,176.00	68,840.00	15,336.00
Total School-Spon. Co-curricular Athletics - Inst.	\$ 651,322.00	\$ 300.00	\$ 651,622.00	\$ 616,999.00	\$ 34,623.00
Other Instructional Programs - Instruction					
Salaries	\$ 3,000.00	\$	3,000.00	\$	\$ 3,000.00
Total Other Instructional Programs - Instruction	\$ 3,000.00	\$	3,000.00	\$	\$ 3,000.00
TOTAL INSTRUCTION	\$ 19,087,499.00	\$ 62,001.00	\$ 19,149,500.00	\$ 18,676,463.00	\$ 473,037.00
UNDISTRIBUTED EXPENDITURES:					
Undistributed Expenditures - Instruction:					
Tuition to other LEAs within the state - regular	\$ 50,000.00	\$	50,000.00	\$ 35,684.00	\$ 14,316.00
Tuition to other LEAs within the state - special	460,961.00	(106,500.00)	354,461.00	107,844.00	246,617.00
Tuition to private schools for the disabled - within state	1,616,051.00	(75,000.00)	1,541,051.00	1,328,166.00	212,885.00
Tuition - state facilities	60,000.00		60,000.00	2,100.00	57,900.00
Total Undistributed Expenditures - Instruction:	\$ 2,187,012.00	\$ (181,500.00)	\$ 2,005,512.00	\$ 1,473,794.00	\$ 531,718.00
Undist. Expend. - Health Services					
Salaries	\$ 285,270.00	\$	285,270.00	\$ 280,070.00	\$ 5,200.00
Purchased professional and technical services	1,097,781.00	(1,097,781.00)			
Supplies and materials	8,000.00	1,800.00	9,800.00	8,753.00	1,047.00
Other objects	4,520.00		4,520.00	3,276.00	1,244.00
Total Undistributed Expenditures - Health Services	\$ 1,395,571.00	\$ (1,095,981.00)	\$ 299,590.00	\$ 292,099.00	\$ 7,491.00
Undist. Expend. - Speech/Occupational Therapy, Physical Therapy & Related Services					
Salaries of other professional staff	\$ 297,545.00	\$ 9,400.00	\$ 306,945.00	\$ 306,944.00	\$ 1.00
Purchased Professional - Educational Services	3,600.00	1,225,781.00	1,225,781.00	1,207,161.00	18,620.00
Supplies and materials			3,600.00	2,651.00	949.00
Total Undist. Expend. - Speech/Occ Therapy, PT & Related Serv.	\$ 301,145.00	\$ 1,235,181.00	\$ 1,536,326.00	\$ 1,516,756.00	\$ 19,570.00
Undist. Expend. - Guidance Services					
Salaries of other professional staff	\$ 690,783.00	\$	690,783.00	\$ 608,536.00	\$ 82,247.00
Salaries of secretaries and clerical assistants	45,119.00	500.00	45,619.00	45,605.00	14.00
Supplies and materials	51,300.00		51,300.00	37,445.00	13,855.00
Total Undist. Expend. - Guidance Services	\$ 787,202.00	\$ 500.00	\$ 787,702.00	\$ 691,586.00	\$ 96,116.00

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undist. Expend. - Child Study Teams					
Salaries of other professional staff	\$ 1,088,440.00	\$ 42,200.00	\$ 1,130,640.00	\$ 1,130,046.00	\$ 594.00
Salaries of secretarial and clerical assistants	95,942.00		95,942.00	92,396.00	3,546.00
Supplies and materials	9,800.00	31,578.00	41,378.00	39,140.00	2,238.00
Travel	6,345.00		6,345.00	3,712.00	2,633.00
Total Undist. Expend. - Child Study Teams	\$ 1,200,527.00	\$ 73,778.00	\$ 1,274,305.00	\$ 1,265,294.00	\$ 9,011.00
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of supervisor of instruction	\$ 635,953.00	\$ 52,200.00	\$ 688,153.00	\$ 687,983.00	\$ 170.00
Salaries of Secr and Clerical Assist.	49,512.00		49,512.00	45,650.00	3,862.00
Purchased prof- educational services	104,823.00	48,649.00	153,472.00	32,503.00	120,969.00
Other objects	3,450.00		3,450.00	2,484.00	966.00
Total Undist. Expend. - Improvement of Inst. Serv.	\$ 793,738.00	\$ 100,849.00	\$ 894,587.00	\$ 768,620.00	\$ 125,967.00
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	\$ 258,663.00	\$ (70,000.00)	\$ 188,663.00	\$ 119,385.00	\$ 69,278.00
Salaries - Tech Coordinator	108,944.00	700.00	109,644.00	109,579.00	65.00
Supplies and materials	54,855.00	144.00	54,999.00	48,038.00	6,961.00
Other objects	4,400.00		4,400.00	1,538.00	2,862.00
Total Undist. Expend. - Edu. Media Serv./Sch. Library	\$ 426,862.00	\$ (69,156.00)	\$ 357,706.00	\$ 278,540.00	\$ 79,166.00
Total Student and Instruction Related Services	\$ 4,905,045.00	\$ 245,171.00	\$ 5,150,216.00	\$ 4,812,895.00	\$ 337,321.00
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	\$ 249,441.00	\$ 4,200.00	\$ 253,641.00	\$ 253,447.00	\$ 194.00
Legal services	94,000.00	24,600.00	118,600.00	117,776.00	824.00
Audit Services	48,000.00		48,000.00	40,500.00	7,500.00
Purchased technical services	16,438.00	111,000.00	127,438.00	83,088.00	44,350.00
Communications/telephone	112,484.00	23,020.00	135,504.00	98,706.00	36,798.00
Travel	26,480.00	10,800.00	37,280.00	32,186.00	5,094.00
Supplies and materials	17,445.00	12,900.00	30,345.00	29,594.00	751.00
Miscellaneous expenditures	60,000.00	14,080.00	74,080.00	74,054.00	26.00
Total Undist. Expend. - Supp. Serv. - General Admin.	\$ 624,288.00	\$ 200,600.00	\$ 824,888.00	\$ 729,351.00	\$ 95,537.00
Undist. Expend. - Support Serv. - School Admin.					
Salaries of principals/assistant principals	\$ 982,351.00	\$ (34,000.00)	\$ 948,351.00	\$ 945,242.00	\$ 3,109.00
Salaries of secretarial and clerical assistants	575,768.00	(13,000.00)	562,768.00	551,097.00	11,671.00
Other purchased services (400-500 series)	45,400.00		45,400.00	37,799.00	7,601.00
Supplies and materials	7,285.00	547.00	7,832.00	3,140.00	4,692.00
Other objects	100,965.00	480.00	101,445.00	54,464.00	46,981.00
Total Undist. Expend. - Support Serv. - School Admin.	\$ 1,711,769.00	\$ (45,973.00)	\$ 1,665,796.00	\$ 1,591,742.00	\$ 74,054.00

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undist. Expend. - Central Services					
Salaries	\$ 426,081.00	\$	426,081.00	\$ 423,680.00	\$ 2,401.00
Travel	2,000.00		2,000.00	1,865.00	135.00
Interest on lease purchase agreements	33,177.00		33,177.00		33,177.00
Total Undist. Expend. - Central Services	\$ 461,258.00	\$	461,258.00	\$ 425,545.00	\$ 35,713.00
Undist. Expend. - Admin. Info Tech.					
Salaries	\$ 125,030.00	\$ 61,000.00	186,030.00	\$ 181,921.00	\$ 4,109.00
Other purchased services (400-500 series)	40,000.00		40,000.00	39,155.00	845.00
Total Undist. Expend. - Admin. Info Tech	\$ 165,030.00	\$ 61,000.00	226,030.00	\$ 221,076.00	\$ 4,954.00
Total Other Administrative Services	\$ 2,338,057.00	\$ 15,027.00	2,353,084.00	\$ 2,238,363.00	\$ 114,721.00
Undist. Expend. -Required Maintenance for School Facilities					
Salaries	\$ 143,136.00	\$ 20,000.00	163,136.00	\$ 160,499.00	\$ 2,637.00
Cleaning, repair, and maintenance services	230,000.00	430,843.00	660,843.00	486,819.00	174,024.00
General supplies	62,000.00	40,000.00	102,000.00	89,837.00	12,163.00
Total Undist. Expend. -Required Maintenance for School Facilities	\$ 435,136.00	\$ 490,843.00	925,979.00	\$ 737,155.00	\$ 188,824.00
Undist. Expend. - Custodial Services					
Salaries	\$ 1,148,670.00	\$ (32,000.00)	1,116,670.00	\$ 1,091,723.00	\$ 24,947.00
Cleaning, repair and maintenance services	95,100.00	8,275.00	103,375.00	63,018.00	40,357.00
Other purchased property services	52,200.00		52,200.00	44,760.00	7,440.00
Insurance	286,000.00		286,000.00	262,390.00	23,610.00
Miscellaneous Purchased Services	1,500.00	35.00	1,535.00	1,535.00	
General supplies	123,000.00	120,101.00	243,101.00	159,751.00	83,350.00
Energy (heat and electricity)	548,000.00	(30,500.00)	517,500.00	501,731.00	15,769.00
Other objects	40,000.00	500.00	40,500.00	21,286.00	19,214.00
Total Undist. Expend. - Custodial Services	\$ 2,294,470.00	\$ 66,411.00	2,360,881.00	\$ 2,146,194.00	\$ 214,687.00
Undistributed Expenses - Care and Upkeep of Grounds					
Salaries	\$ 179,920.00	\$ (2,000.00)	177,920.00	\$ 138,265.00	\$ 39,655.00
Cleaning, Repair, and Maintenance Services	39,943.00		39,943.00	28,021.00	11,922.00
Total Undist. Expend. - Care and Upkeep of Grounds	\$ 219,863.00	\$ (2,000.00)	217,863.00	\$ 166,286.00	\$ 51,577.00
Undistributed Expenses - Security					
Salaries	\$ 61,800.00	\$ 3,000.00	64,800.00	\$ 64,686.00	\$ 114.00
Purchased Services					
Total Undist. Expend. - Security	\$ 61,800.00	\$ 3,000.00	64,800.00	\$ 64,686.00	\$ 114.00
Total Maintenance, Custodial and Grounds (plant operations and maintenance)	\$ 3,011,269.00	\$ 558,254.00	3,569,523.00	\$ 3,114,321.00	\$ 455,202.00

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Undist. Expend. - Student Transportation Serv.					
Sal. for pup.trans. (bet. home and school) - special	\$ 525,424.00	\$ (23,500.00)	\$ 501,924.00	\$ 416,321.00	\$ 85,603.00
Cleaning, Repair and Maintenance Services	45,000.00	7,100.00	52,100.00	51,607.00	493.00
Contr Serv (Regular Students) - ESCs & CTSA	1,437,142.00	(183,600.00)	1,253,542.00	697,610.00	555,932.00
Supplies and Materials	4,400.00		4,400.00	1,590.00	2,810.00
Total Undist. Expend. - Student Transportation Serv.	\$ 2,011,966.00	\$ (200,000.00)	\$ 1,811,966.00	\$ 1,167,128.00	\$ 644,838.00
Unallocated benefits:					
Social security contributions	\$ 509,600.00	\$ 43,000.00	\$ 552,600.00	\$ 529,786.00	\$ 22,814.00
Other Retirement Contributions - PERS	510,000.00		510,000.00	507,174.00	2,826.00
Workmen's compensation	205,000.00		205,000.00	152,037.00	52,963.00
Health benefits	6,067,118.00	(790,429.00)	5,276,689.00	4,818,911.00	457,778.00
Tuition Reimbursement	28,840.00	10,600.00	39,440.00	39,422.00	18.00
Other Employee Benefits	95,000.00		95,000.00	95,000.00	
Total Unallocated benefits	\$ 7,415,558.00	\$ (736,829.00)	\$ 6,678,729.00	\$ 6,142,330.00	\$ 536,398.00
TPAF pension (on-behalf - non-budgeted)	\$	\$	\$	\$ 4,653,598.00	\$ (4,653,598.00)
TPAF post-retirement medical (on-behalf - non-budgeted)				1,458,365.00	(1,458,365.00)
TPAF long-term disability insurance (on-behalf - non-budgeted)				2,239.00	(2,239.00)
Reimbursed TPAF social security (reimbursed - non-budgeted)				1,229,692.60	(1,229,692.60)
Total On-Behalf Payments	\$	\$	\$	\$ 7,343,894.60	\$ (7,343,894.60)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	\$ 7,415,558.00	\$ (736,829.00)	\$ 6,678,729.00	\$ 13,486,224.60	\$ (6,807,495.60)
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 22,493,195.00	\$ (99,277.00)	\$ 22,393,918.00	\$ 27,022,076.60	\$ (4,628,158.60)
TOTAL GENERAL CURRENT EXPENSE	\$ 41,580,694.00	\$ (37,276.00)	\$ 41,543,418.00	\$ 45,698,539.60	\$ (4,155,121.60)
CAPITAL OUTLAY					
Equipment	\$	\$ 84,600.00	\$ 84,600.00	\$ 11,860.00	\$ 72,740.00
Undistributed expenditures equipment	\$ 263,044.00		\$ 263,044.00	\$ 63,044.00	\$ 200,000.00
Total Equipment	\$ 263,044.00	\$ 84,600.00	\$ 347,644.00	\$ 74,904.00	\$ 272,740.00

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Facilities Acquisition and Construction Services	\$ 100,314.00	\$	100,314.00	\$ 100,314.00	\$
Assessment for Debt Service on SDA Funding		202,780.00	202,780.00	5,494.00	197,286.00
Architectural/engineering services		2,466,000.00	2,466,000.00		2,466,000.00
Construction services	774,134.00		774,134.00	772,372.00	1,762.00
Lease Purchase Agreement - Principal	874,448.00	2,668,780.00	3,543,228.00	878,180.00	2,665,048.00
Total Facilities Acquisition and Construction Services	\$ 874,448.00	\$ 3,016,424.00	\$ 3,890,872.00	\$ 953,084.00	\$ 2,937,788.00
TOTAL CAPITAL OUTLAY	\$ 874,448.00	\$ 3,016,424.00	\$ 3,890,872.00	\$ 953,084.00	\$ 2,937,788.00
Transfer of Funds to Charter Schools	14,764.00	7,000.00	21,764.00	20,958.00	806.00
TOTAL EXPENDITURES	\$ 42,469,906.00	\$ 2,986,148.00	\$ 45,456,054.00	\$ 46,672,581.60	\$ (1,216,527.60)
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,435,633.00)	\$ (3,166,082.00)	\$ (4,601,715.00)	\$ 2,441,871.36	\$ 7,043,586.36
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	\$ (1,435,633.00)	\$ (3,166,082.00)	\$ (4,601,715.00)	\$ 2,441,871.36	\$ 7,043,586.36
Fund Balance, July 1 (As Restated)				8,513,532.19	
Fund Balance, June 30				\$ 10,955,403.55	
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				1,259,415.00	
Maintenance Reserve				800,000.00	
Emergency Reserve				12,373.00	
Unemployment Reserve				373,733.36	
Excess Surplus- Designated for subsequent years expenditures				1,475,403.11	
Excess Surplus- Current Year				1,083,756.49	
FFCRA-SEMI				850.40	
Assigned Fund Balance					
Year- End Encumbrances				3,220,095.82	
Designated for Subsequent Year's Expenditures				329,999.89	
Unassigned Fund Balance				2,399,776.48	
				\$ 10,955,403.55	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payment not recognized on GAAP basis				(150,567.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 10,804,836.55	

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEAR ENDED JUNE 30, 2021

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$ 436,137.00	\$ 116,403.00	\$ 552,540.00	\$ 419,156.00	\$ (133,384.00)
Federal sources	744,148.00	684,569.22	1,428,717.22	986,874.78	(441,842.44)
Other sources		451,477.54	451,477.54	203,546.60	(247,930.94)
Total revenues	<u>\$ 1,180,285.00</u>	<u>\$ 1,252,449.76</u>	<u>\$ 2,432,734.76</u>	<u>\$ 1,609,577.38</u>	<u>\$ (823,157.38)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 134,148.00	\$ 368,432.22	\$ 502,580.22	\$ 101,261.78	\$ 401,318.44
Other purchased services	610,000.00	115,549.00	725,549.00	562,218.98	163,330.02
General supplies	370,916.00	(22,544.00)	348,372.00	341,817.00	6,555.00
Textbooks	65,221.00	1,490.00	66,711.00	65,221.00	1,490.00
Total instruction	<u>\$ 1,180,285.00</u>	<u>\$ 462,927.22</u>	<u>\$ 1,643,212.22</u>	<u>\$ 1,070,518.76</u>	<u>\$ 572,693.46</u>
Support services:					
Other salaries	\$	\$ 20,251.00	\$ 20,251.00	\$ 20,251.00	\$
Purchased professional & technical services		128,812.00	128,812.00	128,161.02	650.98
Personal services - employee benefits		29,507.00	29,507.00	29,255.00	252.00
Supplies and materials		84,808.00	84,808.00	83,178.00	1,630.00
Other objects		74,667.00	74,667.00	74,667.00	-
Student activities		451,477.54	451,477.54	240,068.76	211,408.78
Total support services	<u>\$</u>	<u>\$ 789,522.54</u>	<u>\$ 789,522.54</u>	<u>\$ 575,580.78</u>	<u>\$ 213,941.76</u>
Total expenditures	<u>\$ 1,180,285.00</u>	<u>\$ 1,252,449.76</u>	<u>\$ 2,432,734.76</u>	<u>\$ 1,646,099.54</u>	<u>\$ 786,635.22</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				<u>\$ (36,522.16)</u>	
Fund Balance, July 1 (As Restated)				<u>\$ 247,930.94</u>	
Fund Balance, June 30				<u>\$ 211,408.78</u>	

METUCHEN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 49,114,452.96	\$ 1,609,577.38
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.	142,475.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(150,567.00)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$ 49,106,360.96	\$ 1,609,577.38
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$ 46,672,581.60	\$ 1,646,099.54
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.	\$ 46,672,581.60	\$ 1,646,099.54

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

<u>Measurement Date Ending June 30,</u>	<u>District's Proportion of the Net Pension Liability (Asset)</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>District's Covered-Employee Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a percentage of the total Pension Liability</u>
2013	0.0400325384%	\$ 7,651,013	\$ *	*	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%
2019	0.0444577550%	8,010,613	3,169,336.00	252.75%	56.27%
2020	0.0442840343%	7,221,568	3,153,992.00	228.97%	58.32%

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 June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
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%
2020	484,446	484,446	-0-	3,153,992.00	15.36%
2021	510,269	510,269	-0-	3,186,981.00	16.01%

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 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 Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	State'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-	*	33.76%
2014	0.1469400000%	-0-	78,536,729	*	-0-	*	33.64%
2015	0.1484400000%	-0-	93,817,266	14,910,351.00	-0-	629.21%	28.71%
2016	0.1499000000%	-0-	117,917,683	15,455,439.00	-0-	762.95%	22.33%
2017	0.1526432413%	-0-	102,917,577	15,742,326.00	-0-	653.76%	25.41%
2018	0.1523150619%	-0-	96,899,571	15,922,456.00	-0-	608.57%	26.49%
2019	0.1546597607%	-0-	94,916,155	17,262,003.00	-0-	549.86%	26.95%
2020	0.1536830313%	-0-	101,198,427	17,500,375.00	-0-	578.26%	24.60%

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, 2021

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 <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	7.00%	7.00%	07/01/14-06/30/18
2019	6.28%	7.00%	07/01/14-06/30/18
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 <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2020	5.40%	7.00%	07/01/15-06/30/18
2019	5.60%	7.00%	07/01/15-06/30/18
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

	Measurement Date Ended June 30,		
	2020	2019	2018
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District			
Balance at 6/30	\$59,152,924	\$64,791,146	\$74,040,564
Changes for the year:			
Service cost	2,457,454	2,309,233	2,558,100
Interest	2,127,980	2,563,014	2,712,556
Changes of benefit terms and actual experience	17,105,089	(9,630,452)	(5,412,352)
Changes in assumptions or other inputs	17,702,036	881,975	(7,435,108)
Membership Contributions	51,136	53,826	59,878
Benefit payments - Net	(1,687,115)	(1,815,818)	(1,732,492)
Net changes	37,756,580	(5,638,222)	(9,249,418)
Balance at 6/30	\$96,909,504	\$59,152,924	\$64,791,146
Covered Employee Payroll	20,654,367	20,431,339	19,091,792
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-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	469.20%	289.52%	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, 2021

Change in benefit terms: None

Change in assumptions:

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

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>
2020	2.21%
2019	3.50%
2018	3.87%

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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, 2021

REVENUES:	IDEA BASIC	IDEA PRESCHOOL	TITLE IA	TITLE II	TITLE IV	DIGITAL DIVIDE	TEXTBOOK	NONPUBLIC SECURITY	NURSING	CRE
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
State sources	681,429.00	17,440.00	106,587.00	23,307.00	7,795.00	47,503.00	65,221.00	175,321.00	95,686.00	74,667.00
Federal sources										
Other sources										
Total revenues	\$ 681,429.00	\$ 17,440.00	\$ 106,587.00	\$ 23,307.00	\$ 7,795.00	\$ 47,503.00	\$ 65,221.00	\$ 175,321.00	\$ 95,686.00	\$ 74,667.00
EXPENDITURES:										
Instruction:										
Salaries of teachers	\$	\$	\$ 65,320.00	\$	\$ 7,795.00	\$	\$	\$	\$	\$
Other purchased services	562,218.98			23,307.00		47,503.00	65,221.00	175,321.00	95,686.00	
General supplies										
Textbooks							65,221.00			
Total instruction	\$ 562,218.98	\$	\$ 65,320.00	\$ 23,307.00	\$ 7,795.00	\$ 47,503.00	\$ 65,221.00	\$ 175,321.00	\$ 95,686.00	\$
Support services:										
Other salaries	4,050.00	16,201.00								
Personal services - employee benefits		1,239.00	28,016.00							
Purchased professional and technical services	115,160.02		13,001.00							
General supplies			250.00							
Other objects										
Student activities										74,667.00
Total support services	\$ 119,210.02	\$ 17,440.00	\$ 41,267.00	\$	\$	\$	\$	\$	\$	\$ 74,667.00
Total expenditures	\$ 681,429.00	\$ 17,440.00	\$ 106,587.00	\$ 23,307.00	\$ 7,795.00	\$ 47,503.00	\$ 65,221.00	\$ 175,321.00	\$ 95,686.00	\$ 74,667.00
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Balance, July 1 (As Restated)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

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METUCHEN SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CH-192/193

	COMPENSATORY EDUCATION	ESL	TRANSPORTATION	EXAMINATION & CLASSIFICATION	CORRECTIVE SPEECH	SUPPLEMENTAL INSTRUCTION	ESSER	STUDENT ACTIVITIES	TOTAL
REVENUES:									
State sources	\$ 22,644.00	\$ 1,776.00	\$ 8,102.00	\$ 20,438.00	\$ 21,873.00	\$ 8,095.00	\$ 28,146.78	\$ 203,546.60	\$ 419,196.00
Federal sources									986,874.78
Other sources									203,546.60
Total revenues	\$ 22,644.00	\$ 1,776.00	\$ 8,102.00	\$ 20,438.00	\$ 21,873.00	\$ 8,095.00	\$ 28,146.78	\$ 203,546.60	\$ 1,609,577.38
EXPENDITURES:									
Instruction:									
Salaries of teachers	\$	\$	\$	\$	\$	\$	\$ 28,146.78		\$ 101,261.78
Other purchased services									562,218.98
General supplies									341,817.00
Textbooks									65,221.00
Total instruction	\$	\$	\$	\$	\$	\$	\$ 28,146.78		\$ 1,070,518.76
Support services:									
Other salaries	\$	\$	\$	\$	\$	\$	\$		\$ 20,251.00
Personal services - employee benefits									29,255.00
Purchased professional and technical services									128,161.02
General supplies	22,644.00	1,776.00	8,102.00	20,438.00	21,873.00	8,095.00			83,178.00
Other objects									74,667.00
Student activities								240,068.76	240,068.76
Total support services	\$ 22,644.00	\$ 1,776.00	\$ 8,102.00	\$ 20,438.00	\$ 21,873.00	\$ 8,095.00	\$ 28,146.78	\$ 240,068.76	\$ 575,580.78
Total expenditures	\$ 22,644.00	\$ 1,776.00	\$ 8,102.00	\$ 20,438.00	\$ 21,873.00	\$ 8,095.00	\$ 28,146.78	\$ 240,068.76	\$ 1,646,099.54
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$	\$	\$	\$	\$	\$	\$	\$ (36,522.16)	\$ (36,522.16)
Fund Balance, July 1 (As Restated)	\$	\$	\$	\$	\$	\$	\$	\$ 247,930.94	\$ 247,930.94
Fund Balance, June 30	\$	\$	\$	\$	\$	\$	\$	\$ 211,408.78	\$ 211,408.78

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, 2021

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>				
	<u>FOOD SERVICE</u>	<u>THE ZONE</u>	<u>INTEGRATED PRESCHOOL</u>	<u>STREAM</u>	<u>TOTAL</u>
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ 107,464.65	\$ 178,066.60	\$ 120,762.10	\$ 4,100.00	\$ 410,393.35
Accounts receivable:					
State	1,182.18				1,182.18
Federal	86,766.45				86,766.45
Inventories	9,564.26				9,564.26
Total current assets	<u>\$ 204,977.54</u>	<u>\$ 178,066.60</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 507,906.24</u>
Noncurrent assets:					
Furniture, machinery & equipment	\$ 292,141.11				\$ 292,141.11
Less accumulated depreciation	<u>(264,137.92)</u>				<u>(264,137.92)</u>
Total noncurrent assets	<u>\$ 28,003.19</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 28,003.19</u>
Total assets	<u>\$ 232,980.73</u>	<u>\$ 178,066.60</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 535,909.43</u>
LIABILITIES:					
Current liabilities:					
Unearned revenue	\$ 36,079.67				\$ 36,079.67
Interfunds payable	20,000.00	17,080.41			37,080.41
Accounts payable	10,317.58				10,317.58
Total current liabilities	<u>\$ 66,397.25</u>	<u>\$ 17,080.41</u>	<u>\$</u>	<u>\$</u>	<u>\$ 83,477.66</u>
Total liabilities	<u>\$ 66,397.25</u>	<u>\$ 17,080.41</u>	<u>\$</u>	<u>\$</u>	<u>\$ 83,477.66</u>
NET POSITION:					
Net investments in capital assets	\$ 28,003.19				\$ 28,003.19
Unrestricted	138,580.29	160,986.19	120,762.10	4,100.00	424,428.58
Total net position	<u>\$ 166,583.48</u>	<u>\$ 160,986.19</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 452,431.77</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, 2021

	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-Nonreimbursable	\$ 21,810.83				\$ 21,810.83
Miscellaneous Revenue		4,256.82	20,202.85	3,984.54	28,444.21
Total operating revenues	<u>\$ 21,810.83</u>	<u>\$ 4,256.82</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ 50,255.04</u>
OPERATING EXPENSES:					
Cost of sales-Reimbursable	\$ 202,461.39				\$ 202,461.39
Cost of sales-Nonreimbursable	10,655.86				10,655.86
Salaries	124,934.16	11,227.20			136,161.36
Employee benefits	49,304.86				49,304.86
Other purchased services	23,395.00				23,395.00
Miscellaneous Expenses	60,649.49	545.08			61,194.57
Depreciation	22,810.04				22,810.04
Total operating expenses	<u>\$ 494,210.80</u>	<u>\$ 11,772.28</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 505,983.08</u>
Operating income (loss)	<u>\$ (472,399.97)</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ (455,728.04)</u>
NONOPERATING REVENUES (EXPENSES):					
State sources					
School lunch program	\$ 21,030.31				\$ 21,030.31
Federal sources					
School lunch & breakfast	461,386.88				461,386.88
P-EBT Administrative Cost Reimbursement	614.00				614.00
Emergency Operational Cost Reimbursement	8,095.34				8,095.34
National food distribution commodities	50,887.50				50,887.50
Total nonoperating revenues (expenses)	<u>\$ 542,014.03</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 542,014.03</u>
Net income/(Loss)	<u>\$ 69,614.06</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ 86,285.99</u>
Total net position - July 1	<u>96,969.42</u>	<u>168,501.65</u>	<u>100,559.25</u>	<u>115.46</u>	<u>366,145.78</u>
Total net position - June 30	<u>\$ 166,583.48</u>	<u>\$ 160,986.19</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 452,431.77</u>

METUCHEN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND				
	<u>FOOD SERVICE</u>	<u>THE ZONE</u>	<u>INTEGRATED PRESCHOOL</u>	<u>STREAM</u>	<u>TOTAL</u>
Cash flows from operating activities:					
Receipts from customers	\$ 13,671.12	\$ 4,256.82	\$ 20,202.85	\$ 3,984.54	\$ 42,115.33
Payments to employees	(124,934.16)	(11,227.20)			(136,161.36)
Payments to employee benefits	(49,304.86)				(49,304.86)
Payment to suppliers	(288,177.66)	(545.08)			(288,722.74)
Net cash provided (used for) by operating activities	<u>\$ (448,745.56)</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ (432,073.63)</u>
Cash flows from noncapital financing activities:					
State sources	\$ 17,924.73				\$ 17,924.73
Federal sources	444,136.84				444,136.84
Interfunds	20,000.00	(55,076.92)			(35,076.92)
Net cash provided by (used for) noncapital financing activities	<u>\$ 482,061.57</u>	<u>\$ (55,076.92)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 426,984.65</u>
Net increase (decrease) in cash and cash equivalents	\$ 33,316.01	\$ (62,592.38)	\$ 20,202.85	\$ 3,984.54	\$ (5,088.98)
Cash and cash equivalents - July 1	<u>74,148.64</u>	<u>240,658.98</u>	<u>100,559.25</u>	<u>115.46</u>	<u>415,482.33</u>
Cash and cash equivalents - June 30	<u>\$ 107,464.65</u>	<u>\$ 178,066.60</u>	<u>\$ 120,762.10</u>	<u>\$ 4,100.00</u>	<u>\$ 410,393.35</u>
Operating income (loss)	\$ (472,399.97)	\$ (7,515.46)	\$ 20,202.85	\$ 3,984.54	\$ (455,728.04)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:					
Depreciation	22,810.04				22,810.04
Change in assets and liabilities:					
(Increase) Decrease in Inventory	9,581.28				9,581.28
Increase (Decrease) in unearned revenue	(8,139.71)				(8,139.71)
Increase (Decrease) in accounts payable	(597.20)				(597.20)
Net cash provided (used) by operating activities	<u>\$ (448,745.56)</u>	<u>\$ (7,515.46)</u>	<u>\$ 20,202.85</u>	<u>\$ 3,984.54</u>	<u>\$ (432,073.63)</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, 2021

<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, 2020</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2021</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	8/15/2021	\$ 1,090,000.00	4.000%	\$ 5,525,000.00	\$ 1,050,000.00	\$ 4,475,000.00
			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	9/15/2021	970,000.00	5.000%	8,455,000.00	925,000.00	7,530,000.00
			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%			
						\$ 13,980,000.00	\$ 1,975,000.00	\$ 12,005,000.00

EXHIBIT "I-2"

METUCHEN SCHOOL DISTRICT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
AS OF JUNE 30, 2021

<u>PURPOSE</u>	<u>DATE OF LEASE</u>	<u>TERM OF LEASE</u>	<u>AMOUNT OF ORIGINAL LEASE</u>		<u>BALANCE</u>	<u>RETIRED</u>
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>JUNE 30, 2020</u>	
Science Labs	3/27/18	5	\$ 1,200,000.00	\$ 91,287.00	\$ 737,207.85	\$ 737,207.85
					<u>\$ 737,207.85</u>	<u>\$ 737,207.85</u>

METUCHEN SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:			
Local Sources:			
Local Tax Levy	\$ 2,267,733.00	\$ 2,267,733.00	\$
State Sources:			
Debt Service Aid Type II	<u>236,298.00</u>	<u>236,298.00</u>	<u> </u>
Total Revenues	<u>\$ 2,504,031.00</u>	<u>\$ 2,504,031.00</u>	<u>\$</u>
EXPENDITURES:			
Regular Debt Service:			
Interest	\$ 529,031.00	\$ 529,031.00	\$
Redemption of Principal	<u>1,975,000.00</u>	<u>1,975,000.00</u>	<u> </u>
Total Debt Service	<u>\$ 2,504,031.00</u>	<u>\$ 2,504,031.00</u>	<u>\$</u>
Total Expenditures	<u>\$ 2,504,031.00</u>	<u>\$ 2,504,031.00</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>	

STATISTICAL SECTION
(UNAUDITED)

METUCHEN SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
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 annual comprehensive financial reports (ACFR) for the relevant year.

METUCHEN SCHOOL DISTRICT
NET POSITION BY COMPONENT UNIT
UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 13,273,256	\$ 13,389,354	\$ 14,827,053	\$ 14,315,931	\$ 14,831,779	\$ 15,418,400	\$ 16,083,885	\$ 16,818,577	\$ 17,635,433	\$ 18,246,563
Restricted	2,242,985	1,756,385	1,993,016	2,086,947	3,649,873	2,605,530	3,319,428	3,583,607	5,606,528	8,437,036
Unrestricted (deficit)	760,551	719,470	(1,159,444)	(7,508,373)	(8,282,092)	(7,348,519)	(7,953,088)	(8,504,008)	(8,608,817)	(8,339,042)
Total governmental activities net position	\$ 16,276,792	\$ 15,865,209	\$ 15,660,625	\$ 8,894,505	\$ 10,199,560	\$ 10,675,411	\$ 11,450,225	\$ 11,898,176	\$ 14,633,144	\$ 18,344,557
Business-type activities										
Net investment in capital assets	\$ 68,823	\$ 87,943	\$ 81,345	\$ 95,040	\$ 101,822	\$ 80,003	\$ 69,928	\$ 60,269	\$ 50,813	\$ 28,003
Unrestricted	139,668	123,352	170,497	163,920	181,669	228,727	271,409	295,498	315,333	424,429
Total business-type activities net position	\$ 208,491	\$ 211,295	\$ 251,842	\$ 258,960	\$ 283,491	\$ 308,730	\$ 341,337	\$ 355,767	\$ 366,146	\$ 452,432
District-wide										
Net investment in capital assets	\$ 13,342,079	\$ 13,477,297	\$ 13,477,297	\$ 14,410,971	\$ 14,933,601	\$ 15,498,403	\$ 16,153,813	\$ 16,878,845	\$ 17,686,246	\$ 18,274,566
Restricted	2,242,985	1,756,385	1,756,385	2,086,947	3,649,873	2,605,530	3,319,428	3,583,607	5,606,528	8,437,036
Unrestricted (deficit)	900,219	842,822	842,822	(7,344,453)	(8,100,423)	(7,119,792)	(7,681,679)	(8,208,510)	(8,293,485)	(7,914,614)
Total district net position	\$ 16,485,283	\$ 16,076,504	\$ 16,076,504	\$ 9,153,465	\$ 10,483,051	\$ 10,984,141	\$ 11,791,562	\$ 12,253,943	\$ 14,999,290	\$ 18,796,988

Source: ACFR Schedule A-1

METUCHEN SCHOOL DISTRICT
CHANGE IN NET POSITION
UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EXPENSES & INDIRECT ALLOCATIONS										
Governmental activities										
Instruction										
Regular	\$ 15,197,916	\$ 16,350,357	\$ 16,395,357	\$ 17,325,592	\$ 18,275,035	\$ 19,477,119	\$ 19,764,827	\$ 22,526,284	\$ 21,687,087	\$ 24,408,604
Special education	3,342,126	3,478,398	3,575,539	3,792,555	4,162,646	4,880,066	5,080,286	10,047,223	9,832,346	11,132,136
Other special education	1,312,671	1,359,558	1,408,774	1,395,546	1,469,636	1,533,299	1,557,998	1,958,834	1,682,224	1,914,428
Support Services:										
Instruction	2,123,690	2,213,443	2,406,025	2,156,707	1,917,586	1,866,313	1,954,358	6,447,150	6,504,008	7,793,689
Student & instruction related services	5,565,989	5,729,187	5,787,180	5,134,970	5,049,519	5,291,570	5,813,296	7,477,547	806,059	935,419
General administrative services	1,601,176	2,047,836	2,138,112	2,341,479	2,499,079	2,557,993	1,643,440	2,158,355	2,607,179	2,443,312
School administrative services	594,523	686,105	820,142	725,554	689,323	710,065	1,610,054	3,630,788	3,590,458	3,827,350
Plant operations and maintenance	3,369,258	3,505,495	3,539,246	3,678,707	3,923,137	4,257,540	4,252,588	1,935,820	1,707,416	1,397,679
Pupil transportation	2,039,465	2,173,458	2,105,130	2,047,847	1,992,972	2,029,260	2,186,891	811,155	792,187	901,497
Business and other support services	488,338	158,114	153,072	154,165	91,871	169,661	241,615	661,432	596,382	529,031
Interest on long-term debt	1,693,164	1,337,057	1,090,274	970,012	1,040,251	667,341	724,256	50,924,588	49,805,345	55,283,145
Total governmental activities expenses	37,328,316	39,039,008	39,418,851	39,723,134	41,121,055	43,440,227	44,829,609	638,203	546,382	494,211
Business-type activities:										
Food service	472,876	504,956	539,389	584,238	616,215	569,943	646,297	113,581	77,285	11,772
The Zone	158,248	139,712	128,591	140,342	144,458	119,311	126,262	18,383	516	-
Stream	-	-	-	-	13,204	56,495	-	37,664	-	-
Integrated preschool program	631,124	644,668	667,980	724,580	909,446	765,749	807,589	807,830	624,183	505,983
Total business-type activities expense	1,436,133	1,376,200	1,379,211	1,453,271	1,532,451	1,295,477	1,604,324	11,295,065	9,952,267	14,343,093
Total district expenses	\$ 37,959,440	\$ 39,683,676	\$ 40,086,831	\$ 40,447,714	\$ 42,030,501	\$ 44,205,976	\$ 45,637,208	\$ 51,732,418	\$ 50,429,527	\$ 55,789,128
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
Regular programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,648	\$ 133,621	\$ 140,701	\$ 149,953	\$ 150,734
Pupil transportation	-	-	-	-	-	129,547	139,775	153,733	163,840	32,750
Operating grants and contributions	1,436,133	1,376,200	1,379,211	1,453,271	1,532,451	6,724,405	7,464,324	11,295,065	9,952,267	14,343,093
Capital grants and contributions	-	-	-	-	-	124,774	-	-	-	-
Total governmental activities program revenues	1,436,133	1,376,200	1,379,211	1,453,271	1,532,451	7,067,374	7,737,720	11,589,499	10,286,060	14,526,577
Business-type activities:										
Charges for services										
Food service	377,529	382,444	417,444	426,853	427,937	443,836	508,126	507,289	396,967	21,811
After school program	127,587	136,732	161,430	180,815	148,474	137,843	156,386	129,520	85,658	4,257
Stream	-	-	-	-	39,725	35,925	5,475	1,850	-	3,985
PreSchool program	-	-	-	-	167,828	38,887	41,100	55,786	30,970	20,203
Operating grants and contributions	115,500	128,296	125,707	124,030	150,013	134,497	129,119	127,816	120,967	542,014
Total business type activities program revenues	620,616	647,472	704,581	731,698	933,977	790,988	840,206	822,260	634,561	592,269
Total district program revenues	\$ 2,056,749	\$ 2,023,672	\$ 2,083,792	\$ 2,184,969	\$ 2,466,428	\$ 7,858,362	\$ 8,577,926	\$ 12,411,759	\$ 10,900,621	\$ 15,118,846
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (35,892,183)	\$ (37,662,808)	\$ (38,039,640)	\$ (38,269,863)	\$ (39,588,604)	\$ (36,372,855)	\$ (37,091,889)	\$ (39,335,090)	\$ (39,539,285)	\$ (40,756,568)
Business-type activities	(10,508)	2,804	36,601	7,118	24,531	25,239	32,607	14,430	10,379	86,286
Total district-wide net expense	\$ (35,902,691)	\$ (37,660,004)	\$ (38,003,039)	\$ (38,262,745)	\$ (39,564,073)	\$ (36,347,614)	\$ (37,059,282)	\$ (39,320,659)	\$ (39,528,906)	\$ (40,670,282)

METUCHEN SCHOOL DISTRICT
CHANGE IN NET POSITION
UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GENERAL REVENUES AND OTHER CHANGES										
IN NET ASSETS										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 29,272,156	\$ 29,819,545	\$ 30,367,802	\$ 30,972,158	\$ 32,181,436	\$ 32,825,065	\$ 34,206,953	\$ 35,188,091	\$ 37,933,009	\$ 38,968,499
Taxes levied for debt service	2,449,459	2,455,048	2,453,395	2,381,877	2,302,219	2,383,161	2,265,600	2,269,127	2,269,847	2,267,733
Federal and state aid not restricted	2,705,926	3,763,986	4,239,306	4,228,349	4,471,564	5,087,035	364,651	394,264	1,977,810	2,446,881
Miscellaneous income	244,044	320,406	190,721	252,673	199,537	598,398	11,500	15,221	93,587	163,802
Total governmental activities	34,671,585	36,358,985	37,251,224	37,835,057	39,154,756	40,893,659	36,848,704	37,866,703	42,274,253	43,846,715
Business-type activities:										
Investment earnings	253	-	-	-	-	-	-	-	-	-
Total business-type activities	253	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 34,671,838	\$ 36,358,985	\$ 37,251,224	\$ 37,835,057	\$ 39,154,756	\$ 40,893,659	\$ 36,848,704	\$ 37,866,703	\$ 42,274,253	\$ 43,846,715
CHANGE IN NET POSITION										
Governmental activities	\$ (1,220,598)	\$ (1,303,823)	\$ (788,416)	\$ (434,806)	\$ (433,848)	\$ 4,520,806	\$ (243,185)	\$ (1,468,387)	\$ 2,734,968	\$ 3,090,147
Business-type activities	(10,255)	2,804	36,601	7,118	24,531	25,239	32,607	14,430	10,379	86,286
Total district	\$ (1,230,853)	\$ (1,301,019)	\$ (751,815)	\$ (427,688)	\$ (409,317)	\$ 4,546,045	\$ (210,578)	\$ (1,453,956)	\$ 2,745,347	\$ 3,176,433

Source: ACFR Schedule A-2

METUCHEN SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ 2,084,423	\$ 768,365	\$ 913,872	\$ 1,804,716	\$ 1,785,207	\$ 2,330,191	\$ 1,847,974	\$ 3,588,726	\$ 5,606,528	\$ 5,005,531
Committed	201,775	1,337,407	772,517	459,391	1,087,705	1,174,308	1,805,817			
Assigned	357,706	497,230	220,000	280,000	490,844	474,207	676,548	1,132,053	1,322,460	3,550,096
Unassigned	760,551	719,470	821,473	821,663	833,962	853,098	924,819	1,063,447	1,068,734	2,249,209
Total General Fund	\$ 3,404,455	\$ 3,322,472	\$ 2,727,862	\$ 3,365,770	\$ 4,197,718	\$ 4,831,804	\$ 5,255,158	\$ 5,784,226	\$ 7,997,723	\$ 10,804,837
All Other Governmental Funds										
Restricted	\$ -	\$ 86,629	\$ 86,629	\$ 282,231	\$ 286,117	\$ 275,339	\$ 271,452			\$ 211,409
Unassigned	-	-	-	-	-	-	1,069,053			
Assigned	617,090	-	645,092	-	-	-	-			
Total all other governmental funds	\$ 617,090	\$ 86,629	\$ 731,721	\$ 282,231	\$ 286,117	\$ 275,339	\$ 1,340,505	\$ -	\$ -	\$ 211,409

Source: ACFR Schedule B-1

METUCHEN SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax/levy	\$ 32,274,593	\$ 32,821,197	\$ 33,354,035	\$ 34,483,655	\$ 35,208,226	\$ 36,472,553	\$ 37,457,218	\$ 38,509,900	\$ 40,202,856	\$ 41,236,232
Miscellaneous	320,406	252,546	252,432	199,842	358,002	229,695	288,617	330,197	407,379	550,833
State sources	4,027,530	4,862,983	4,851,808	5,178,192	5,725,868	6,249,988	7,088,316	8,111,669	8,628,895	10,434,365
Federal sources	890,389	752,523	755,752	746,643	893,618	963,842	770,272	766,044	887,982	998,540
Total revenue	37,512,918	38,689,249	39,214,027	40,608,332	42,185,714	43,916,078	45,604,423	47,717,810	50,127,112	53,219,969
Expenditures										
Instruction										
Regular Instruction	11,005,651	10,786,662	10,926,652	11,916,406	12,548,197	12,302,125	12,446,006	12,206,554	12,391,940	13,000,841
Special education instruction	2,344,905	2,359,733	2,494,205	2,701,516	3,037,488	3,478,234	3,629,883	4,738,466	5,086,436	5,667,854
Other special instruction	1,043,678	1,063,003	1,114,160	1,098,004	1,163,044	1,206,551	1,219,734	1,157,191	936,766	1,099,245
Support Services:										
Tuition	2,123,690	2,213,443	2,406,025	2,156,707	1,917,586	1,866,313	1,954,358	1,968,121	1,842,290	1,473,794
Student & instruction related services	3,580,722	4,373,107	4,447,183	3,780,917	3,664,566	3,884,508	4,379,336	4,371,639	4,719,379	5,388,476
School administrative services	585,593	553,730	555,737	583,522	558,538	628,384	1,539,163	1,596,479	1,635,460	1,591,742
General administrative services	1,525,306	1,598,850	1,658,896	1,854,484	2,015,991	2,042,687	1,245,727	562,258	642,464	729,351
Central services/administration info. tech.								585,680	610,237	646,621
Plant operations and maintenance	2,442,222	2,478,228	2,544,364	2,583,870	2,895,459	2,782,766	2,947,028	2,874,902	3,005,128	3,114,321
Pupil transportation	1,684,070	1,785,740	1,730,203	1,668,592	1,572,402	1,655,835	1,800,304	1,742,084	1,529,714	1,167,128
Unallocated employee benefits	7,328,395	8,506,549	8,235,263	8,377,443	8,488,206	9,582,098	10,436,128	11,897,761	11,824,164	13,486,225
Capital outlay	79,681	462,712	766,228	1,046,613	846,168	1,361,332	1,078,032	2,452,627	1,183,255	953,084
Debt service:										
Principal	1,440,000	1,495,000	1,590,000	1,665,000	1,995,000	1,720,000	1,785,000	1,845,000	1,910,000	1,975,000
Interest and other charges	1,283,012	1,134,936	1,054,628	986,840	647,235	781,937	724,256	661,432	596,382	529,031
Bond issuance costs	-	-	-	-	111,125	-	-	-	-	-
Total expenditures	36,466,925	38,811,693	39,523,544	40,419,914	41,461,005	43,292,770	45,184,955	48,660,194	47,913,615	50,822,712
Excess (Deficiency) of revenues over (under) expenditures	1,045,993	(122,444)	(309,517)	188,418	724,709	623,308	419,468	(942,384)	2,213,497	2,397,257
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)	-	-	-	-	-	-	-	-
Costs of issuance	-	(62,500)	-	-	-	-	-	158,581	-	-
Transfers in	-	-	-	-	-	-	-	(158,581)	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(450,000)	319,999	-	111,125	-	-	-	-	-
Net change in fund balances	\$ 1,045,993	\$ (572,444)	\$ 10,482	\$ 188,418	\$ 835,834	\$ 623,308	\$ 419,468	\$ (942,384)	\$ 2,213,497	\$ 2,397,257
Debt service as a percentage of noncapital expenditures	7.5%	6.9%	6.8%	6.7%	6.5%	6.0%	5.7%	5.4%	5.4%	5.0%

Source: ACFR Schedule B-2

EXHIBIT "J-5"

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

Fiscal Year Ended June 30,	Tuition	Transportation Fees	Other Miscellaneous	Total
2012	165,825	108,865	45,725	320,415
2013	132,494	108,130	11,922	252,546
2014	127,087	110,243	15,102	252,432
2015	85,958	102,804	11,000	199,762
2016	64,637	126,632	407,129	598,398
2017	88,648	129,547	11,500	229,695
2018	133,621	139,775	15,221	288,617
2019	140,701	153,733	35,763	330,197
2020	149,953	163,840	93,586	407,379
2021	150,734	32,750	163,802	347,286

Source: District records

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

Year	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)
2011	\$ 8,891,700	\$ 797,570,600	\$ 110,815,100	\$ 38,296,000	\$ 16,258,800	\$ 971,832,200	\$ 3,474,360	\$ 975,306,560	3.337	\$ 2,209,826,687
2012	8,719,600	795,065,000	109,058,500	37,736,900	16,183,300	966,763,300	3,635,750	970,399,050	3.412	2,153,706,989
2013	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
2014	9,286,700	807,914,500	109,292,700	36,460,500	17,617,700	980,572,100	2,910,399	983,482,499	3.554	2,190,249,757
2015	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
2016	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
2017	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
2020	6,899,800	853,035,600	125,090,800	36,395,900	60,266,000	1,081,688,100	-	1,081,688,100	3.797	2,477,526,568
2021	*	*	*	*	*	*	*	*	*	*

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
 * - data not available
 (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

Year	Metuchen Board of Education			Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (1)	General Obligation Debt Service (2)	Total Direct	Borough(3)	Middlesex County	
2011	3.110	0.250	3.360	1.098	0.831	5.289
2012	3.190	0.240	3.430	1.127	0.850	5.407
2013	3.235	0.240	3.475	1.150	0.867	5.492
2014	3.314	0.240	3.554	1.205	0.883	5.642
2015	3.430	0.230	3.660	1.256	0.880	5.796
2016	3.482	0.230	3.712	1.306	0.932	5.950
2017	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
2020	3.569	0.228	3.797	1.589	0.972	6.358
2021	3.603	0.210	3.813	1.497	0.915	6.225

Source: District Records and Municipal Tax Collector

* - data not available

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.

(3) Includes S.I.D. taxes

EXHIBIT "J-8"

METUCHEN SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS PRIOR
UNAUDITED

Taxpayer	2021 *			2012 *		
	Taxes Total	Rank	% of Total District Taxes	Taxes Total	Rank	% of Total District Taxes
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total						

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	
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%	-
2020	40,202,856	40,202,856	100.00%	-
2021	41,236,232	41,236,232	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			
2012	29,082,000	-	29,082,000	*	*
2013	27,610,000	-	27,610,000	3.9%	\$ 2,028
2014	26,020,000	319,999	26,339,999	3.6%	1,933
2015	24,355,000	258,830	24,613,830	3.3%	1,807
2016	21,240,000	196,277	21,436,277	2.8%	1,570
2017	19,520,000	132,310	19,652,310	2.4%	1,441
2018	17,735,000	1,266,796	19,001,796	2.2%	1,387
2019	15,890,000	977,060	16,867,060	1.8%	1,196
2020	13,980,000	737,208	14,717,208	*	1,026
2021	12,005,000	-	12,005,000	*	825

Source: District ACFR 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		
2012	29,082,000	-	29,082,000	2.99%	2,134
2013	27,610,000	-	27,610,000	2.83%	2,026
2014	26,020,000	-	26,020,000	2.68%	1,905
2015	24,355,000	-	24,355,000	2.49%	1,785
2016	21,240,000	-	21,240,000	2.16%	1,550
2017	19,520,000	-	19,520,000	1.97%	1,384
2018	17,735,000	-	17,735,000	1.77%	1,237
2019	15,890,000	-	15,890,000	1.54%	1,093
2020	13,980,000	-	13,980,000	1.32%	947
2021	12,005,000	-	12,005,000	1.11%	*

(*) Data not available

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

(2) Population data can be found in Exhibit ACFR 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, 2020
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	\$1,731,949.00	100.00%	\$1,731,949.00
Other debt Middlesex County	437,455,272.00	2.13%	9,313,728.50
Subtotal, overlapping debt			<u>\$11,045,677.50</u>
Metuchen School District Direct Debt			<u>12,005,000.00</u>
Total direct and overlapping debt			<u><u>\$23,050,677.50</u></u>

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 91,376,813	\$ 86,801,741	\$ 85,673,065	\$ 86,208,779	\$ 86,398,173	\$ 87,947,345	\$ 93,276,754	\$ 92,510,072	\$ 94,128,538	\$ 96,704,451
Total net debt applicable to limit	29,082,000	27,610,000	26,339,999	24,613,830	21,436,277	19,652,310	19,001,796	15,890,000	13,980,000	12,005,000
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	\$ 84,699,451
Total net debt applicable to the limit as a percentage of debt limit	31.83%	31.81%	30.74%	28.55%	24.81%	22.35%	20.37%	17.18%	14.85%	12.41%

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

Year	Equalized Valuation Basis
2018	\$ 2,334,649,357
2019	2,425,241,182
2020	2,492,943,305
	\$ 7,252,833,844
	\$ 2,417,611,281

Average equalized valuation of taxable property

Debt limit (4% of average equalization value) \$ 96,704,451
Total net debt applicable to limit as of June 30, 2021 12,005,000

Legal debt margin \$ 84,699,451

EXHIBIT "J-14"

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>
2012	13,630	728,319,050	53,435	8.9%
2013	13,629	715,181,775	52,475	4.3%
2014	13,657	736,986,348	53,964	4.2%
2015	13,642	750,678,334	55,027	3.7%
2016	13,699	776,130,544	56,656	3.2%
2017	14,101	821,933,189	58,289	3.2%
2018	14,338	874,790,056	61,012	2.6%
2019	14,541	922,728,237	63,457	2.4%
2020	14,767	*	*	6.5%
2021	*	*	*	*

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

Employer	2021		2012	
	# of Employees	Rank (Optional)	# of Employees	Rank (Optional)
		Percentage of Total Employment		Percentage of Total Employment
	0	0.00%	0	0.00%

Source: Municipal Records - Data Not Available

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	146	146	146	146	146	147	147	149	149	149
Special education	34	34	34	35	37	38	40	39	45	46
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	27	25	25	25	25	25	25	25	26
Pupil transportation	6	6	5	5	5	5	6	6	6	6
Total	255	255	252	253	255	257	260	261	267	269

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				
2012	2,149	33,664,232	15,665	2.31%	194	1:13	1:12	1:12	2,142	2,102	10.23%	97.81%
2013	2,147	35,719,045	16,637	5.84%	194	1:13	1:12	1:12	2,098	2,007	-4.73%	93.48%
2014	2,146	35,700,487	16,636	-0.01%	196	1:13	1:12	1:12	2,107	2,030	5.52%	94.59%
2015	2,173	36,214,854	16,666	0.18%	197	1:13	1:12	1:12	2,109	2,033	-2.05%	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	1:15	1:13	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%
2020	2,285	44,223,978	19,354	1.05%	200	1:13	1:11	1:11	2,277	2,150	0.11%	94.09%
2021	2,299	47,393,744	20,615	6.12%	201	1:13	1:11	1:11	2,292	2,255	0.66%	98.09%

Sources: District records

Note: Enrollment based on annual October district count.

- (1) Operating expenditures equal total expenditures less debt service and capital outlay (from ACFR 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<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	135	125	127	162	166	151	156	139	151
<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	705	669	658	643	660	675	697	700	653	653
<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	664	694	717	766	766	725	713	711	744	741
<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	614	627	646	654	655	693	717	715	750	754

Source: District's records

METUCHEN SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

SCHOOL FACILITIES *	Square Ft	Percentage	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Moss School	30,000	10%	\$ 75,735	\$ 67,658	\$ 56,280	\$ 127,307	\$ 136,138	\$ 77,998	\$ 73,194	\$ 71,680	\$ 44,392	\$ 50,449
Campbell School	57,000	20%	143,897	128,550	106,932	121,520	134,829	113,997	97,323	119,467	143,109	138,356
Edgar School	92,000	32%	232,254	207,484	172,591	167,814	115,375	208,995	110,522	191,148	85,902	126,208
Metuchen High School	113,000	39%	285,269	254,845	211,987	162,028	173,698	198,995	119,914	95,574	166,777	150,136
	292,000		\$ 737,155	\$ 658,537	\$ 547,790	\$ 578,669	\$ 560,040	\$ 599,985	\$ 400,953	\$ 477,869	\$ 440,180	\$ 465,149

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 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
(Unaudited)

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: 07/01/2020 to 07/01/2021 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 per occurrence
Loss of Business Income/Tuition	Not Covered per occurrence
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/ NJSIG annual aggregate
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/annual aggregate
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
(Unaudited)

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: \$25,000 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 - Forgery or Alteration	Not Covered	Not Covered
Insuring Agreement 3 - Theft, Disappearance and Destruction - Loss of Money & Securities On or Off Premises	Not Covered	Not Covered
Insuring Agreement 4 - Money Orders & Counterfeit Paper Currency	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
(Unaudited)

Article V - Comprehensive General Liability

Bodily Injury and Property Damage	\$31,000,000 per occurrence
Products and Completed Operations	\$31,000,000 annual aggregate
Sexual Abuse	\$17,000,000 per occurrence \$26,500,000 annual NJSIG aggregate
Personal Injury and Advertising Injury	\$31,000,000 per occurrence/annual aggregate
Employee Benefits Liability	\$31,000,000 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	\$31,000,000 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 and each major fund of the Metuchen School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 2, 2022.

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) as a basis for designing 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 financial statements. 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

February 2, 2022



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, 2021. 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, 2021.

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

February 2, 2022

METUCHEN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT	CASH	BUDGETARY	SUBRECIPIENT	BALANCE AT
						UNEARNED REVENUE (ACCOUNTS RECEIVABLE)				UNEARNED REVENUE (ACCOUNTS RECEIVABLE)
Enterprise Fund										
U.S. Department of Agriculture										
Passed-through State Department of Education:										
Child Nutrition Cluster:										
National School Lunch - Food Distribution	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	\$50,887.50	\$	\$ 50,887.50	\$ (50,887.50)	\$	\$
Healthy Hunger Free Kids Act	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	7,310.87		6,986.35	(7,310.87)		(324.52)
National School Lunch Program	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	366,587.91		294,324.03	(366,587.91)		(72,263.88)
National School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	87,488.10		84,067.20	(87,488.10)		(3,420.90)
Emergency Operation Costs-Schools	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	8,095.34			(8,095.34)		(8,095.34)
National School Lunch Program-COVID	10.555	201NJ304N1099	N/A	3/13/20-6/30/20	7,871.76		7,871.76			
Total Child Nutrition Cluster						\$	\$ (7,871.76)	\$ 444,136.84	\$ (520,369.72)	\$ (84,104.64)
P-EBT Administrative Cost	10-649	202121S900941	N/A	7/1/20-6/30/21	614.00			(614.00)		(614.00)
Total U.S. Department of Agriculture						\$	\$ (7,871.76)	\$ 444,136.84	\$ (520,983.72)	\$ (84,718.64)
Special Revenue Fund										
N.C.L.B.:										
Title I - Part A	84.010	S010A180030	NCLB314019	7/1/20-9/30/21	112,188.00	\$	\$ 94,265.00	\$ (106,587.00)	\$	(12,322.00)
Title II - Part A	84.367	S367A180029	NCLB314019	7/1/20-9/30/21	28,660.00		14,100.00	(23,307.00)		(9,207.00)
Title IV - Part A	84.424	S424A180031	NCLB314019	7/1/20-9/30/21	1,196.00			(7,795.00)		(7,795.00)
Total N.C.L.B.						\$	\$ 108,365.00	\$ (137,689.00)	\$	(29,324.00)
I.D.E.A. Special Education Cluster:										
I.D.E.A. Part B - Basic	84.027	S027A180100	NCLB314019	7/1/20-9/30/21	725,549.00	\$	\$ 635,783.00	\$ (681,429.00)	\$	(45,646.00)
I.D.E.A. Part B - Preschool	84.173	S173A180114	NCLB314019	7/1/20-9/30/21	17,879.00		17,440.00	(17,440.00)		
Total I.D.E.A. Special Education Cluster						\$	\$ 653,223.00	\$ (698,869.00)	\$	(45,646.00)
ESSER Cares I	84.425D	S425D200027	N/A	7/16/20-10/31/20	31,806.00	\$	(3,738.22)	\$ (28,146.78)	\$	(31,885.00)
CRF Grant	21.019	S425D200028	N/A	7/1/20-6/30/20	74,667.00		74,667.00	(74,667.00)		
Digital Divide	21.019	S425D200030	N/A	7/16/20-10/31/20	47,503.00		47,299.00	(47,503.00)		(204.00)
						\$	\$ (3,738.22)	\$ 121,966.00	\$ (150,316.78)	\$ (32,089.00)
General Fund										
U.S. Department of Health & Human Services										
Passed-Through State Department of Education:										
Medicaid Assistance Program (SEMI)	93.778	2105NJ5MAP	N/A	7/1/20-6/30/21	2,996.27	\$	\$ 2,996.27	\$ (2,996.27)	\$	\$
Medicaid Assistance Program (SEMI)-Supp.	93.778	2105NJ5MAP	N/A	7/1/20-6/30/21	850.40		850.40	(850.40)		
Medicaid Assistance Program (MAC)	93.778	2105NJ5MAP	N/A	7/1/20-6/30/21	7,818.33		7,818.33	(7,818.33)		
Total U.S. Department of Health & Human Services						\$	\$ 11,665.00	\$ (11,665.00)	\$	\$
Total Federal Financial Assistance						\$	\$ (11,609.98)	\$ 1,339,355.84	\$ (1,519,523.50)	\$ (191,777.64)

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, 2021

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2020		ADJUSTMENTS/ REPAYMENT OF PRIOR YEAR BALANCES	BALANCE AT JUNE 30, 2021		MEMO	
				UNEARNED REVENUE (ACCTS.REC.)	CASH RECEIVED		UNEARNED REVENUE (ACCTS.REC.)	BUDGETARY EXPENDITURES	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES
General Fund:										
Special Education Cluster:										
Special Education Categorical Aid	21-495-034-5120-089	\$ 1,231,929.00	7/1/20-6/30/21	\$	\$ 1,117,180.82	\$ (123,929.00)	\$	\$ 114,748.08	\$	\$ 1,231,929.00
Security Aid	21-495-034-5120-084	158,054.00	7/1/20-6/30/21		143,332.05	(158,054.00)		14,721.95		158,054.00
				\$	\$ 1,260,512.87	\$ (1,389,983.00)	\$	\$ 129,470.03	\$	\$ 1,389,983.00
Other-General Fund:										
Extraordinary Special Education Costs Aid	21-495-034-5120-473	808,649.00	7/1/20-6/30/21	\$	\$ 44,984.00	\$ (808,649.00)	\$	\$ (763,665.00)	\$	\$ 808,649.00
Transportation Aid	21-495-034-5120-014	226,496.00	7/1/20-6/30/21		205,399.02	(226,496.00)		21,096.98		226,496.00
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	1,260,666.96	7/1/20-6/30/21		1,167,467.24	(1,229,692.60)		(62,225.36)		1,229,692.60
On-behalf TPAF long-term disability insurance	Nr Available	2,330.00	7/1/20-6/30/21		2,239.00	(2,239.00)				2,239.00
On-behalf TPAF pension contributions	21-495-034-5094-002	3,431,276.00	7/1/20-6/30/21		4,653,598.00	(4,653,598.00)				4,653,598.00
On-behalf TPAF post retirement medical	21-495-034-5094-001	1,272,940.00	7/1/20-6/30/21		1,458,365.00	(1,458,365.00)				1,458,365.00
				\$	\$ 7,532,052.26	\$ (8,379,039.60)	\$	\$ 21,096.98	\$	\$ 8,379,039.60
Special Revenue Fund:										
Nonpublic nursing aid	100-034-5120-070	112,812.00	7/1/20-6/30/21	\$	\$ 112,812.00	\$ (95,666.00)	\$	\$ 17,126.00	\$	\$ 95,666.00
Nonpublic textbook	100-034-5120-064	66,711.00	7/1/20-6/30/21		66,711.00	(65,221.00)		1,490.00		65,221.00
Nonpublic security	100-034-5120-509	193,550.00	7/1/20-6/30/21		193,550.00	(175,321.00)		18,229.00		175,321.00
Compensatory education	100-034-5120-067	46,158.00	7/1/20-6/30/21		46,158.00	(22,644.00)		23,514.00		22,644.00
E.S.L.	100-034-5120-067	5,329.00	7/1/20-6/30/21		5,329.00	(1,776.00)		3,553.00		1,776.00
Transportation	100-034-5120-067	8,102.00	7/1/20-6/30/21		8,102.00	(8,102.00)				8,102.00
Examination & classification	100-034-5120-066	32,704.00	7/1/20-6/30/21		32,704.00	(20,438.00)		12,266.00		20,438.00
Corrective speech	100-034-5120-066	24,608.00	7/1/20-6/30/21		24,608.00	(21,873.00)		2,735.00		21,873.00
Supplementary instruction	100-034-5120-066	30,760.00	7/1/20-6/30/21		30,760.00	(8,095.00)		22,665.00		8,095.00
				\$	\$ 520,734.00	\$ (419,156.00)	\$	\$ 101,578.00	\$	\$ 419,156.00
Debt Service Fund:										
Debt Service Aid Type II	21-495-034-5120-075	236,298.00	7/1/20-6/30/21			(236,298.00)				
				\$	\$ 236,298.00	\$ (236,298.00)	\$	\$	\$	\$ 236,298.00
Enterprise Fund:										
National School Lunch Program (State Share)	21-100-010-3360-067	21,030.31	7/1/20-6/30/21		\$ 17,800.32	(21,030.31)		\$ (3,229.99)	\$	\$ 21,030.31
				\$	\$ 17,800.32	(21,030.31)	\$	\$ (3,229.99)	\$	\$ 21,030.31
				\$	\$ 9,567,397.55	(10,445,506.91)	\$	\$ 150,567.01	\$	\$ 979,687.36
Total state financial assistance subject to single audit										

Less: On-behalf amounts not utilized for determination of major programs:
 On-behalf TPAF long-term disability insurance (4,653,598.00)
 On-behalf TPAF pension contributions (1,458,365.00)
 On-behalf TPAF post retirement medical (4,331,304.91)

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, 2021

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, 2021

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,092.00) 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	\$11,665.00	\$9,778,910.60	\$9,790,575.60
Special Revenue Fund	986,874.78	419,156.00	1,406,030.78
Debt Service Fund		236,298.00	236,298.00
Food Service Fund	<u>520,983.72</u>	<u>21,030.31</u>	<u>542,014.03</u>
Total Awards and Financial Assistance	<u>\$1,519,523.50</u>	<u>\$10,455,394.91</u>	<u>\$11,974,918.41</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, 2021. 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, 2021.

Metuchen School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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>
Child Nutrition Cluster:	
National School Lunch	10.555
National School Breakfast	10.553

- | | | |
|-----|---|-----|
| (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, 2021

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>
Extraordinary Special Education Costs Aid	495-034-5120-473
Transportation Aid	495-034-5120-014

- (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, 2021

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

