

*Report of Audit*  
*on the*  
*Financial Statements*  
*of the*  
***Borough of Metuchen***  
*in the*  
*County of Middlesex*  
*New Jersey*  
*for the*  
*Year Ended*  
*December 31, 2014*



**SUPLEE, CLOONEY & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS



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*Financial Statements*

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*Borough of Metuchen*

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*County of Middlesex*  
*New Jersey*

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*December 31, 2014*



BOROUGH OF METUCHEN

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BOROUGH OF METUCHEN

PART I

INDEPENDENT AUDITOR'S REPORT ON  
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2014 AND 2013



# SUPLEE, CLOONEY & COMPANY

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Metuchen  
County of Middlesex  
Metuchen, New Jersey 08840

### ***Report on the Financial Statements***

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Metuchen, as of December 31, 2014 and 2013, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's regulatory 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 the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

## SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Borough of Metuchen'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 Borough of Metuchen'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 regulatory financial statements.

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

### ***Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles.***

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough of Metuchen on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Metuchen as of December 31, 2014 and 2013, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2014.

### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2014 and 2013, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2014 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Matters**

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Metuchen's regulatory financial statements. The supplementary information, data and schedules of expenditures of federal awards and state financial assistance listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

The supplemental information and schedules listed above and also listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. Such information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and data listed in the table of contents and the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2015 on our consideration of the Borough of Metuchen'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 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 Borough of Metuchen's internal control over financial reporting and compliance.

  
CERTIFIED PUBLIC ACCOUNTANTS

  
REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 7, 2015

CURRENT FUND

BOROUGH OF METUCHENCURRENT FUNDBALANCE SHEETS-REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>ASSETS</u>			
Cash	A-4	\$ 3,504,883.28	\$ 3,730,756.89
Petty Cash	A-5	1,200.00	1,200.00
Due State of NJ - Senior Citizens and Veterans	A-7	34,760.82	38,061.65
Grants Receivable	A-18	28,152.71	22,709.54
		<u>\$ 3,568,996.81</u>	<u>\$ 3,792,728.08</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	\$ 598,572.45	\$ 618,665.76
Tax Title Liens	A-11	120,535.84	112,057.41
Foreclosed Property	A-14	350,300.00	350,300.00
Due General Capital Fund	A-20		125,000.00
Revenue Accounts Receivable	A-8	24,832.70	29,172.81
	A	<u>\$ 1,094,240.99</u>	<u>\$ 1,235,195.98</u>
		<u>\$ 4,663,237.80</u>	<u>\$ 5,027,924.06</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-9	\$ 253,281.03	\$ 525,651.63
Tax Overpayments	A-15	175,332.79	157,080.96
Grants Appropriated	A-17	181,742.44	171,870.03
Prepaid Taxes	A-10	236,829.04	225,091.72
Grants Unappropriated	A-16	1,604.00	3,115.56
Accounts Payable	A-19	411,708.12	679,383.36
County Taxes Payable	A-12	33,579.29	
		<u>\$ 1,294,076.71</u>	<u>\$ 1,762,193.26</u>
Reserve for Receivables	A	1,094,240.99	1,235,195.98
Fund Balance	A-1	<u>2,274,920.10</u>	<u>2,030,534.82</u>
		<u>\$ 4,663,237.80</u>	<u>\$ 5,027,924.06</u>

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

BOROUGH OF METUCHENCURRENT FUNDSTATEMENTS OF OPERATIONS  
AND CHANGE IN FUND BALANCE-REGULATORY BASIS

	<u>REF.</u>	YEAR ENDED DECEMBER 31, 2014	YEAR ENDED DECEMBER 31, 2013
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1:A-2	\$ 776,000.00	\$ 650,000.00
Miscellaneous Revenue Anticipated	A-2	3,389,063.19	3,667,977.37
Receipts from Delinquent Taxes	A-2	618,238.96	796,180.04
Receipts from Current Taxes	A-2	53,156,802.41	51,783,532.11
Non-Budget Revenues	A-2	204,387.43	399,643.58
Other Credits to Income:			
Tax Overpayments Canceled			68,840.68
Interfunds Returned		125,000.00	
Accounts Payable Canceled	A-19	29,103.06	
Unexpended Balance of Appropriation Reserves	A-9	414,872.75	190,928.62
<u>TOTAL INCOME</u>		<u>\$ 58,713,467.80</u>	<u>\$ 57,557,102.40</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within CAPS	A-3	\$ 10,606,551.82	\$ 10,183,161.00
Deferred Charges and Statutory Expenditures Within CAPS	A-3	1,124,946.00	1,146,800.00
Operations Excluded from CAPS	A-3	1,982,200.37	2,006,436.25
Capital Improvements	A-3	18,000.00	32,450.00
Debt Service	A-3	1,543,326.30	1,420,755.28
Local District School Tax	A-13	33,918,845.00	33,087,617.00
County Taxes	A-12	8,452,856.84	8,257,313.08
Other Expenditures:			
Interfunds Advanced			125,000.00
Added Overpayments-Prior Tax Appeals	A-15	37,105.84	55,014.55
Grant Cancellations (Net)	A-17:A-18	2,267.19	
Budget Operations	A-4	6,983.16	18,484.76
<u>TOTAL EXPENDITURES</u>		<u>\$ 57,693,082.52</u>	<u>\$ 56,333,031.92</u>
Excess in Revenue		\$ 1,020,385.28	\$ 1,224,070.48
Fund Balance, January 1	A:A-1	2,030,534.82	1,456,464.34
		<u>\$ 3,050,920.10</u>	<u>\$ 2,680,534.82</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	776,000.00	650,000.00
Fund Balance, December 31	A:A-1	<u>\$ 2,274,920.10</u>	<u>\$ 2,030,534.82</u>

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

REF.	ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
	BUDGET	NJSA 40A: 4-87		
Fund Balance Anticipated	A-1	\$ 776,000.00	\$ 776,000.00	
Miscellaneous Revenues:				
ABC Licenses	A-8	\$ 17,800.00	\$ 18,626.00	\$ 826.00
Other Licenses	A-2	11,000.00	5,783.00	(5,217.00)
Fees and Permits	A-2	100,000.00	76,208.00	(23,792.00)
Municipal Court	A-8	365,000.00	345,555.21	(19,444.79)
Interest and Costs on Taxes	A-8	145,000.00	144,136.29	(863.71)
Parking Meters	A-8	83,000.00	74,700.20	(8,299.80)
Interest on Investments and Deposits	A-8	6,400.00	6,275.88	(124.12)
Sale of Recycled Materials	A-8	56,000.00	29,530.82	(26,469.18)
Cable TV Franchise Fee	A-8	51,000.00	57,591.00	6,591.00
Alarm System Fee	A-8	11,000.00	12,482.00	1,482.00
Consolidated Municipal Property Tax Relief Aid	A-8	84,411.00	84,411.00	
Energy Receipts Taxes	A-8	1,364,544.00	1,364,544.00	
Uniform Construction Code	A-8	271,385.00	337,112.00	65,727.00
Uniform Fire Safety Act	A-8	34,137.82	27,415.05	(6,722.77)
Metuchen Parking Authority	A-8	700,000.00	700,000.00	
Sewer Service Charge	A-8	33,000.00	28,918.37	(4,081.63)
NJ Clean Communities	A-18	3,115.56	22,236.90	25,352.46
Municipal Alliance:				
Youth Service Board	A-18	13,111.00	6,628.50	19,739.50
Municipal Match	A-18	3,315.00	3,315.00	
Middlesex County Cultural Arts Program	A-18	2,776.00	2,776.00	
Body Armor Grant	A-18		9,364.29	9,364.29
Alcohol Education and Rehabilitation	A-18		827.12	827.12
Green Communities	A-18		3,000.00	3,000.00
Distracted Driving	A-18		5,000.00	5,000.00
Pedestrian Safety	A-18		4,000.00	4,000.00
Middlesex County History Grant	A-18	2,400.00	2,400.00	
	A-1	\$ 3,358,395.38	\$ 51,056.81	\$ 3,389,063.19
				\$ (20,389.00)
Receipts from Delinquent Taxes	A-1:A-6	\$ 640,000.00	\$	\$ 618,238.96
				\$ (21,761.04)
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	A-2:A-6	\$ 10,535,744.37	\$	\$ 10,866,801.94
Municipal Library Tax	A-2:A-6	701,696.52		701,696.52
				\$ 331,057.57
<u>Budget Totals</u>		\$ 16,011,836.27	\$ 51,056.81	\$ 16,351,800.61
				\$ 339,964.34
Non-Budget Revenue	A-2		\$ 204,387.43	\$ 204,387.43
		\$ 16,011,836.27	\$ 51,056.81	\$ 15,556,188.04
				\$ 544,351.77
REF.	A-3		A-3	

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>REF.</u>		
Allocation of Current Tax Collections:			
Revenue From Collections	A-1:A-6		\$ 53,156,802.41
Allocated to:			
Local District School Tax		\$ 33,918,845.00	
County Taxes		8,452,856.84	
Municipal Library Tax		<u>701,696.52</u>	
			<u>43,073,398.36</u>
Balance for Support of Municipal Budget Appropriations			\$ <u>10,083,404.05</u>
Add: Appropriation "Reserve for Uncollected Taxes"	A-3		<u>783,397.89</u>
Amount of Support for Municipal Budget Appropriations	A-2		\$ <u><u>10,866,801.94</u></u>
 <u>OTHER LICENSES</u>			
Board of Health	A-8		\$ 5,050.00
Clerk	A-8		<u>733.00</u>
	A-2		\$ <u><u>5,783.00</u></u>
 <u>FEES AND PERMITS</u>			
Police	A-8		\$ 974.25
Engineering	A-8		482.75
Planning/Zoning	A-8		26,089.00
Sidewalk Inspections	A-8		6,150.00
Clerk/Other	A-8		<u>42,512.00</u>
	A-2		\$ <u><u>76,208.00</u></u>
 <u>ANALYSIS OF NON-BUDGET REVENUE</u>			
Miscellaneous Revenue Not Anticipated:			
Police Outside Overtime Admin Fee			\$ 63,927.50
Verizon Tower Rent			24,000.00
Reimbursements			85,745.65
DMV Inspection Fines			9,469.84
Senior Citizen and Veterans' Admin Fee			1,918.38
Other			<u>19,326.06</u>
	A-1:A-2:A-4		\$ <u><u>204,387.43</u></u>

BOROUGH OF MEIUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
 YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<b>OPERATIONS WITHIN "CAPS":</b>					
<b>GENERAL GOVERNMENT</b>					
Administrative and Executive:					
Salaries and Wages	\$ 159,099.00	\$ 191,099.00	\$ 190,835.22	\$ 263.78	\$
Other Expenses	192,500.00	218,500.00	212,616.52	5,883.48	
Mayor and Committee					
Salaries and Wages	19,200.00	8,200.00	8,000.00	200.00	
Other Expenses	3,125.00	3,125.00	3,118.90	6.10	
Municipal Clerk:					
Salaries and Wages	56,354.00	55,354.00	54,888.91	465.09	
Other Expenses	1,300.00	1,300.00	808.57	491.43	
Election:					
Other Expenses	7,000.00	7,200.00	7,171.65	28.35	
<b>DEPARTMENT OF FINANCE</b>					
Financial Administration:					
Salaries and Wages	174,474.00	176,374.00	176,318.67	55.33	
Audit Services	35,950.00	35,950.00	35,950.00		
Payroll Processing	14,000.00	14,000.00	12,000.00	2,000.00	
Collection of Taxes:					
Other Expenses	15,800.00	15,800.00	14,269.69	1,530.31	
Assessment of Taxes:					
Salaries and Wages	58,140.00	58,140.00	58,140.00		
Other Expenses	11,350.00	9,350.00	8,669.21	680.79	
<b>LEGAL SERVICES AND COSTS</b>					
Legal Services:					
Other Expenses	100,000.00	119,300.00	115,741.12	3,558.88	
Municipal Prosecutor:					
Salaries and Wages	13,000.00	13,000.00	13,000.00		
<b>DEPARTMENT OF PUBLIC WORKS</b>					
Public Works Administration:					
Salaries and Wages	235,624.00	235,624.00	233,552.02	2,071.98	
Other Expenses	5,050.00	4,050.00	3,793.50	256.50	

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

BOROUGH OF METUCHEN  
CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>DEPARTMENT OF PUBLIC WORKS (CONTINUED)</u>					
Forestry:					
Salaries and Wages	\$ 193,056.00	\$ 200,156.00	\$ 195,008.98	\$ 5,147.02	\$
Other Expenses	10,200.00	9,200.00	9,118.12	81.88	
Public Buildings and Grounds:					
Salaries and Wages	59,972.00	64,072.00	64,072.00		
Other Expenses	91,400.00	86,400.00	84,493.14	1,906.86	
Planning Board:					
Salaries and Wages	6,486.00	6,486.00	6,361.90	124.10	
Other Expenses	7,700.00	5,700.00	4,664.00	1,036.00	
Zoning Board of Adjustment:					
Salaries and Wages	60,062.00	60,062.00	58,225.79	1,836.21	
Other Expenses	4,500.00	4,900.00	3,614.00	1,286.00	
Shade Tree Commission:					
Other Expenses	4,510.00	4,510.00	3,715.00	795.00	
<u>DEPARTMENT OF PUBLIC SAFETY</u>					
Fire Department:					
Salaries and Wages	12,015.00	12,015.00	7,728.74	4,286.26	
Fire Hydrant Service	292,182.00	296,082.00	292,182.00	3,900.00	
Miscellaneous - Other Expenses	168,455.00	168,455.00	168,384.93	70.07	
Police:					
Salaries and Wages	3,160,961.00	3,077,361.00	3,013,769.01	63,591.99	
Other Expenses	98,950.00	98,950.00	97,754.34	1,195.66	
Auxiliary Police Department:					
Salaries and Wages	3,800.00	3,800.00	3,780.00	20.00	
Other Expenses	3,800.00	3,800.00	3,799.98	0.02	
Emergency Management:					
Salaries and Wages	7,650.00	7,650.00	7,650.00		
Other Expenses	10,000.00	10,000.00	5,484.95	4,515.05	
First Aid Contribution	14,000.00	14,000.00	14,000.00		
Uniform Fire Safety Act:					
Salaries and Wages	34,137.82	34,137.82	34,137.82		
Municipal Court:					
Salaries and Wages	119,962.00	119,962.00	117,353.95	2,608.05	
Other Expenses	11,600.00	11,600.00	8,173.29	3,426.71	

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS			EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>DEPARTMENT OF PUBLIC WORKS</u>						
Streets and Roads:						
Salaries and Wages	\$ 353,112.00	\$ 368,112.00	\$ 356,776.66	\$ 11,335.34	\$	
Other Expenses	216,400.00	244,400.00	244,303.05	96.95		
Sewer System:						
Salaries and Wages	134,153.00	138,753.00	134,645.35	4,107.65		
Other Expenses	78,560.00	48,560.00	48,227.65	332.35		
Garbage and Trash Removal:						
Salaries and Wages	422,926.00	412,926.00	399,707.03	13,218.97		
Other Expenses	37,200.00	37,200.00	37,151.89	48.11		
Recycling:						
Salaries and Wages	11,139.00	11,139.00	9,321.39	1,817.61		
Other Expenses	37,000.00	32,000.00	28,513.69	3,486.31		
Landfill/Solid Waste Disposal Costs:						
Other Expenses	277,838.00	277,838.00	270,089.33	7,748.67		
<u>HEALTH AND HUMAN SERVICES</u>						
Board of Health:						
Salaries and Wages	15,176.00	15,176.00	15,175.44	0.56		
Other Expenses	700.00	700.00	611.00	89.00		
<u>PARKS AND RECREATION</u>						
Recreation Services and Programs:						
Salaries and Wages	76,669.00	76,669.00	76,668.10	0.90		
Other Expenses	12,350.00	12,350.00	12,146.21	203.79		
Parks and Playgrounds:						
Salaries and Wages	120,232.00	124,932.00	121,293.72	3,638.28		
Other Expenses	16,800.00	16,800.00	15,928.61	871.39		
Senior Citizen Bus Transportation:						
Salaries and Wages	15,408.00	13,408.00	11,743.98	1,664.02		
Senior Citizens Center:						
Salaries and Wages	41,785.00	42,185.00	40,871.12	1,313.88		
Other Expenses	10,475.00	10,475.00	8,674.59	1,800.41		
METV Cable:						
Salaries and Wages	71,577.00	71,577.00	69,882.57	1,694.43		
Other Expenses	38,120.00	38,120.00	37,534.86	585.14		

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

BOROUGH OF METUCHEN  
CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		BUDGET AFTER MODIFICATION	EXPENDED		CANCELED
	BUDGET			PAID OR CHARGED	RESERVED	
Insurance:						
Group Insurance for Employees	\$ 1,802,521.00	\$	1,802,521.00	\$ 1,802,521.00	\$	\$
Other Insurance Premiums	6,000.00		6,000.00	5,113.00	887.00	
Joint Insurance Fund	343,661.00		343,661.00	335,985.00	7,676.00	
Uniform Construction Code Enforcement Functions:						
Salaries and Wages	190,000.00		190,000.00	160,176.20	29,823.80	
Other Expenses	81,385.00		81,385.00	65,450.83	15,934.17	
Unclassified:						
Gasoline and Fuel	190,000.00		200,000.00	195,493.74	4,506.26	
Telephone	65,000.00		65,000.00	61,693.49	3,306.51	
Street Lighting	205,000.00		195,000.00	192,673.97	2,326.03	
Utilities	265,000.00		264,000.00	263,997.58	2.42	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>\$ 10,613,951.82</b>	<b>\$</b>	<b>10,606,551.82</b>	<b>\$ 10,374,716.97</b>	<b>\$ 231,834.85</b>	<b>\$</b>
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>						
Detail:						
Salaries and Wages	\$ 5,826,169.82	\$	5,788,369.82	\$ 5,639,084.57	\$ 149,285.25	\$
Other Expenses	4,787,782.00		4,818,182.00	4,735,632.40	82,549.60	
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS":						
Statutory Expenditures						
Contribution to Public Employee's Retirement System	\$ 320,600.00	\$	320,600.00	\$ 320,600.00	\$	\$
Social Security System (O.A.S.I.)	295,000.00		257,400.00	257,400.00		
Contribution to Police and Firemen's Retirement System	531,946.00		531,946.00	531,946.00		
State Unemployment System	8,000.00		8,000.00	8,000.00		
Contribution to Defined Contribution Plan	2,000.00		7,000.00	6,551.33	448.67	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</b>	<b>\$ 1,117,546.00</b>	<b>\$</b>	<b>1,124,946.00</b>	<b>\$ 1,124,497.33</b>	<b>\$ 448.67</b>	<b>\$</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>\$ 11,731,497.82</b>	<b>\$</b>	<b>11,731,497.82</b>	<b>\$ 11,499,214.30</b>	<b>\$ 232,283.52</b>	<b>\$</b>

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

BOROUGH OF METUCHEN

CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS EXCLUDED FROM "CAPS":</u>					
Maintenance of Free Public Library	\$ 717,923.00	\$ 717,923.00	\$ 697,403.04	\$ 20,519.96	\$
Authority - Service Charges - Contractual (MCUA)	1,021,677.00	1,021,677.00	1,021,676.06	0.94	
Recycling Tax	14,000.00	14,000.00	14,000.00		
Tax Appeals	50,000.00	50,000.00	50,000.00		
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>\$ 1,803,600.00</u>	<u>\$ 1,803,600.00</u>	<u>\$ 1,783,079.10</u>	<u>\$ 20,520.90</u>	<u>\$</u>
<u>INTERLOCAL MUNICIPAL SERVICE AGREEMENT</u>					
Township of Edison - Animal Control	\$ 25,061.00	\$ 25,061.00	\$ 25,061.00		\$
County of Middlesex:					
Health Service Contract	48,987.00	48,987.00	48,986.19	0.81	
Library Consortium	28,178.00	28,178.00	27,702.20	475.80	
<u>TOTAL INTERLOCAL MUNICIPAL SERVICE AGREEMENT</u>	<u>\$ 102,226.00</u>	<u>\$ 102,226.00</u>	<u>\$ 101,749.39</u>	<u>\$ 476.61</u>	<u>\$</u>
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>					
NJ Clean Communities (40A4-47 + \$22,236.90)	\$ 3,115.56	\$ 25,352.46	\$ 25,352.46		\$
Municipal Alliances:					
Youth Service Board (40A4-47 + \$6,628.50)	13,111.00	19,739.50	19,739.50		
Municipal Match	3,315.00	3,315.00	3,315.00		
Middlesex County Cultural Arts Program	2,776.00	2,776.00	2,776.00		
Body Armor Grant (40A4-47 + \$9,364.29)		9,364.29	9,364.29		
Alcohol Education and Rehabilitation (40A4-47 + \$827.12)		827.12	827.12		
Green Communities (40A4-87 + \$3,000.00)		3,000.00	3,000.00		
Distracted Driving (40A4-87 + \$5,000.00)		5,000.00	5,000.00		
Pedestrian Safety (40A4-87 + \$4,000.00)		4,000.00	4,000.00		
Middlesex County History Grant	2,400.00	2,400.00	2,400.00		
Middlesex County History Grant Match	600.00	600.00	600.00		
<u>TOTAL PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</u>	<u>\$ 25,317.56</u>	<u>\$ 76,374.37</u>	<u>\$ 76,374.37</u>	<u>\$</u>	<u>\$</u>
<u>TOTAL OPERATIONS EXCLUDED FROM "CAPS"</u>	<u>\$ 1,931,143.56</u>	<u>\$ 1,982,200.37</u>	<u>\$ 1,961,202.86</u>	<u>\$ 20,997.51</u>	<u>\$</u>

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

BOROUGH OF METUCHEN  
CURRENT FUND

STATEMENT OF EXPENDITURES-REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED		CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u>					
Capital Improvement Fund	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$	\$
<u>TOTAL CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"</u>	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00	\$	\$
<u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 850,000.00	\$ 850,000.00	\$ 850,000.00	\$	\$
Interest on Bond Anticipation Notes and Capital Notes	328,200.00	328,200.00	328,200.00		
Interest on Bonds	290,000.00	290,000.00	285,529.30		4,470.70
Interest on Notes	79,597.00	79,597.00	79,597.00		
<u>TOTAL MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u>	\$ 1,547,797.00	\$ 1,547,797.00	\$ 1,543,326.30	\$	\$ 4,470.70
<u>TOTAL DEF. CHARGES - MUNI. - EXCLUD. FROM "CAPS" PURPOSES EXCLUDED FROM "CAPS"</u>	\$ 3,496,940.56	\$ 3,547,997.37	\$ 3,522,529.16	\$ 20,997.51	\$ 4,470.70
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	\$ 783,397.89	\$ 783,397.89	\$ 783,397.89	\$	\$
<u>TOTAL GENERAL APPROPRIATIONS</u>	\$ 16,011,636.27	\$ 16,062,893.08	\$ 15,805,141.35	\$ 253,281.03	\$ 4,470.70

REF. A-2:A-3 A-1 A:A-1

Budget Amendment - NJSA 40A: 4-87

\$ 16,011,836.27  
51,056.81

\$ 16,062,893.08

Reserve for Uncollected Taxes  
Accounts Payable  
Reserve for Grants Appropriated  
Disbursements  
Refunds

\$ 783,397.89  
388,199.37  
76,374.37  
15,109,939.28  
(552,769.56)

\$ 15,805,141.35

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TRUST FUND

## BOROUGH OF METUCHEN

## TRUST FUND

## BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash		\$ 950.42	\$ 950.42
	B:B-2	\$ 950.42	\$ 950.42
Animal Control Fund:			
Cash		\$ 12,886.09	\$ 5,749.01
	B:B-2	\$ 12,886.09	\$ 5,749.01
Other Funds:			
Cash	B-2	\$ 3,122,335.53	\$ 2,460,885.52
Community Development Block Grants Receivable	B-10	24,151.01	26,309.76
	B	\$ 3,146,486.54	\$ 2,487,195.28
<u>TOTAL ASSETS</u>	B	\$ 3,160,323.05	\$ 2,493,894.71
Assessment Fund:			
Fund Balance		\$ 950.42	\$ 950.42
	B:B-1:B-3	\$ 950.42	\$ 950.42
Animal Control Fund:			
Reserve for Animal Control Expenditures	B-5	\$ 12,874.69	\$ 5,749.01
Due State of New Jersey	B-8	11.40	
	B	\$ 12,886.09	\$ 5,749.01
Other Funds:			
Reserve for:			
Trust Other	B-7	\$ 1,488,357.11	\$ 976,344.81
Payroll Deductions Payable	B-14	82,927.45	52,935.80
COAH	B-11	188,477.94	143,812.73
Recreation	B-15	91,935.17	73,941.86
Unemployment	B-9	28,238.44	20,852.38
Police Outside Overtime	B-13	48,230.25	43,031.85
Law Enforcement	B-16	1,768.17	1,766.38
Developers Escrow	B-12	1,051,591.86	1,045,860.41
Forfeiture	B-17	90,620.26	90,080.22
Election	B-6	1,349.26	1,645.37
Fire Penalties	B-18	2,984.99	2,882.07
Accounts Payable	B-4	70,005.64	34,041.40
	B	\$ 3,146,486.54	\$ 2,487,195.28
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	B	\$ 3,160,323.05	\$ 2,493,894.71

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

BOROUGH OF METUCHEN

TRUST FUND

STATEMENTS OF CHANGE IN FUND BALANCE - REGULATORY BASIS - ASSESSMENT FUND  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Balance, January 1	B:B-3	\$ <u>950.42</u>	\$ <u>950.42</u>
Balance, December 31	B:B-3	\$ <u><u>950.42</u></u>	\$ <u><u>950.42</u></u>

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

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GENERAL CAPITAL FUND

BOROUGH OF METUCHENGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2014</u>	<u>BALANCE DECEMBER 31, 2013</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 959,385.60	\$ 499,529.31
Deferred Charges to Future Taxation:			
Funded	C-4	20,182,000.00	12,750,000.00
Unfunded	C-5	3,155.00	8,391,355.00
Accounts Receivable	C-9	<u>1,568,194.70</u>	<u>1,194,065.70</u>
		<u>\$ 22,712,735.30</u>	<u>\$ 22,834,950.01</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-12	\$	\$ 7,130,955.00
General Serial Bonds Payable	C-11	20,182,000.00	12,750,000.00
Contracts Payable	C-7	578,460.99	1,256,615.92
Due Current Fund	C-14		125,000.00
Capital Improvement Fund	C-8	124.00	124.00
Reserve for Capital Improvements	C-6	4,548.00	4,548.00
Improvement Authorizations:			
Funded	C-10	1,917,829.95	55,915.43
Unfunded	C-10	3,155.00	1,472,730.27
Fund Balance	C-1	<u>26,617.36</u>	<u>39,061.39</u>
		<u>\$ 22,712,735.30</u>	<u>\$ 22,834,950.01</u>

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

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Balance, January 1	C	\$ 39,061.39	\$ 142,087.86
Increased by Receipts		<u>39,061.39</u>	<u>21,973.53</u>
Decreased by Disbursements	C-2	<u>12,444.03</u>	<u>164,061.39</u>
Balance, December 31	C	\$ <u>26,617.36</u>	\$ <u>39,061.39</u>

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

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SWIMMING POOL UTILITY FUND

## BOROUGH OF METUCHEN

## SWIMMING POOL UTILITY FUND

## BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
<u>ASSETS</u>			
Operating Fund:			
Cash	D-5	\$ 135,900.09	\$ 163,535.02
		<u>\$ 135,900.09</u>	<u>\$ 163,535.02</u>
Capital Fund:			
Cash	D-5	\$ 22,981.12	\$ 23,381.12
Fixed Capital	D-13	1,095,731.00	1,095,731.00
Fixed Capital Authorized and Uncompleted	D-6	300,000.00	300,000.00
		<u>\$ 1,418,712.12</u>	<u>\$ 1,419,112.12</u>
		<u>\$ 1,554,612.21</u>	<u>\$ 1,582,647.14</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4:D-7	\$ 30,013.77	\$ 43,664.24
Accounts Payable	D-10	1,782.37	24,877.78
Accrued Interest Payable	D-11	1,915.91	963.91
Fund Balance	D-2	102,188.04	94,029.09
		<u>\$ 135,900.09</u>	<u>\$ 163,535.02</u>
Capital Fund:			
Improvement Authorizations:			
Unfunded	D-8	\$ 14,806.66	\$ 14,806.66
Bond Anticipation Notes	D-14		268,800.00
Bonds Payable	D-17	258,000.00	
Reserve for Amortization	D-12	1,095,531.00	1,095,531.00
Deferred Reserve for Amortization	D-16	41,600.00	31,200.00
Capital Improvement Fund	D-9	8,338.46	8,338.46
Fund Balance	D-1	436.00	436.00
		<u>\$ 1,418,712.12</u>	<u>\$ 1,419,112.12</u>
		<u>\$ 1,554,612.21</u>	<u>\$ 1,582,647.14</u>

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

BOROUGH OF METUCHEN

SWIMMING POOL CAPITAL UTILITY FUND

STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
Balance, January 31	D	\$ <u>436.00</u>	\$ <u>436.00</u>
Balance, December 31	D	\$ <u>436.00</u>	\$ <u>436.00</u>

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

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGE IN OPERATING FUND BALANCE -  
REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>REF.</u>	<u>YEAR 2014</u>	<u>YEAR 2013</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance	D-2: D-3	\$ 84,000.00	\$ 78,022.00
Membership and Guest Fees	D-3	308,018.00	316,733.90
Miscellaneous			262.25
Non-budget Revenue	D-3	30,223.24	35,291.85
Other Credits to Income:			
Accounts Payable Canceled	D-10	9,597.30	
Unexpended Balance of Appropriation Reserves	D-7	48,063.41	36,845.61
		<u>\$ 479,901.95</u>	<u>\$ 467,155.61</u>
<u>EXPENDITURES</u>			
Operating	D-4	\$ 358,492.00	\$ 352,317.00
Debt Service	D-4	14,040.00	11,700.00
Deferred Charges and Statutory Expenditures	D-4	14,005.00	14,005.00
Budget Operations	D-5	1,206.00	
		<u>\$ 387,743.00</u>	<u>\$ 378,022.00</u>
Excess in Revenue		\$ 92,158.95	\$ 89,133.61
<u>Fund Balance</u>			
Balance, January 1	D	94,029.09	82,917.48
		<u>\$ 186,188.04</u>	<u>\$ 172,051.09</u>
Less:			
Fund Balance Utilized	D-2	84,000.00	78,022.00
Balance, December 31	D	<u>\$ 102,188.04</u>	<u>\$ 94,029.09</u>

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

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	<u>REF.</u>	<u>ANTICIPATED</u> <u>BUDGET</u>	<u>REALIZED</u>	<u>EXCESS/</u> <u>(DEFICIT)</u>
Fund Balance Utilized	D-2	\$ 84,000.00	\$ 84,000.00	\$
Membership and Guest Fees	D-2:D-5	<u>302,537.00</u>	<u>308,018.00</u>	<u>5,481.00</u>
		\$ <u>386,537.00</u>	\$ <u>392,018.00</u>	\$ <u>5,481.00</u>
	<u>REF.</u>	D-4		
Non-Budget Revenue	D-2:D-5		\$ <u>30,223.24</u>	
			\$ <u>422,241.24</u>	

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

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2014

	APPROPRIATIONS		EXPENDED	
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED
Operating:				
Salaries and Wages	\$ 170,000.00	\$ 170,000.00	\$ 169,064.28	\$ 935.72
Other Expenses	188,492.00	188,492.00	159,961.71	28,530.29
<u>Total Operating</u>	<u>\$ 358,492.00</u>	<u>\$ 358,492.00</u>	<u>\$ 329,025.99</u>	<u>\$ 29,466.01</u>
Debt Service:				
Principal on Notes	\$ 10,400.00	\$ 10,400.00	\$ 10,400.00	\$
Interest on Notes	3,640.00	3,640.00	3,640.00	
<u>Total Debt Service</u>	<u>\$ 14,040.00</u>	<u>\$ 14,040.00</u>	<u>\$ 14,040.00</u>	<u>\$</u>
Statutory Expenditures:				
Social Security	\$ 13,005.00	\$ 13,005.00	\$ 12,457.24	\$ 547.76
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00	
<u>Total Statutory Expenditures</u>	<u>\$ 14,005.00</u>	<u>\$ 14,005.00</u>	<u>\$ 13,457.24</u>	<u>\$ 547.76</u>
	<u>\$ 386,537.00</u>	<u>\$ 386,537.00</u>	<u>\$ 356,523.23</u>	<u>\$ 30,013.77</u>
REF.	D-3			D:D-2
Disbursements			\$ 351,100.86	
Accrued Interest			3,640.00	
Accounts Payable			1,782.37	
			<u>\$ 356,523.23</u>	

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

PUBLIC ASSISTANCE TRUST FUND

BOROUGH OF METUCHEN  
PUBLIC ASSISTANCE TRUST FUND  
BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	BALANCE DECEMBER <u>31, 2014</u>	BALANCE DECEMBER <u>31, 2013</u>
<u>ASSETS</u>			
Cash:			
Public Assistance Trust Fund	E-1	\$ <u>563.97</u>	\$ <u>563.38</u>
		\$ <u><u>563.97</u></u>	\$ <u><u>563.38</u></u>
<u>LIABILITIES</u>			
Reserve for Public Assistance Trust Fund	E-2	\$ <u>563.97</u>	\$ <u>563.38</u>
		\$ <u><u>563.97</u></u>	\$ <u><u>563.38</u></u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF METUCHEN  
STATEMENT OF GENERAL FIXED ASSETS  
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER 31, 2014	BALANCE DECEMBER 31, 2013
Fixed Assets:		
Land, Buildings and Improvements	\$ 14,524,200.00	\$ 14,524,200.00
Machinery and Equipment	<u>8,481,380.93</u>	<u>8,481,380.93</u>
<u>TOTAL FIXED ASSETS</u>	<u>\$ 23,005,580.93</u>	<u>\$ 23,005,580.93</u>
 Reserve:		
Investments in General Fixed Assets	<u>\$ 23,005,580.93</u>	<u>\$ 23,005,580.93</u>

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF METUCHEN

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2014 AND 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Metuchen is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Metuchen include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Metuchen, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Metuchen do not include the operations of the municipal library or regional and local boards of education, inasmuch as their activities are administered by separate boards.

B. Description of Funds

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

The accounting policies of the Borough of Metuchen conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Metuchen are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipts and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Swimming Pool Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned swimming pool.

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amount that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

General Fixed Assets - N.J.A.C. 5:30-5.6 Accounting for Governmental Fixed Assets, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$500.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage system are not capitalized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of the purchase and are not capitalized in their own respective funds. The Borough has valued its land and buildings at assessed values. GAAP requires capital assets to be recorded at their historical cost or estimated historical cost. Additionally, GAAP requires depreciation to be calculated on capital assets, with the exception of land.

General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Swim Pool Utility - Accounting for utility fund "fixed capital" is done in compliance with N.J.A.C. 5:30-5.6. Property and equipment purchased by the Swim Pool Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized.

The balance in the Reserve for Amortization account in the utility capital fund represents changes to operations for the cost of acquisitions of property, equipment, and improvements. The utility does not record depreciation on fixed assets.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, and cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. 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 Borough of Metuchen had the following cash and cash equivalents at December 31, 2014:

<u>Fund</u>	<u>Cash In Bank</u>	<u>Reconciling Items</u>	<u>Total</u>
Current Fund	\$ 4,440,576.47	\$ (935,693.19)	\$ 3,504,883.28
Assessment Trust Fund	950.42		950.42
Animal Control Trust Fund	7437.21	5,448.88	12,886.09
Trust Other Fund	2,695,129.32	427,206.21	2,460,885.52
General Capital Fund	599,677.76	359,707.84	959,385.60
Swim Pool Utility Operating Fund	156,862.25	(20,962.16)	135,900.09
Swim Pool Utility Capital Fund	23,383.11	(401.99)	22,981.12
Public Assistance Trust Fund	563.97		563.97
<u>Total</u>	<u>\$ 7,924,580.51</u>	<u>\$ (164,694.41)</u>	<u>\$ 7,759,886.10</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 Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2014, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance in the bank was exposed to custodial credit risk. Of the cash balance in the bank, \$527,415.62 was covered by Federal Depository Insurance and \$7,397,129.01 was covered by NJGUDPA. The New Jersey Cash Management Fund is investment pool and is not insured by either FDIC or GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. 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. 5-15.1. 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 Local Units.

NOTE 2: CASH AND CASH EQUIVALENT (CONTINUED)

B. Investments (Continued)

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. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4); or
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.

The Borough of Metuchen's investment activities during the year were in accordance with the above New Jersey Statute.

As of December 31, 2014, the Borough has \$35.88 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, are included in the below 'Summary of Municipal Debt' and 'Summary of Statutory Debt Condition Annual Debt Statement'.



NOTE 3: MUNICIPAL DEBT (CONTINUED)

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

Equalized Valuation Basis - December 31, 2014	\$ <u>2,135,959,319.33</u>
3 1/2% of Equalized Valuation Basis	\$ 74,758,576.18
Net Debt	<u>20,185,155.00</u>
Remaining Borrowing Power	\$ <u>54,573,421.18</u>

Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II railroad property of the Borough of Metuchen for the last three (3) preceding years.

LONG-TERM DEBT

General Serial Bonds:

\$13,842,000.00 General Improvement Bonds of 2004 due in annual installments of \$27,000.00 \$2,600,000.00 with interest from 3.50% to 4.75%	\$ 1,100,000.00
\$10,830,000.00 General Improvement Refunding Bonds of 2014 due in annual installments of \$150,000.00 to \$2,510,000 with interest from 3% to 5%	10,680,000.00
\$8,402,000.00 General Improvement Bonds of 2014 due in Annual installments of \$440,000.00 to \$880,000.00 with Interest from 2% to 3%	8,402,000.00
\$258,000.00 Pool Utility Bonds of 2014 due in annual Installments of \$18,000.00 to \$20,000.00 with interest from 2% To 3%	<u>258,000.00</u>
	\$ <u>20,440,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2014, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	\$	2,680.00
Swim Pool Capital Fund		<u>600.00</u>
Total	\$	<u><u>3,155.00</u></u>

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SWIMMING POOL UTILITY PER N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year and Anticipated Surplus		\$	422,241.24
<u>Deductions:</u>			
Operation and Maintenance	\$	339,748.86	
Debt Services		<u>14,040.00</u>	
Total Deductions			<u><u>353,788.86</u></u>
Excess in Revenue - Self-Liquidating	\$		<u><u>68,452.38</u></u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTERES  
FOR BONDED DEBT ISSUED AND OUTSTANDING

Year	General Capital		Swim Pool Utility Capital		Total
	Principal	Interest	Principal	Interest	
2015	\$1,540,000.00	\$573,255.23	\$18,000.00	\$4,258.02	\$2,135,513.25
2016	2,030,000.00	580,677.50	20,000.00	5,675.00	2,636,352.50
2017	2,365,000.00	524,227.50	20,000.00	5,275.00	2,914,502.50
2018	2,690,000.00	465,777.50	20,000.00	4,875.00	3,180,652.50
2019	2,895,000.00	367,277.50	20,000.00	4,475.00	3,286,752.50
2020	2,967,000.00	285,027.50	20,000.00	4,075.00	3,276,102.50
2021	755,000.00	150,387.50	20,000.00	3,675.00	929,062.50
2022	775,000.00	133,400.00	20,000.00	3,225.00	931,625.00
2023	790,000.00	115,962.50	20,000.00	2,775.00	928,737.50
2024	810,000.00	97,200.00	20,000.00	2,300.00	929,500.00
2025	830,000.00	76,950.00	20,000.00	1,800.00	928,750.00
2026	855,000.00	52,050.00	20,000.00	1,200.00	928,250.00
2027	880,000.00	26,400.00	20,000.00	600.00	927,000.00
<b>Total</b>	<b>\$20,182,000.00</b>	<b>\$3,448,592.73</b>	<b>\$258,000.00</b>	<b>\$44,208.02</b>	<b>\$23,932,800.75</b>

In accordance with NJSA 40A:2-8.1, a local unit may, in anticipation of the issuance of bonds, borrow money and issue notes if the bond ordinance or subsequent resolution so provides. The Borough had no outstanding notes at year end.

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance, at December 31, 2014, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2015, was \$1,276,000.00 for the Current Fund and \$90,000.00 for the Swim Pool Utility Operating Fund.

NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and the Local High School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	<u>Balance</u> <u>December 31, 2014</u>	<u>Balance</u> <u>December 31, 2013</u>
Prepaid Taxes	\$ <u>236,829.04</u>	\$ <u>225,091.72</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Fireman's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at [www.nj.gov/treasury/pensions/annrpts.shtml](http://www.nj.gov/treasury/pensions/annrpts.shtml).

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS 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 pension fund or local jurisdiction's pension fund.

Police and Fireman's Retirement System (PFRS) - The Police and Fireman's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service. Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately invested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully invested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan members and employer contributions may be amended by State of New Jersey legislation. Effect July 2014 PERS provides for employee contributions of 6.92% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The contribution policy for PFRS is set by N.J.S.A. 43: 16A and requires contributions by active members and contributing employers. Plan member and employer contributions *may* be amended by Slate of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. During 2014, members contributed at a uniform rate of 10.00% of base salary.

All contributions were equal to the required contributions for each of the three years, respectively.

Certain Borough employees are also covered by the Federal Insurance Contribution Act. The Borough's share of pension, which is based upon the annual billings received from the State, amounted to \$859,097.33 for 2014, \$876,533.54 for 2013, and \$946,445.76 for 2012.

**NOTE 7: COMPENSATED ABSENCES**

Under the terms of various contracts, employees are compensated for unused sick and vacation time. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Borough to be approximately \$324,360.01. The Borough appropriates annually the amount required to be paid in that year's budget, if applicable, and no liability is accrued at December 31, 2014.

**NOTE 8: DEFERRED COMPENSATION PLAN**

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the Plan are held by an independent administrator, the Equitable Life Assurance Society of the United States (the "Equitable").

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities. The Borough's Deferred Compensation Plan is fully contributory and the Borough has no liabilities in conjunction with the plan.

**NOTE 9: LITIGATION**

The Borough's Attorney's letters did not indicate any litigation, claims or contingent liabilities which would materially affect the financial statements of the Borough.

**NOTE 10: TAX APPEALS**

There are tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for 2014. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from current tax revenues, through the establishment of a reserve, or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

**NOTE 11: CONTINGENT LIABILITIES**

The Borough participated in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Findings and questioned costs, if any, relative to federal and state financial assistance programs will be discussed in detail in Part II, Report Section of the 2014 audit. In addition, these programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2014, the Borough does not believe that any material liabilities will result from such audits.

**NOTE 12: RISK MANAGEMENT**

The Borough 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. The Borough maintains insurance coverage through the Middlesex County Joint Insurance Fund (JIF) covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State. Below is a summary of Borough's contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Interest on Deposits</u>	<u>Municipal and Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 27.57	\$ 25,140.09	\$ 17,781.60	\$ 28,238.44
2013	17.23	30,886.50	17,435.16	20,852.38
2012	15.48	25,870.13	29,303.24	7,383.81

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement requires the municipality to disclose in the notes to the financial statements the present value of the estimated future cost of the other post employment benefits (OPEB). OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or required to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their balance sheets; however, OPEB obligations are required to be disclosed in the notes, commencing with the 2008 fiscal year.

Plan Description

The Borough of Metuchen provides Post-Retirement Benefits to eligible employees. Members of the PBA that retire from active service with at least 25 years of service receive free of charge medical and prescription drug benefits plan for life, as do spouses. Dependent children are covered free of charge under the same terms for active employees.

In addition, certain employees that fall into department head and supervisory capacities may be granted on a discretionary basis medical and prescription drug benefits for themselves but not their dependents. For valuation purposes, 16 active employees were identified that fall into this category and all are assumed to receive retirement benefits. Those that are granted this retiree benefit are required to pay one half of the COBRA rate. For valuation conservatism we assumed that after age 65 a reduced COBRA rate will be charged, thus decreasing the retiree cost and thereby increasing the employer obligation.

NOTE 13: GASB 45: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45. The valuation has been conducted as of December 31, 2008 based upon census, plan design and claims information provided by Insurance Design Administrators. Census includes 30 retired participants and 124 active participants as of the valuation date.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2008 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2008 report from Aon Consultants.

The actuarial cost method used to determine the plan's costs is the Per Capita Cost Method. The valuation reflects per capital net premium costs of \$776.06 per member per month for valuation purposes. The age specific cost was derived based on per person costs at the average age of the active population (44) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of the cost.

Actuary OPEB Cost

The Present Value of Future Benefits ("PVFB") as of December 31, 2009 is \$7,407,740 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2009.

The Actuarial Accrued Liability ("AAL") as of December 31, 2009 is \$5,820,515 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2009.

Actual Cost

The actual costs disbursed by the Borough for health benefit premiums for post-retirees for 2014 was \$363,593.91.

NOTE 14: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through August 7, 2015 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

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BOROUGH OF METUCHEN

SUPPLEMENTARY SCHEDULES -- ALL FUNDS

YEAR ENDED DECEMBER 31, 2014

BOROUGH OF METUCHENCURRENT FUNDSCHEDULE OF CASH-TREASURER

	<u>REF.</u>		
Balance, December 31, 2013	A		\$ 3,730,756.89
Increased by Receipts:			
Taxes Receivable	A-6	\$ 53,457,331.55	
Petty Cash	A-5	1,200.00	
Tax Overpayments	A-15	145,233.47	
Prepaid Taxes	A-10	236,829.04	
State of New Jersey-Senior Citizens Deductions	A-7	95,918.93	
Appropriation Refunds	A-3	552,769.56	
Miscellaneous Revenue Not Anticipated	A-2	204,387.43	
Grants Unappropriated	A-16	1,604.00	
Grants Receivable	A-18	59,253.56	
Due General Capital Fund	A-20	125,000.00	
Revenue Accounts Receivable	A-8	<u>3,313,288.82</u>	
			<u>58,192,816.36</u>
			\$ 61,923,573.25
Decreased by Disbursements:			
Appropriations	A-3	\$ 15,109,939.28	
Appropriation Reserves	A-9	343,319.43	
Local District School Taxes	A-13	33,918,845.00	
County Taxes	A-12	8,419,277.55	
Budget Operations	A-1	6,983.16	
Tax Overpayments	A-15	164,087.48	
Petty Cash	A-5	1,200.00	
Accounts Payable	A-19	394,231.00	
Grants Appropriated	A-17	<u>60,807.07</u>	
			<u>58,418,689.97</u>
Balance, December 31, 2014	A		\$ <u>3,504,883.28</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF PETTY CASH

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 1,200.00
Increased by:		
Receipts	A-4	1,200.00
		<u>\$ 2,400.00</u>
Decreased by:		
Disbursements	A-4	1,200.00
Balance, December 31, 2014	A	<u>\$ 1,200.00</u>

ANALYSIS OF BALANCE:

Finance	\$ 300.00
Police	450.00
Public Works	300.00
Library	150.00
	<u>\$ 1,200.00</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND  
ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	BALANCE DECEMBER 31, 2013	<u>2014 LEVY</u>	<u>ADDED TAXES</u>	<u>COLLECTIONS</u>		<u>TRANSFERRED TO LIENS</u>	<u>CANCELED</u>	BALANCE DECEMBER 31, 2014
				<u>2013</u>	<u>2014</u>			
Prior	\$ 618,665.76	\$	\$	\$ 618,238.96	\$	\$	426.80	\$
2014		<u>53,577,787.15</u>	<u>213,301.81</u>	<u>225,091.72</u>	<u>52,931,710.69</u>	<u>8,478.43</u>	<u>27,235.67</u>	<u>598,572.45</u>
	\$ <u>618,665.76</u>	\$ <u>53,577,787.15</u>	\$ <u>213,301.81</u>	\$ <u>225,091.72</u>	\$ <u>53,549,949.65</u>	\$ <u>8,478.43</u>	\$ <u>27,662.47</u>	\$ <u>598,572.45</u>

REF.

A

A-2-A-10

A-2

A-11

A

Cash  
State Share of Senior Citizens and Veterans Deductions

\$ 53,457,331.55  
92,618.10  
\$ 53,549,949.65

ANALYSIS OF 2014 PROPERTY TAX LEVY

<u>TAX YIELD:</u> General Purpose Tax		\$ 53,791,088.96
<u>TAX LEVY:</u> Local District School Tax	A-13	\$ 33,918,845.00
County Taxes:		
County Tax		8,452,856.84
County Open Space Preservation Tax		
County Taxes Added and Omitted	A-12	
Local Tax for Municipal and Library Purposes	A-2	
Add: Additional Tax Levied		<u>11,419,387.12</u>
Local Tax for Municipal Purposes Levied		\$ <u>53,791,088.96</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY  
CHAPTER 73, P.L. 1976

	<u>REF.</u>		
Balance, December 31, 2013 (Due From)	A		\$ 38,061.65
Increased by:			
Deductions Per Tax Billings	A-7	\$ 104,750.00	
Deductions Allowed By Collector	A-7	<u>4,250.00</u>	
			109,000.00
			<u>\$ 147,061.65</u>
Decreased by:			
Received in Cash From State	A-4	\$ 95,918.93	
Senior Citizens Deductions Disallowed	A-7	<u>16,381.90</u>	
			<u>112,300.83</u>
Balance, December 31, 2014 (Due From)	A		<u>\$ 34,760.82</u>

ANALYSIS OF STATE SHARE OF 2014 SENIOR  
CITIZENS AND VETERANS DEDUCTIONS

Deductions Per Tax Billing	A-7	\$ 104,750.00	
Deductions Allowed By Collector	A-7	<u>4,250.00</u>	
			\$ 109,000.00
Less:			
Senior Citizens Deductions Disallowed	A-7		<u>16,381.90</u>
	A-6		<u>\$ 92,618.10</u>

## BOROUGH OF METUCHEN

## CURRENT FUND

## SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	REF.	BALANCE DECEMBER 31, 2013	ACCRUED IN 2014	COLLECTED BY TREASURER	BALANCE DECEMBER 31, 2014
Clerk:					
Licenses:		\$	\$	\$	\$
Alcoholic Beverages	A-2		18,626.00	18,626.00	
Other	A-2		733.00	733.00	
Fees and Permits	A-2		42,512.00	42,512.00	
Interest and Costs on Taxes	A-2		144,136.29	144,136.29	
Interest on Investments and Deposits	A-2		6,275.88	6,275.88	
Construction Code Official	A-2		337,112.00	337,112.00	
Planning and Zoning:					
Fees and Permits	A-2		26,089.00	26,089.00	
Sidewalk Inspections:					
Fees and Permits	A-2		6,150.00	6,150.00	
Engineering:					
Fees and Permits	A-2		482.75	482.75	
Board of Health:					
Other Licenses	A-2		5,050.00	5,050.00	
Municipal Court:					
Fines and Costs	A-2	29,172.81	341,215.10	345,555.21	24,832.70
Police:					
Fees and Permits	A-2		974.25	974.25	
Parking Meters	A-2		74,700.20	74,700.20	
Sale of Recycled Materials	A-2		29,530.82	29,530.82	
Cable TV Franchise Fees	A-2		57,591.00	57,591.00	
Alarm System Fees	A-2		12,482.00	12,482.00	
Consolidated Municipal Property Tax Relief Aid	A-2		84,411.00	84,411.00	
Energy Receipts Tax	A-2		1,364,544.00	1,364,544.00	
Uniform Fire Safety	A-2		27,415.05	27,415.05	
Parking Authority	A-2		700,000.00	700,000.00	
Sewer Service Charge	A-2		28,918.37	28,918.37	
		\$ 29,172.81	\$ 3,308,948.71	\$ 3,313,288.82	\$ 24,832.70
	REF.	A		A-4	A

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	TRANSFERS AND PRIOR ACCOUNTS PAYABLE	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>SALARIES AND WAGES:</u>					
Administrative and Executive	\$ 3,956.57	\$	\$ 3,956.57	\$ 2,822.76	\$ 1,133.81
Mayor and Council	1,200.00		1,200.00		1,200.00
Clerk	1,051.00		1,051.00	1,050.60	0.40
Financial Administration	1,747.75	300.00	2,047.75	2,039.43	8.32
Assessment of Taxes	6,170.13	(4,640.00)	1,530.13	1,448.59	81.54
Prosecutor	0.10		0.10		0.10
Public Works Administration	5,478.39		5,478.39	4,682.03	796.36
Forestry	7,371.91		7,371.91	4,282.32	3,089.59
Public Buildings and Grounds	1,605.70		1,605.70	1,550.62	55.08
Planning Board	141.23		141.23	124.36	16.87
Zoning Board of Adjustments	1,466.13	650.00	2,116.13	2,083.53	32.60
Fire Department	2,834.70		2,834.70	835.71	1,998.99
Police	250,581.86		250,581.86	13,870.65	236,711.21
Auxiliary Police Department	0.02		0.02		0.02
Emergency Management Service	24.54	1,400.00	1,424.54	1,380.00	44.54
Municipal Court	1,840.64		1,840.64	1,347.17	493.47
Street and Road Maintenance	27,495.08		27,495.08	8,902.88	18,592.20
Sewer System	2,037.35	1,650.00	3,687.35	3,646.16	41.19
Garbage and Trash Removal	24,242.69	(1,650.00)	22,592.69	9,962.81	12,629.88
Recycling	2,119.01		2,119.01	429.83	1,689.18
Board of Health	23.00		23.00		23.00
Recreation	1,299.65		1,299.65	1,298.89	0.76
Park and Playgrounds	2,903.48		2,903.48	2,780.40	123.08
Senior Citizen Bus Transportation	1,562.91		1,562.91	921.53	641.38
Senior Citizen Center	1,405.23	490.00	1,895.23	1,888.71	6.52
METV Cable	15,027.82		15,027.82	2,782.54	12,245.28
Construction Code Enforcement	19,785.98		19,785.98	3,246.19	16,539.79
<u>OTHER EXPENSES:</u>					
Administrative and Executive	2,244.22	20,528.50	22,772.72	12,670.16	10,102.56
Mayor and Council	623.00	56.00	679.00	56.00	623.00
Municipal Clerk	1,243.12		1,243.12		1,243.12
Election	318.79	(300.00)	18.79		18.79
Collection of Taxes	441.13	550.00	991.13	430.00	561.13
Payroll Processing	93.24	643.28	736.52	729.00	7.52
Assessment of Taxes	55.13		55.13		55.13
Public Work Administration	235.93	352.32	588.25	404.33	183.92
Legal Services and Costs	5,190.31	30,369.06	35,559.37	35,513.73	45.64
Forestry	29.10	500.00	529.10	497.54	31.56
Public Buildings and Grounds	4,038.26	29,943.05	33,981.31	26,706.76	7,274.55
Planning Board	2,899.60	400.00	3,299.60	800.00	2,499.60
Zoning Board of Adjustment	227.60	610.00	837.60	810.00	27.60
Shade Tree Commission		10,381.75	10,381.75	9,807.95	573.80
Fire Hydrant Service		24,224.25	24,224.25	24,224.25	
Fire Department - Miscellaneous	490.72	24,823.94	25,314.66	23,504.71	1,809.95
Police	1,541.30	9,182.92	10,724.22	8,263.97	2,460.25
Auxiliary Police Department		240.00	240.00	240.00	
Emergency Management Services	1,709.20	(1,400.00)	309.20		309.20
Municipal Court	690.89	2,757.19	3,448.08	1,206.00	2,242.08
Streets and Road Maintenance	1,946.86	17,228.79	19,175.65	14,287.86	4,887.79
Sewer System	6,767.26	2,917.68	9,684.94	2,589.08	7,095.86
Garbage and Trash Removal	345.42	2,550.09	2,895.51	1,521.55	1,373.96
Recycling	5,234.53	530.00	5,764.53	5,484.37	280.16
Solid Waste Collection	30,055.09		30,055.09	6,933.75	23,121.34
Board of Health	186.14	57.36	243.50	57.36	186.14
Recreation Services and Programs	151.58	1,888.26	2,039.84	1,790.91	248.93
Parks and Playgrounds	28.17	666.17	694.34	564.54	129.80
Senior Citizen Center	847.67	140.00	987.67	280.00	707.67
METV Cable	948.96	5,931.13	6,880.09	3,231.13	3,648.96

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	TRANSFERS AND PRIOR ACCOUNTS PAYABLE	ADJUSTED BALANCE	PAID OR CHARGED	BALANCE LAPSED
<u>OTHER EXPENSES (CONTINUED):</u>					
Group Insurance For Employees	\$ 7,452.00	\$	\$ 7,452.00	\$ 7,451.56	\$ 0.44
Other Insurance	2,927.00		2,927.00		2,927.00
Construction Code Enforcement	6,844.42	1,843.97	8,688.39	1,316.77	7,371.62
Gasoline and Fuel	21,000.37	(21,000.00)	0.37		0.37
Telephone	1,018.11	4,349.66	5,365.77	4,382.66	983.11
Street Lighting	4,131.91	18,043.78	22,175.69	18,692.78	3,482.91
Utilities	554.98	25,996.66	26,551.64	26,249.73	301.91
Contribution to Social Security System	18,162.57		18,162.57		18,162.57
Contribution to Defined Cont. Retirement Plan	266.46		266.46	266.46	
Maintenance of Free Public Library	10,196.00	8,206.42	18,402.42	16,706.17	1,696.25
MCUA- Contractual Sewer Charges	0.36		0.36		0.36
Tax Appeals		31,908.54	31,908.54	31,908.54	
Township of Edison - Animal Control	1,143.04	905.12	2,048.16	2,047.44	0.72
County Health Service Contract	0.32		0.32		0.32
<b>TOTAL</b>	<b>\$ 525,651.63</b>	<b>\$ 254,225.89</b>	<b>\$ 779,877.52</b>	<b>\$ 365,004.77</b>	<b>\$ 414,872.75</b>

REF.

A

A-19

A-1

Disbursements  
Accounts Payable

A-4  
A-19

\$ 343,319.43  
21,685.34  
\$ 365,004.77

"A-10"

BOROUGH OF METUCHEN  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance, December 31, 2013	A	\$ 225,091.72
Increased by:		
Receipts	A-4	<u>236,829.04</u>
		\$ <u>461,920.76</u>
Decreased by:		
Applied to Taxes Receivable	A-6	<u>225,091.72</u>
Balance, December 31, 2014	A	\$ <u><u>236,829.04</u></u>

"A-11"

SCHEDULE OF TAX TITLE LIENS

Balance, December 31, 2013	A	\$ 112,057.41
Increased by:		
Transferred From 2014 Taxes	A-6	<u>8,478.43</u>
Balance, December 31, 2014	A	\$ <u><u>120,535.84</u></u>

"A-12"

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>	
Increased by: 2014 Tax Levy	A-1:A-6	\$ 8,452,856.84
Decreased by: Payments	A-4	<u>8,419,277.55</u>
Balance, December 31, 2014	A	\$ <u><u>33,579.29</u></u>

"A-13"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Increased by: Levy-Calendar Year	A-1:A-6	\$ <u>33,918,845.00</u>
Decreased by: Payments	A-4	\$ <u><u>33,918,845.00</u></u>

"A-14"

BOROUGH OF METUCHEN  
CURRENT FUND  
SCHEDULE OF FORECLOSED PROPERTY

	<u>REF.</u>	
Balance, December 31, 2013 and December 31, 2014	A	\$ <u>350,300.00</u>

"A-15"

SCHEDULE OF RESERVE FOR TAX OVERPAYMENTS

Balance, December 31, 2013	A		\$ 157,080.96
Increased by:			
Receipts	A-4	\$ 145,233.47	
Budget Operations	A-1	<u>37,105.84</u>	
			<u>182,339.31</u>
			\$ 339,420.27
Decreased by:			
Refunds	A-4		<u>164,087.48</u>
Balance, December 31, 2014	A		\$ <u>175,332.79</u>

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS UNAPPROPRIATED

	<u>BALANCE DECEMBER 31, 2013</u>	<u>RECEIVED</u>	<u>APPLIED TO RECEIVABLE</u>	<u>BALANCE DECEMBER 31, 2014</u>
2013 Clean Communities	\$ 3,115.56	\$ 1,604.00	\$ 3,115.56	\$ 1,604.00
2014 Middlesex County History				
	<u>\$ 3,115.56</u>	<u>\$ 1,604.00</u>	<u>\$ 3,115.56</u>	<u>\$ 1,604.00</u>
	A	A-4	A-18	A

## BOROUGH OF METUCHEN

## CURRENT FUND

## SCHEDULE OF RESERVE FOR GRANTS APPROPRIATED

	BALANCE DECEMBER 31, 2013	APPROPRIATION	EXPENDED	CANCEL	BALANCE DECEMBER 31, 2014
Statewide Livable Communities-Library 2004	\$ 2,805.00	\$	\$	\$	\$ 2,805.00
Recycling Enhancement	5,654.00		5,654.00		
Recycling Tonnage	7,984.94		260.00		7,724.94
Municipal Alliance	11,334.40				11,334.40
Body Armor 2010	211.82				211.82
County Mug Shot Camera	3,640.00			3,640.00	
County Open Space Myrtle/ Charles	51,138.57				51,138.57
Municipal Alliance Youth Services 2011	1,899.06			1,899.06	
Drunk Driving Enforcement Fund 2011	4,686.58		643.86		4,042.72
Recycling Tonnage 2011	10,425.59				10,425.59
Middlesex County Cultural History 2011	646.70		646.70		
Body Armor 2011	1,700.60		1,700.60		
2012 Dept Law/Public Safety-Drive Sober	2,800.00		2,800.00		
2012 Dept Law Public Safety-Aggressive Driver	1,550.00				1,550.00
2012 Body Armor	368.65		368.65		
2012 Alcohol Ed	593.59		593.59		
2012 County Cultural History	225.00		225.00		
2012 Middlesex County Quality Life-Bicycle	9.83			9.83	
2012 Recycling Tonnage	15,380.19				15,380.19
2012 Recycling Enhancement	11,116.00		5,478.20		5,637.80
Municipal Alliance 2013	7,053.06		7,053.06		
Cops in Shops 2013	739.41				739.41
Drive Sober 2013	2,875.00		1,300.00		1,575.00
Body Armor 2013	3,582.46		2,987.21		595.25
Clean Communities 2013	6,472.33		6,472.33		
Recycling Tonnage 2013	16,977.25				16,977.25
2014 Clean Communities		25,352.46	3,567.36	146.00	21,639.10
2014 Municipal Alliance		19,739.50	9,227.21		10,512.29
2014 Middlesex County Cultural Arts		2,776.00	2,776.00		
2014 Youth Service Board Match		3,315.00			3,315.00
2014 Middlesex County History Grant		2,400.00	2,400.00		
2014 Middlesex County History Grant Match		600.00	253.30		346.70
2014 NJ Dept of Law Distracted Driving		5,000.00	2,500.00		2,500.00
2014 NJ DEP State Forestry Services		3,000.00			3,000.00
2014 Alcohol Education and Rehabilitation Fund		827.12			827.12
2014 Body Armor Grant		2,777.49			2,777.49
2014 NJ Dept of Law Pedestrian Safety		4,000.00	3,900.00		100.00
2014 Federal Bulletproof Vest Partnership		6,586.80			6,586.80
	\$ 171,870.03	\$ 76,374.37	\$ 60,807.07	\$ 5,694.89	\$ 181,742.44
REF:	A	A-3:A-18	A-4	A-1	A

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2013	ACCRUED 2014	RECEIPTS	UNAPPROPRIATED APPLIED	CANCEL	BALANCE DECEMBER 31, 2014
2004 Statewide Livable Communities	\$ 4,793.21	\$	\$	\$	4,793.21	\$
2011 Middlesex County Cultural Arts	550.00				500.00	50.00
2011 Cops in Shops	200.00				200.00	
2012 Dept Law Public Safety-Aggressive Driver	1,550.00				1,550.00	
2012 Middlesex County Quality Life-Bicycle	9.83				9.83	
Municipal Alliance 2012	7,917.09		7,917.09			
Cops in Shops 2012	2,339.41		2,339.41			
Drive Sober 2013	4,900.00		2,985.59			1,914.41
Emergency Mgmt 2013	450.00					450.00
2014 Clean Communities		25,352.46	22,236.90	3,115.56		9,650.75
2014 Municipal Alliance		19,739.50	9,179.71		909.04	
2014 Middlesex County Cultural Arts		2,776.00	2,776.00			
2014 Youth Service Board Match		3,315.00	3,314.25			0.75
2014 Middlesex County History Grant		2,400.00	2,400.00			
2014 NJ Dept of Law Distracted Driving		5,000.00	2,500.00			2,500.00
2014 NJ DEP State Forestry Services		3,000.00				3,000.00
2014 Alcohol Education and Rehabilitation Fund		827.12	827.12			
2014 Body Armor Grant		2,777.49	2,777.49			
2014 NJ Dept of Law Pedestrian Safety		4,000.00				4,000.00
2014 Federal Bulletproof Vst Partnership		6,586.80				6,586.80
	<u>\$ 22,709.54</u>	<u>\$ 75,774.37</u>	<u>\$ 59,253.56</u>	<u>\$ 3,115.56</u>	<u>\$ 7,962.08</u>	<u>\$ 28,152.71</u>

REF.

A

A-2,A-17

A-4

A-16

A-1

A

"A-19"

BOROUGH OF METUCHEN

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	A		\$ 679,383.36
Increased by:			
2014 Appropriations	A-3	\$ 388,199.37	
2013 Appropriation Reserves	A-9	21,685.34	
			<u>409,884.71</u>
			\$ 1,089,268.07
Decreased by:			
Transferred to 2013 Appropriation Reserves	A-9	\$ 254,225.89	
Disbursements	A-4	394,231.00	
Canceled	A-1	29,103.06	
			<u>677,559.95</u>
Balance, December 31, 2014	A		\$ <u>411,708.12</u>

"A-20"

SCHEDULE OF DUE GENERAL CAPITAL FUND

Balance, December 31, 2013 (Due From)	A		\$ 125,000.00
Decreased by:			
Receipts	A-4		\$ <u>125,000.00</u>

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF TRUST CASH

REF.	ASSESSMENT FUND	ANIMAL CONTROL	OTHER
B	\$ 950.42	\$ 5,749.01	\$ 2,460,885.52
Increased by Receipts:			
B-8	\$ 472.20	\$	
B-5		8,404.08	1,217,372.46
B-7			3,540,596.65
B-14			116,829.17
B-11			156,985.69
B-15			25,167.66
B-9			316,185.90
B-13			1.79
B-16			291,513.29
B-12			540.04
B-17			22,553.89
B-6			102.92
B-18			23,186.75
B-10		8,876.28	5,711,036.21
	\$ 950.42	\$ 14,625.29	\$ 8,171,921.73
Decreased by Disbursements:			
B-8	\$ 472.20	\$	
B-5		1,267.00	734,575.85
B-7			3,510,605.00
B-14			22,163.96
B-11			144,840.45
B-15			17,781.60
B-9			310,987.50
B-13			285,781.84
B-12			22,850.00
B-6		1,739.20	5,049,586.20
B	\$ 950.42	\$ 12,886.09	\$ 3,122,335.53

BOROUGH OF METUCHEN

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

BALANCE  
DECEMBER 31,  
2014 AND 2013

	<u>REF.</u>	
Fund Balance	B:B-1	\$ <u>950.42</u>

BOROUGH OF METUCHEN

OTHER TRUST FUND

SCHEDULE OF RESERVE FOR ACCOUNTS PAYABLE

	<u>REF.</u>		
Balance, December 31, 2013	B		\$ 34,041.40
Increased by:			
Trust Other	B-7	\$ 8,087.81	
COAH	B-11	50,000.00	
Recreation	B-15	11,917.83	
			<u>70,005.64</u>
			\$ <u>104,047.04</u>
Decreased by:			
Trust Other	B-7	\$ 16,275.50	
Recreation	B-15	17,765.90	
			<u>34,041.40</u>
Balance, December 31, 2014	B		\$ <u><u>70,005.64</u></u>

ANALYSIS OF BALANCE

Trust Other	\$ 8,087.81
COAH	50,000.00
Recreation	<u>11,917.83</u>
	\$ <u><u>70,005.64</u></u>

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 5,749.01
Increased by:		
Dog and Cat License Fees	B-2	8,392.68
		<u>\$ 14,141.69</u>
Decreased by:		
Disbursements	B-2	1,267.00
		<u>1,267.00</u>
Balance, December 31, 2014	B	<u>\$ 12,874.69</u>

LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2013	\$ 4,227.80
2012	<u>3,934.60</u>
	<u>\$ 8,162.40</u>

SCHEDULE OF RESERVE FOR ELECTION

Balance, December 31, 2013	B	\$ 1,645.37
Increased by:		
Receipts	B-2	22,553.89
		<u>\$ 24,199.26</u>
Decreased by:		
Disbursements	B-2	22,850.00
		<u>22,850.00</u>
Balance, December 31, 2014	B	<u>\$ 1,349.26</u>

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF MISCELLANEOUS RESERVES AND DEPOSITS

	BALANCE DECEMBER 31, 2013	INCREASES	DECREASES	BALANCE DECEMBER 31, 2014
Senior Citizens	\$ 2,963.47	\$ 11,810.00	\$ 8,841.00	\$ 5,932.47
POAA	8,185.26	504.00	2,358.00	6,331.26
Tax Sale Premiums	372,700.00	189,000.00	163,300.00	398,400.00
Public Defender	23,701.58	14,763.88	8,200.00	30,265.46
Fire Inspector	35,925.31	53,277.33	45,319.74	43,882.90
Insurance Reserves	441,374.84	550,793.18	176,223.27	815,944.75
Redemption	14,551.07	377,940.47	298,523.90	93,967.64
CDBG Senior Center	-	12,579.76	12,413.00	166.76
CDBG Senior Programs	4,603.75	9,791.25	10,385.75	4,009.25
Donations	53,218.26	13,968.17	16,909.00	50,277.43
Other	62.13			62.13
Copier Lease	197.39	559.17		756.56
Replacement Tree Planting	18,861.75	19,688.75	190.00	38,360.50
	<u>\$ 976,344.81</u>	<u>\$ 1,254,675.96</u>	<u>\$ 742,663.66</u>	<u>\$ 1,488,357.11</u>

B

REF. B

Receipts				
CDBG		1,217,372.46		
Prior Year Accounts Receivable		21,028.00		
		<u>16,275.50</u>		
		<u>1,254,675.96</u>		
Disbursements			734,575.85	
Accounts Payable			<u>8,087.81</u>	
			<u>742,663.66</u>	

"B-8"

BOROUGH OF METUCHEN

ANIMAL CONTROL FUND

SCHEDULE OF DUE STATE OF NEW JERSEY

	<u>REF.</u>	
Increased by:		
License Fees Due to the State	B-2	\$ 483.60
Decreased by:		
Payments	B-2	<u>472.20</u>
Balance, December 31, 2014	B	<u>\$ 11.40</u>

"B-9"

SCHEDULE OF RESERVE FOR  
UNEMPLOYMENT COMPENSATION INSURANCE

Balance, December 31, 2013	B	\$ 20,852.38
Increased by:		
Receipts	B-2	<u>25,167.66</u>
		\$ <u>46,020.04</u>
Decreased by:		
Disbursement	B-2	<u>17,781.60</u>
Balance, December 31, 2014	B	<u>\$ 28,238.44</u>

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

	<u>REF.</u>		
Balance, December 31, 2013	B	\$	26,309.76
Increased by:			
New Accounts Receivable	B-7		<u>21,028.00</u>
		\$	47,337.76
Decreased by:			
Receipts	B-2		<u>23,186.75</u>
Balance, December 31, 2014	B	\$	<u>24,151.01</u>

SCHEDULE OF RESERVE FOR COAH

Balance, December 31, 2013	B	\$	143,812.73
Increased by:			
Receipts	B-2		<u>116,829.17</u>
		\$	260,641.90
Decreased by:			
Disbursements	B-2	\$	22,163.96
Accounts Payable	B-4		<u>50,000.00</u>
			<u>72,163.96</u>
Balance, December 31, 2014	B	\$	<u>188,477.94</u>

"B-12"

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF ESCROW DEPOSITS

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 1,045,860.41
Increased by:		
Receipts	B-2	291,513.29
		\$ <u>1,337,373.70</u>
Decreased by:		
Disbursements	B-2	<u>285,781.84</u>
Balance, December 31, 2014	B	\$ <u><u>1,051,591.86</u></u>

"B-13"

SCHEDULE OF RESERVE FOR  
POLICE OUTSIDE OVERTIME

Balance, December 31, 2013	B	\$ 43,031.85
Increased by:		
Receipts	B-2	316,185.90
		\$ <u>359,217.75</u>
Decreased by:		
Disbursements	B-2	<u>310,987.50</u>
Balance, December 31, 2014	B	\$ <u><u>48,230.25</u></u>

"B-14"

SCHEDULE OF RESERVE FOR  
PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2013	B	\$ 52,935.80
Increased by:		
Deposits-Payroll Deductions	B-2	3,540,596.65
		\$ <u>3,593,532.45</u>
Decreased by:		
Payments	B-2	<u>3,510,605.00</u>
Balance, December 31, 2014	B	\$ <u><u>82,927.45</u></u>

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF RESERVE FOR RECREATION

	<u>REF.</u>		
Balance, December 31, 2013	B		\$ 73,941.86
Increased by:			
Receipts	B-2	\$ 156,985.69	
Prior Year Accounts Payable	B-4	<u>17,765.90</u>	
			<u>174,751.59</u>
			\$ <u>248,693.45</u>
Decreased by:			
Disbursements	B-2	\$ 144,840.45	
Accounts Payable	B-4	<u>11,917.83</u>	
			<u>156,758.28</u>
Balance, December 31, 2014	B		\$ <u><u>91,935.17</u></u>

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT

Balance, December 31, 2013	B		\$ 1,766.38
Increased by:			
Interest	B-2		<u>1.79</u>
Balance, December 31, 2014	B		\$ <u><u>1,768.17</u></u>

"B-17"

BOROUGH OF METUCHEN

TRUST FUND

SCHEDULE OF RESERVE FOR FORFEITURE

	<u>REF.</u>	
Balance, December 31, 2013	B	\$ 90,080.22
Increased by:		
Receipts	B-2	<u>540.04</u>
Balance, December 31, 2014	B	<u>\$ 90,620.26</u>

"B-18"

SCHEDULE OF RESERVE FOR FIRE PENALTIES

Balance, December 31, 2013	B	\$ 2,882.07
Increased by:		
Receipts	B-2	<u>102.92</u>
Balance, December 31, 2014	B	<u>\$ 2,984.99</u>

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2013	C		\$ 499,529.31
Increased by Receipts:			
Deferred Charges to Future Taxation - Unfunded	C-5	\$ 328,200.00	
Serial Bonds Payable	C-11	8,402,000.00	
Capital Improvement Fund	C-8	<u>18,000.00</u>	
			<u>8,748,200.00</u>
			\$ <u>9,247,729.31</u>
Decreased by Disbursements:			
Contracts Payable	C-7	\$ 1,019,944.68	
Due Current Fund	C-14	125,000.00	
Fund Balance	C-1	12,444.03	
Bond Anticipation Notes Payable	C-12	<u>7,130,955.00</u>	
			<u>8,288,343.71</u>
Balance, December 31, 2014	C		\$ <u><u>959,385.60</u></u>

"C-3"

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

ANALYSIS OF CASH

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2014</u>
Fund Balance		\$ 26,617.36
Capital Improvement Fund		124.00
Improvement Authorizations-Funded		1,917,829.75
Contracts Payable		578,460.99
Accounts Receivable		(1,568,194.70)
Reserve for Capital Improvements		<u>4,548.00</u>
	C	<u>\$ 959,385.40</u>

"C-4"

SCHEDULE OF DEFERRED CHARGES TO  
FUTURE TAXATION - FUNDED

Balance, December 31, 2013	C		\$ 12,750,000.00
Increased by:			
Bonds Issued	C-5	\$ 8,402,000.00	
Refunding Bonds Issued	C-11	<u>10,830,000.00</u>	
			<u>19,232,000.00</u>
			\$ 31,982,000.00
Decreased by:			
Bonds Paid & Refunded	C-11		<u>11,800,000.00</u>
Balance, December 31, 2014	C		<u>\$ 20,182,000.00</u>

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>2014 AUTHORIZATIONS</u>	<u>PAID BY BUDGET</u>	<u>BOND SALE</u>	<u>BALANCE DECEMBER 31, 2014</u>
00-07	Various Improvements	\$ 118,400.00	\$	6,500.00	\$ 109,220.00	\$ 2,680.00
01-05	Various Improvements	290,000.00		3,400.00	286,600.00	
02-05	Various Improvements	251,700.00		4,700.00	247,000.00	
03-05	Various Improvements	100,000.00			100,000.00	
04-11	Construction of Municipal Building	483,100.00		14,700.00	468,400.00	
05-04	Various Improvements	817,700.00		70,000.00	747,700.00	
06-05	Various Improvements	1,057,050.00		57,100.00	999,950.00	
07-03	Various Improvements	1,180,300.00		49,300.00	1,131,000.00	
08-07	Various Improvements	891,725.00		40,800.00	850,450.00	475.00
09-05	Various Improvements	384,150.00		17,400.00	366,750.00	
10-03	Various Improvements	582,300.00		25,700.00	556,600.00	
11-07	Various Improvements	944,760.00		38,600.00	906,160.00	
12-04	Various Improvements	770,070.00			770,070.00	
13-9	Various Improvements	520,100.00			520,100.00	
14-9	Various Improvements		342,000.00		342,000.00	
		<u>\$ 8,391,355.00</u>	<u>\$ 342,000.00</u>	<u>\$ 328,200.00</u>	<u>\$ 8,402,000.00</u>	<u>\$ 3,155.00</u>

REF.

C

C-10

C-2

C-4

C:C-10

"C-6"

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE FOR CAPITAL IMPROVEMENTS

	<u>REF.</u>	
Balance, December 31, 2013 and December 31, 2014	C	\$ <u>4,548.00</u>

"C-7"

SCHEDULE OF CONTRACTS PAYABLE

Balance, December 31, 2013	C	\$ 1,256,615.92
Increased by: Improvement Authorizations	C-10	<u>420,010.27</u>
		\$ 1,676,626.19
Decreased by: Disbursements	C-2	\$ 1,019,944.68
Canceled	C-10	<u>78,220.52</u>
		<u>1,098,165.20</u>
Balance, December 31, 2014	C	\$ <u>578,460.99</u>

"C-8"

BOROUGH OF METUCHEN  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 124.00
Increased by:		
2014 Budget Appropriation	C-2	18,000.00
		<u>\$ 18,124.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-10	<u>18,000.00</u>
Balance, December 31, 2014	C	<u>\$ 124.00</u>

"C-9"

SCHEDULE OF ACCOUNTS RECEIVABLE

Balance, December 31, 2013	C	\$ 1,194,065.70
Increased by:		
Improvement Authorizations	C-10	<u>374,129.00</u>
Balance, December 31, 2014	C	<u>\$ 1,568,194.70</u>

BOROUGH OF METUCHEN  
GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

ORDINANCE NUMBER	IMPROVEMENT AUTHORIZATIONS	DATE	ORDINANCE AMOUNT	BALANCE DECEMBER 31, 2013		NEW AUTHORIZATIONS	CONTRACTS PAYABLE	CONTRACTS PAYABLE CANCELED	BALANCE DECEMBER 31, 2014	
				FUNDED	UNFUNDED				FUNDED	UNFUNDED
92-26	Senior Citizen Center Project	8/3/92	\$ 587,945.00	\$ 16,983.00	\$	\$	\$	\$	16,983.00	\$
92-34	Removal of Underground Tanks	10/05/92	210,000.00	196.00					196.00	
96-03	Various Improvements	4/1/96	657,000.00	81.00					81.00	
96-09	Various Improvements	6/17/96	432,000.00	209.00					209.00	
97-09	Various Improvements	6/17/97	792,000.00	78.61					78.61	
98-01	Various Improvements	5/4/98	883,000.00	1,846.33					1,846.33	
00-07	Various Improvements	4/3/00	1,220,000.00	9,566.00					9,566.00	
02-01/04-11	Construction of Municipal Building	2/19/02	7,220,000.00	104,339.53					104,339.53	
02-05	Various Improvements	4/15/02	1,085,000.00	22,664.98					22,664.98	
03-05	Various Improvements	3/18/03	2,052,000.00	19,415.88					19,415.88	
03-09	Various Improvements	6/17/03	472,000.00	17,660.00					17,660.00	
03-10	Refunding Bond Ordinance	9/2/03	2,510,000.00	71.46					71.46	
04-05	Various Improvements	4/18/04	1,212,000.00	18,790.03					18,790.03	
05-04	Various Improvements	4/4/05	1,819,100.00	133,418.43					133,418.43	
06-05	Various Improvements	6/2/06	1,611,000.00	62,780.99					62,780.99	
07-03	Various Improvements	4/16/07	1,677,100.00	80,134.40					80,134.40	
08-07	Various Improvements	7/22/08	1,312,500.00	17,805.70					17,805.70	
09-05	Various Improvements	4/13/09	705,420.00	14,829.21					14,829.21	
10-03	Various Improvements	2/16/10	1,093,100.00	76,872.42					76,872.42	
11-07	Various Improvements	6/20/11	1,970,100.00	833,299.25					833,299.25	
12-04	Various Improvements	5/21/12	1,088,700.00	81,837.98					81,837.98	
13-9	Various Improvements	12/2/13	854,064.00	15,765.50					15,765.50	
14-9	Various Improvements	6/23/14	734,129.00							
				\$ 55,915.43	\$ 1,472,730.27	\$ 734,129.00	\$ 420,010.27	\$ 78,220.52	\$ 1,917,829.95	\$ 3,155.00
				C	C	C	C-7	C-7	C	C-C-5

REF. C-5  
C-5  
C-8  
C-8

Bonds and Notes  
Capital Improvement Fund  
Accounts Receivable



BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ISSUE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>DECREASED</u>
01-5	Various Improvements	9/23/2005	5/22/2013	2/28/2014	1.00%	\$ 80,000.00	\$ 80,000.00
04-11	Construction of Municipal Bldg-Supplemental	9/23/2005	5/22/2013	2/28/2014	1.00%	483,100.00	483,100.00
05-04	Various Improvements	9/23/2005	5/22/2013	2/28/2014	1.00%	817,700.00	817,700.00
06-5	Various Improvements	6/2/2006	5/22/2013	2/28/2014	1.00%	1,057,050.00	1,057,050.00
00-7	Various Improvements	6/2/2006	5/22/2013	2/28/2014	1.00%	68,100.00	68,100.00
02-5	Various Improvements	6/2/2006	5/22/2013	2/28/2014	1.00%	76,700.00	76,700.00
07-3	Various Improvements	6/1/2007	5/22/2013	2/28/2014	1.00%	975,300.00	975,300.00
08-7	Various Improvements	5/30/2008	5/22/2013	2/28/2014	1.00%	891,725.00	891,725.00
09-5	Various Improvements	5/29/2009	5/22/2013	2/28/2014	1.00%	384,150.00	384,150.00
10-3	Various Improvements	5/28/2010	5/22/2013	2/28/2014	1.00%	582,300.00	582,300.00
11-7	Various Improvements	6/29/2011	6/26/2013	2/28/2014	1.25%	944,760.00	944,760.00
12-4	Various Improvements	7/21/2012	6/26/2013	2/28/2014	1.25%	770,070.00	770,070.00
						<u>\$ 7,130,955.00</u>	<u>\$ 7,130,955.00</u>

REF.

C

C-2

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2014</u>
00-07	Various Improvements	\$ 2,680.00
08-7/13-11	Various Improvements	<u>475.00</u>
		<u>\$ 3,155.00</u>

BOROUGH OF METUCHEN

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	
Balance, December 31, 2013	C	\$ 125,000.00
Decreased by:		
Disbursements	C-2	\$ <u>125,000.00</u>

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY FUND

SCHEDULE OF SWIMMING POOL UTILITY CASH

	<u>REF.</u>	<u>OPERATING FUND</u>	<u>CAPITAL FUND</u>
Balance, December 31, 2013	D	\$ 163,535.02	\$ 23,381.12
Increased by Receipts:			
Pool Memberships/Fees	D-3	\$ 308,018.00	\$
Non-Budget Revenue	D-3	30,223.24	
Bonds Payable	D-17		258,000.00
		<u>338,241.24</u>	<u>258,000.00</u>
		\$ 501,776.26	\$ 281,381.12
Decreased by Disbursements:			
Appropriations	D-4	\$ 351,100.86	\$
Appropriation Reserves	D-7	10,881.31	
Accrued Interest on Bonds	D-11	2,688.00	
Budget Operations	D-2	1,206.00	
Bond Anticipation Notes Payable	D-14		258,400.00
		<u>365,876.17</u>	<u>258,400.00</u>
Balance, December 31, 2014	D	\$ <u>135,900.09</u>	\$ <u>22,981.12</u>

BOROUGH OF METUCHEN

SWIM POOL UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>ORDINANCE AMOUNT</u>	<u>BALANCE DECEMBER 31, 2014 AND 2013</u>
08-08	Improvements to Swimming Pool	04/21/08	\$ 300,000.00	\$ <u>300,000.00</u>
				\$ <u><u>300,000.00</u></u>

REF.

D

"D-7"

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY FUND

SCHEDULE OF 2013 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2013	BALANCE AFTER TRANSFERS	EXPENDED	BALANCE LAPSED	
Operating:					
Salaries and Wages	\$ 14,610.43	\$ 14,610.43	\$ 850.00	\$ 13,760.43	
Other Expenses	26,583.26	41,863.74	10,031.31	31,832.43	
Statutory Expenditures:					
Social Security System	1,470.55	1,470.55		1,470.55	
Unemployment Compensation Insurance	1,000.00	1,000.00		1,000.00	
	<u>\$ 43,664.24</u>	<u>\$ 58,944.72</u>	<u>\$ 10,881.31</u>	<u>\$ 48,063.41</u>	
					D-5
					D-2
Appropriation Reserves	\$ 43,664.24				
Transferred from Encumbrances Payable	<u>15,280.48</u>				
	<u>\$ 58,944.72</u>				

REF.

D-7  
D-10

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

<u>ORDINANCE</u> <u>NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>DECEMBER 31,</u> <u>2013 &amp; 2014</u> <u>UNFUNDED</u>
08-08	Improvements to Swimming Pool	4/21/2008	\$ 300,000.00	\$ <u>14,806.66</u>
				\$ <u><u>14,806.66</u></u>
			<u>REF.</u>	D

"D-9"

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

REF.

Balance, December 31, 2013  
and December 31, 2014

D

\$ 8,338.46

"D-10"

SCHEDULE OF ACCOUNTS PAYABLE

Balance, December 31, 2013

D

\$ 24,877.78

Increased by:  
Appropriations

D-4

1,782.37  
\$ 26,660.15

Decreased by:  
Transferred to Appropriation Reserve  
Canceled

D-7

\$ 15,280.48

D-2

9,597.30

24,877.78

Balance, December 31, 2014

D

\$ 1,782.37

"D-11"

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF ACCRUED INTEREST PAYABLE

	<u>REF.</u>	
Balance, December 31, 2013	D	\$ 963.91
Increased by:		
Budget Appropriation	D-4	3,640.00
		\$ <u>4,603.91</u>
Decreased by:		
Disbursements	D-5	<u>2,688.00</u>
Balance, December 31, 2014	D	\$ <u><u>1,915.91</u></u>

"D-12"

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance, December 31, 2013 and December 31, 2014	D	\$ <u><u>1,095,531.00</u></u>
---	---	-------------------------------

BOROUGH OF METUCHEN  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

REF.

Balance, December 31, 2013  
and December 31, 2014

D

\$ 1,095,731.00

ANALYSIS OF BALANCE:

Swimming Pool and Bathhouse  
Cover for Swimming Pool  
Landscape  
Improvements to Swimming Pool  
Improvements to Wading Pool  
Improvements to Swimming Pool  
Improvements to Swimming Pool

	\$	344,027.00	
		6,449.00	
		2,598.00	
		524,577.00	
		8,365.00	
		200,000.00	
		<u>9,715.00</u>	
	\$	<u>1,095,731.00</u>	

BOROUGH OF METUCHEN

SWIMMING POOL UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

<u>ORDINANCE</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>DATE OF ORIGINAL NOTE</u>	<u>DATE OF ISSUE</u>	<u>DATE OF MATURITY</u>	<u>INTEREST RATE</u>	<u>BALANCE DECEMBER 31, 2013</u>	<u>DECREASED</u>
2008-08	Improvements to Swimming Pool	5/30/2008	5/21/2013	2/28/2014	1.00%	\$ 268,800.00	\$ 268,800.00
						\$ 268,800.00	\$ 268,800.00

REF. D

Deferred Reserve for Amortization	D-16	\$ 10,400.00
Cash	D-5	258,400.00
		<u>\$ 268,800.00</u>

"D-15"

BOROUGH OF METUCHEN  
SWIM POOL UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AUTHORIZED BUT NOT ISSUED

<u>ORDINANCE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
93-14	Improvement to Swimming Pool	\$ 200.00
08-8	Improvement to Swimming Pool	400.00
		<hr/>
		\$ 600.00
		<hr/> <hr/>

"D-16"

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

	<u>REF.</u>	
Balance, December 31, 2013	D	\$ 31,200.00
Increased by:		
Budget Appropriation	D-14	<hr/> 10,400.00
Balance, December 31, 2014	D	\$ <hr/> <hr/> 41,600.00

BOROUGH OF METUCHEN

SWIM POOL UTILITY CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

<u>PURPOSE</u>	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITIES OF BONDS OUTSTANDING</u>		<u>INTEREST RATE</u>	<u>ISSUED IN 2014</u>	<u>BALANCE DECEMBER 31, 2014</u>
			<u>DATE</u>	<u>AMOUNT</u>			
Pool Improvemer:	12/17/14	\$ 258,000.00	09/01/15	\$ 18,000.00	2.00%	\$	\$
			09/01/16-20	20,000.00	2.00%		
			09/01/21-22	20,000.00	2.25%		
			09/01/23	20,000.00	2.38%		
			09/01/24	20,000.00	2.50%		
			09/01/25-27	20,000.00	3.00%	258,000.00	258,000.00
						\$ 258,000.00	\$ 258,000.00

REF.

D-5

D

"E-1"

BOROUGH OF METUCHEN  
PUBLIC ASSISTANCE TRUST FUND  
SCHEDULE OF PUBLIC ASSISTANCE CASH

	<u>REF.</u>		
Balance, December 31, 2013	E	\$	563.38
Increased by:			
Interest	E-2		<u>0.59</u>
Balance, December 31, 2014	E	\$	<u><u>563.97</u></u>

"E-2"

SCHEDULE OF RESERVE FOR PUBLIC ASSISTANCE

Balance, December 31, 2013	E	\$	563.38
Increased by:			
Interest	E-1		<u>0.59</u>
Balance, December 31, 2014	E	\$	<u><u>563.97</u></u>

BOROUGH OF METUCHEN

PART II

REPORTS ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE

NOTES TO THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE



# SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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E-mail [info@scnco.com](mailto:info@scnco.com)

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Metuchen  
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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Metuchen, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated August 7, 2015. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Metuchen prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

### **Internal Control Over Financial Reporting**

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

# SUPLEE, CLOONEY & COMPANY

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 Borough of Metuchen's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, there were immaterial instances of noncompliance which are discussed in Part III, General Comments and Recommendations Section of the audit report.

## 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 Borough of Metuchen'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 Borough of Metuchen's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

August 7, 2015

SCHEDULE 1

BOROUGH OF METUCHEN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2014

FEDERAL CFDA NUMBER	FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	GRANT PERIOD		GRANT AWARD AMOUNT	RECEIVED	EXPENDITURES	CUMULATIVE EXPENDITURES DECEMBER 31, 2014
		FROM	TO				
16.607	Federal Bulletproof Vest Program	11/1/2014	12/31/2014	\$ 6,586.80	\$	\$	\$
					\$ 0.00	\$ 0.00	\$ 0.00

SCHEDULE 2

BOROUGH OF METUCHEN

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2014

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>STATE ACCOUNT NUMBER</u>	<u>GRANT AWARD AMOUNT</u>	<u>RECEIVED</u>	<u>EXPENDITURES</u>	<u>CUMULATIVE EXPENDITURES DECEMBER 31, 2014</u>
<u>Pass Through From County of Middlesex:</u>					
Municipal Alliance - 2010		\$ 13,257.00	\$	\$	1,922.60
Municipal Alliance - 2013		16,572.00	7,917.09	7,053.06	9,518.94
Municipal Alliance - 2014		19,739.50	9,179.71	9,227.21	9,227.21
		\$	17,096.80	16,280.27	\$ 20,668.75
<u>Department of Environmental Protection:</u>					
Clean Communities Program - 2013	4900-765-042-4900	20,196.13	\$	6,472.33	20,196.13
Clean Communities Program - 2014	4900-765-042-4900	25,352.46	22,236.90	3,567.36	3,567.36
Forestry Services		3,000.00			
Recycling Tonnage Grant - 2010	4900-752-042-4900	20,161.34		260.00	12,436.40
Recycling Tonnage Grant - 2011	4900-752-042-4900	19,271.00			8,845.41
Recycling Tonnage Grant - 2012	4900-752-042-4900	15,380.19			
Recycling Tonnage Grant - 2013	4900-752-042-4900	16,977.25			
		\$	22,236.90	10,299.69	\$ 45,045.30
<u>Department of Law and Public Safety:</u>					
Drunk Driving Enforcement Fund - 2011	1110-100-066-1110	7,730.80	\$	643.86	3,688.08
Alcohol Education - 2012	9735-760-098-4900	593.59		593.59	593.59
Alcohol Education - 2014		827.12	827.12		
Drive Sober Or Get Pulled Over - 2012		8,800.00		2,800.00	8,800.00
Drive Sober Or Get Pulled Over - 2013		8,800.00	2,985.59	1,300.00	7,225.00
Distracted Driving - 2014		5,000.00	2,500.00	2,500.00	2,500.00
Aggressive Driver		4,000.00			2,450.00
Pedestrian Safety - 2014		4,000.00		3,900.00	3,900.00
Body Armor Replacement Fund - 2010	1020-718-066-1020	3,891.42			3,679.60
Body Armor Replacement Fund - 2011	1020-718-066-1020	2,800.60		1,700.60	2,800.60
Body Armor Replacement Fund - 2012	1020-718-066-1020	2,864.00		368.65	2,864.00
Body Armor Replacement Fund - 2013	1020-718-066-1020	3,582.46		2,987.21	2,987.21
Body Armor Replacement Fund - 2014	1020-718-066-1020	2,777.49	2,777.49		2,987.21
		\$	9,090.20	16,793.91	\$ 44,475.29
<u>Department of Transportation:</u>					
Various Road Improvements-General Capital		2,638,000.00	\$	39,108.00	1,839,192.67
		\$	0.00	39,108.00	\$ 1,839,192.67
		\$	48,423.90	82,481.87	\$ 1,949,382.01

BOROUGH OF METUCHEN

NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

YEAR ENDED DECEMBER 31, 2014

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards and financial assistance present the activity of all federal and state financial assistance programs of the Borough of Metuchen, County of Middlesex, New Jersey. All federal and state financial assistance received directly from federal or state agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented on the prescribed basis of accounting, modified accrual basis with certain exceptions, prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the budget laws of New Jersey, which is a comprehensive basis of accounting, other than U.S. generally accepted accounting principles. The basis of accounting, with exception, is described in Note 1 to the Borough's financial statements - regulatory basis.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedule of expenditures agree with the amounts reported in the related federal and state financial report.

**NOTE 4. RELATIONSHIP TO FINANCIAL STATEMENTS - REGULATORY BASIS**

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's regulatory basis financial statements. These amounts are reported in the Current and General Capital Funds in 2014.

Receipts:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$	\$ 48,423.90	\$ 12,433.66	\$ 60,857.56
General Capital Fund				0.00
	\$ <u>0.00</u>	\$ <u>48,423.90</u>	\$ <u>12,433.66</u>	\$ <u>60,857.56</u>

Expenditures:

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Current Fund	\$	\$ 43,373.87	\$ 17,433.20	\$ 60,807.07
General Capital Fund		39,108.00		39,108.00
	\$ <u>0.00</u>	\$ <u>82,481.87</u>	\$ <u>17,433.20</u>	\$ <u>99,915.07</u>

**NOTE 5. OTHER**

Matching contributions expended by the Borough in accordance with terms of the various grants are not reported in the accompanying schedules.

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BOROUGH OF METUCHEN

PART III

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2014		YEAR 2013	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 776,000.00	1.32%	\$ 650,000.00	1.13%
Miscellaneous - From Other Than Local Property Tax Levies	4,162,426.43	7.09%	4,327,390.25	7.52%
Collection of Delinquent Taxes and Tax Title Liens	618,238.96	1.05%	796,180.04	1.38%
Collections of Current Tax Levy	<u>53,156,802.41</u>	<u>90.54%</u>	<u>51,783,532.11</u>	<u>89.97%</u>
<u>Total Revenue</u>	<u>\$ 58,713,467.80</u>	<u>100.00%</u>	<u>\$ 57,557,102.40</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 15,275,024.49	26.45%	\$ 14,789,602.53	26.25%
County Taxes	8,452,856.84	14.64%	8,257,313.08	14.66%
Local School District Taxes	33,918,845.00	58.72%	33,087,617.00	58.74%
Other Expenditures	<u>109,356.19</u>	<u>0.19%</u>	<u>198,499.31</u>	<u>0.35%</u>
<u>Total Expenditures</u>	<u>\$ 57,756,082.52</u>	<u>100.00%</u>	<u>\$ 56,333,031.92</u>	<u>100.00%</u>
Excess in Revenue	\$ 957,385.28		\$ 1,224,070.48	
Fund Balance - January 1	<u>2,030,534.82</u>		<u>1,456,464.34</u>	
	\$ 2,987,920.10		\$ 2,680,534.82	
Less: Utilization as Anticipated Revenue	<u>776,000.00</u>		<u>650,000.00</u>	
Fund Balance, December 31	<u>\$ 2,211,920.10</u>		<u>\$ 2,030,534.82</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE - SWIM POOL UTILITY OPERATING FUND

	YEAR 2014		YEAR 2013	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 84,000.00	17.50%	\$ 78,022.00	16.70%
Collection of Pool Membership & Guest Fees	308,018.00	64.19%	316,733.90	67.80%
Miscellaneous	87,883.95	18.31%	72,399.71	15.50%
<u>Total Revenue</u>	<u>\$ 479,901.95</u>	<u>100.00%</u>	<u>\$ 467,155.61</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Operating	\$ 358,492.00	92.46%	\$ 352,317.00	93.20%
Capital Improvements	14,040.00	3.62%	11,700.00	3.10%
Statutory Expenditures	14,005.00	3.61%	14,005.00	3.70%
	1,206.00	0.31%		
<u>Total Expenditures</u>	<u>\$ 387,743.00</u>	<u>100.00%</u>	<u>\$ 378,022.00</u>	<u>100.00%</u>
Excess in Revenue	\$ 92,158.95		\$ 89,133.61	
Fund Balance - January 1	94,029.09		82,917.48	
	\$ 186,188.04		\$ 172,051.09	
Less: Utilization as Anticipated Revenue	84,000.00		78,022.00	
Fund Balance, December 31	<u>\$ 102,188.04</u>		<u>\$ 94,029.09</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Tax Rate	\$ <u>5.501</u>	\$ <u>5.389</u>	\$ <u>5.245</u>
Municipal	\$ 1.082	\$ 0.950	\$ 1.023
Municipal Library	0.071	0.074	0.075
County	0.800	0.802	0.741
County Open Space	0.066	0.070	0.069
Local School	<u>3.482</u>	<u>3.493</u>	<u>3.337</u>

Assessed Valuations:

2014	<u>\$973,964,500.00</u>		
2013		<u>\$969,674,199.00</u>	
2012			<u>\$975,467,950.00</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2014	\$ 53,791,088.96	\$ 53,156,802.41	98.82%
2013	52,430,378.90	51,765,282.11	98.73%
2012	51,281,631.31	50,417,102.13	98.31%

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2014	\$120,535.84	\$598,572.45	\$719,108.29	1.40%
2013	112,057.41	618,665.76	730,723.17	1.42%
2012	96,457.59	794,646.55	891,104.14	1.74%

PROPERTY ACQUIRED BY TAX LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2014	\$350,300.00
2013	350,300.00
2012	350,300.00

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance Current Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2014	\$2,274,920.10	\$1,276,000.00
2013	2,030,534.82	776,000.00
2012	1,456,464.07	650,000.00
2011	1,313,366.43	650,000.00
2010	1,160,396.00	500,000.00

<u>Year</u>	<u>Balance Swim Pool Utility Fund</u>	<u>Utilized in Budget of Succeeding Year</u>
2014	\$102,188.04	\$90,000.00
2013	94,029.09	84,000.00
2012	82,917.48	78,022.00
2011	76,112.68	72,619.00
2010	109,722.34	55,176.00

OFFICIALS IN OFFICE AND SURETY BONDS

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Thomas Vahalla	Mayor	*
Jay Muldoon	Council President	*
Reed Leibfried	Councilmember	*
Dorothy Rasmussen	Councilmember	*
Allison Inerro	Councilmember	*
Ronald Grayzel	Councilmember	*
James Wallace	Councilmember	*
William E. Boerth	Borough Administrator	*
Susan Jackson	Acting Borough Clerk	*
Rebecca Cuthbert	Tax Collector/Chief Financial Officer	*
Gary Price	Magistrate	*
Anne Tucker	Court Administrator	*
William Feingold	Prosecutor	*
Denis G. Murphy	Borough Attorney	*
John Soltesz	Construction Code Official	*
Anand Verma	Tax Assessor	*
Robin Scott Rentenberg	Police Chief	*
Rob Donnan	Fire Chief	*

Officials and employees handling and collecting funds are covered by the Middlesex County JIF blanket coverage up to \$1,000,000.00.

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A.40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c. 198 (C.40A:11-3), except by contract or agreement.

Effective January 7, 2013, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00. The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items in 2014:

- Purchase of Comminutor for Sanitary Pump Station
- Pool Maintenance
- Fire Apparatus Service & Repair
- Camera and Equipment for Council Chambers

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our examination of expenditures did reveal one instance, noted below, where an individual payment agreement in excess of \$17,500.00 had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A 40A:11-6.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 for the following services:

- |                    |                           |
|--------------------|---------------------------|
| Borough Attorney   | Bond Counsel              |
| Borough Engineer   | Labor Counsel             |
| Borough Prosecutor | Borough Planner           |
| Borough Auditor    | Other Consulting Services |

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body, on January 6, 2014, adopted the following resolutions authorizing interest to be charged on delinquent taxes:

“WHEREAS, under N.J.S.A. 54:4-67 the Governing Body may fix the rate of interest to be charged for the nonpayment of taxes or assessments;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Metuchen that the interest rate to be charged by the Borough of Metuchen on delinquent taxes, assessment and other municipal liens, is hereby fixed at 8% per annum on the first \$1,500 on the delinquency and 18% on any amount in excess of \$1,500, to be calculated from the date the tax was payable until the date of actual payment, effective immediately”

It appears from an examination of the Tax Collector’s records that interest was collected in accordance with the foregoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on October 23, 2014 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2014	3
2013	3
2012	3

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>Type</u>	
Information Tax Positive Confirmation	50
Delinquent Tax Positive Confirmation	20

## OTHER COMMENTS

Transactions invariably occur in one fund which requires a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Per conversation with Borough officials, the fixed assets ledger was not maintained/updated in 2014

## FINANCE

Our audit of the various accounts of the Borough revealed numerous instances of excessive unresolved reconciling items on the bank reconciliations.

## PURCHASING

We noted that there are purchase orders that are processed as confirming orders. This is where goods have been received or services have been rendered prior to the issuance of a purchase order.

## OTHER DEPARTMENTS

Our examination of the Borough's departmental records revealed several instances of noncompliance and lack of proper controls. There were no receipts records maintained for the collection of fees, permits, and licenses relating to the board of health and the registrar in 2014. A comparison of swim pool revenue from the department's source documents to actual cash received by the finance office revealed that receipts totaling over \$48,000 were unrecorded by the department during 2014. Also, a comparison of dog and cat licenses recorded as being sold compared to remaining inventory on hand revealed numerous tags are unaccounted for.

## RECOMMENDATIONS

That a fixed assets ledger be maintained and updated.

That all bank reconciling items be resolved.

\* That the practice of issuing confirming orders be discontinued.

That the board of health, registrar, pool, and animal license departments implement controls to properly record all receipts and account for all licenses.

\* Unresolved prior year recommendations





