

**UNION TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2016

**Prepared by
Union Township School District
Department of Administration**

**UNION TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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UNION TOWNSHIP SCHOOL DISTRICT

Mr. Edward Hoffman
Superintendent

Mrs. Fran Suchovic
Middle School Principal

"An Equal Opportunity Employer"
165 Perryville Road
Hampton, New Jersey 08827
Phone (908) 735-5511
Fax (908) 735-6657

Mr. Edward Kent
Business Administrator

November 30, 2016

Honorable President and
Members of the Board of Education
Union Township School District, Hunterdon County
165 Perryville Road
Hampton, NJ 08827

Dear Board Members and Constituents of Union Township:

The comprehensive annual financial report of the Union Township School District (district) for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All discourse necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes the transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to the single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

Union Township District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report.

The district provides a full range of educational services appropriate to the regular education grade levels of K-8 and additional services for Pre-School Special Needs

children aged 3-5. The student population at the end the fiscal year was approximately 453 students, a number that demonstrates a reduction in enrollment in the school.

During the last five years, enrollment numbers have dropped.

School Year	Student Enrollment	Percent Change
2015-16	453	-8.2
2014-15	495	+4
2013-14	493	+3.7
2012-13	475	-3.7
2011-12	493	-4.6
2010-11	517	-2.3
2009-10	529	-8.5
2008-09	574	-5.7
2007-08	607	-.16
2006-07	608	0

2) ECONOMIC CONDITION AND OUTLOOK

Twenty five percent of the land in Union Township is state owned. The state owned land included Spruce Run Recreation Area and the Clinton Hunting and Fishing Grounds. It also includes the Edna Mahan Correctional Facility and part of the Hunterdon Developmental Center. The correctional facility produces no strain on the school budget.

Single family residential housing remains the most common type of new development, there are few new homes being constructed in the district. A large international corporation, the township's largest taxpayer has corporate offices within the township. A private recycling operation also operates a facility within the township. Tax ratable increase is mainly dependent upon homes. The increase in business within the township is minimal.

3) MAJOR INITIATIVES

The district continues to work hard to expand its continuum of services despite the budgeting limitations imposed by legislation. The major facility issue facing the district is the maintenance and necessary upgrades to the waste water treatment plant; the district is also dealing with the increasing cost of utilities and the maintenance and needed renovations of a 50 year old facility. The district has committed to completing a Boiler and UV Replacement at the Middle School. This is a capital improvement project identified on their Long Range Facility Plan. The major educational initiative continues on the previous goals relating to technology, the district also emphasizes math, language arts, and science achievement. The district has made incredible progress in the replacement of obsolete hardware and has expanded hardware inventory to include interactive presentation boards.

The Board continues to be part of the transportation jointure with North Hunterdon Voorhees Regional High School District to maximize savings.

4) INTERNAL ACCOUNTING CONTROLS

Management of the district is responsible for establishing and maintaining the internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statement in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived;
2. The valuation of costs and benefits requires estimates and judgments by management.

Whereas the district receives limited but important federal and state financial assistance, it is responsible for ensuring that the internal control structure is subject to periodic evaluation by the district's management.

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

5) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the end of the year are included as re-appropriations of fund balance in the subsequent year or are cancelled. The re-appointment amounts are reported as reservations of fund balance at June 30, 2014.

6) ACCOUNTING SYSTEM AND REPORTS

The district's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board. The accounting system of the district is organized on the basis of funds and account groups. These funds and the account groups are explained in "Notes to the Financial Statements," Note 1.

7) CASH MANAGEMENT

The investment policy of the district is guided by statute as detailed in "Notes to the Financial Statements," Note 1. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories, protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). This was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the act.

8) RISK MANAGEMENT

The Board carries various forms of insurance including, but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard, and theft insurance on property and contents, and fidelity bonds.

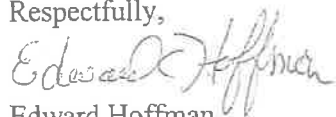
9) OTHER INFORMATION

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowicki and Company, CPA's, PC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular Letter 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS

I would like to express appreciation to the members of the Union Township Board of Education for their concern and work in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of the financial operation. I would also like to commend and thank the accounting staff, their hard work and dedication has greatly contributed to the financial state of the district.

Respectfully,



Edward Hoffman

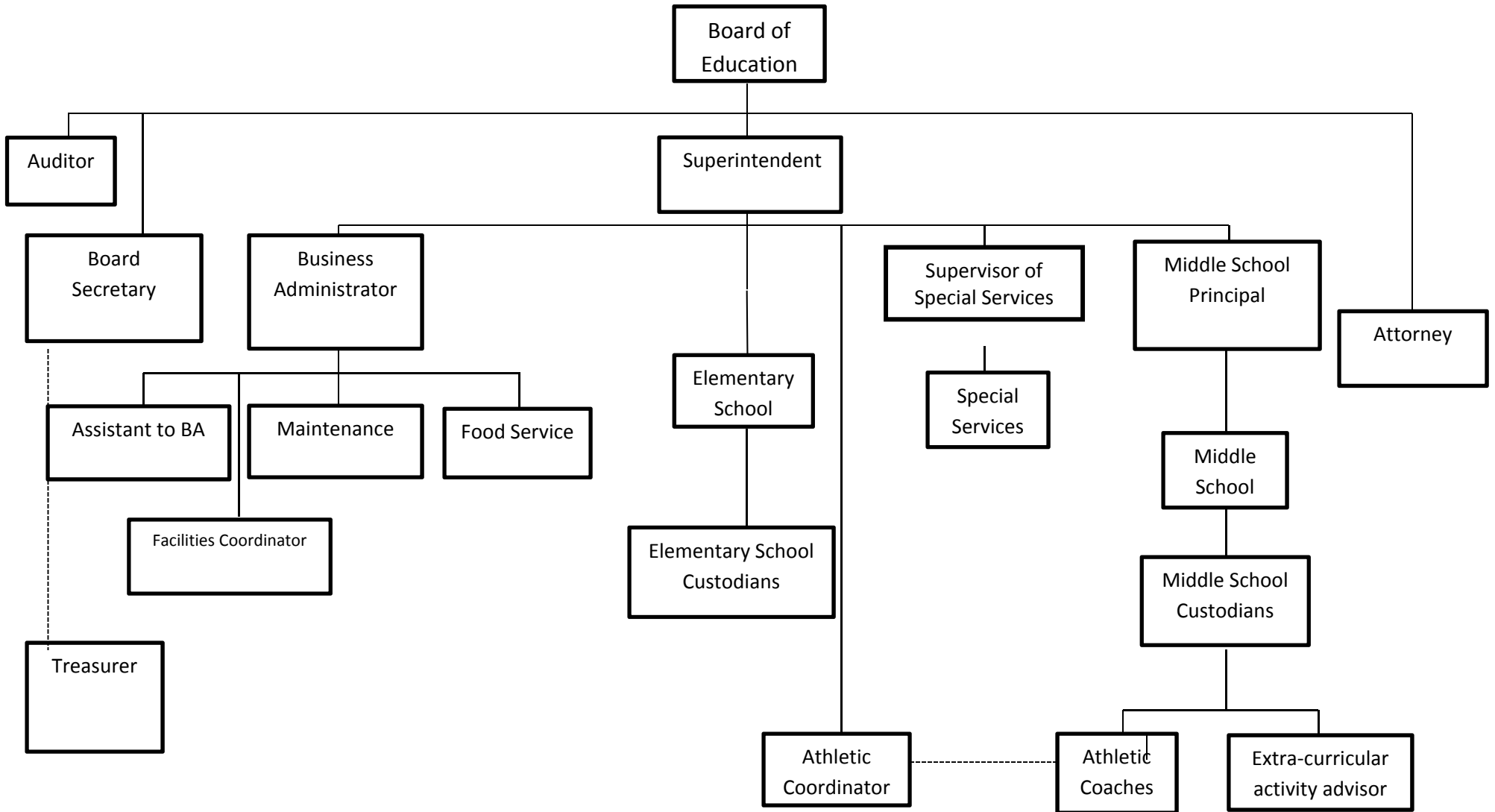
Superintendent

Union Township School

Union Township School District

2015-2016 School Year

Organization Chart



**Roster of Board of Education
Year Ending June 30, 2016**

NAME	TERM
Gary Minsavage (President)	2017
Lou Palms (Vice President)	2018
Marcello Da Silva	2019
Michael Fariello	2017
Magnus Gustafsson	2018
Jeff Monsell	2019
Tristan Peer	2017
James Teipel	2018
John Zengel	2019

OTHER OFFICIALS

Jeffery Bender	Superintendent
Edward D. Kent	School Business Administrator/ Board Secretary
Frances Suchovic	Principal
Paula Hatch	Treasurer

**UNION TOWNSHIP BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

**Bedard, Kurowicki and Company, CPA'S, P.C.
114 Broad Street
Flemington, NJ 08822**

ARCHITECT

**Settembrino Architects
25 Bridge Ave.
Suite 201
Red Bank, NJ 07701**

ATTORNEY

**Marc Zitomer
Schenck, Price, Smith & King
225 Park Ave
PO Box 991
Florham Park, NJ 07932**

OFFICIAL DEPOSITORY

**Investors Savings Bank
3563 Route 22 East
PO Box 499.
Whitehouse NJ 08888**



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

Honorable President and
Members of the Board of Education
Union Township School District
County of Hunterdon, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union Township School District, (the District) in the County of Hunterdon, the State of New Jersey, as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Union Township School District, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information, Schedule of the District's Proportionate Share of Net Pension Liability, and Schedule of the District's Pension Contributions, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of State Awards required by New Jersey Department of the Treasury OMB 15-08 is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 30, 2016
Flemington, New Jersey

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Union Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased \$311,490 which represents a 5.04 percent increase from 2015.
- General revenues accounted for \$11,785,443 in revenue or 95.0 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$622,927 or 5.0 percent to total revenues of \$12,408,370.
- Total assets of governmental activities decreased by \$435,423 as cash and cash equivalents decreased by \$719,451, receivables and other assets decreased by \$29,931 and capital assets increased by \$313,959.
- The School District had \$12,096,880 in expenses; only \$622,927 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$11,785,443 were adequate to provide for these programs.
- Among major funds, the General Fund had \$9,535,738 in revenues, \$9,957,001 in expenditures, and \$13,219 in other financing sources. The General Fund's balance decreased \$408,044 from fiscal year 2015. This decrease was the result of utilizing District resources to improve the education system of the District.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

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

The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Union Township Public School District, the General Fund is by far the most significant fund.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question. “How did we do financially during fiscal year 2016?”

The Statement of Net position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and the changes in net position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Financial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District’s programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

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

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the District's net position at June 30, 2016 with comparisons to June 30, 2015.

	Table 1 Net Position		Variance	
	6/30/16	6/30/15	Dollars	%
ASSETS				
Current & Other Assets	\$ 3,755,367	\$ 4,512,003	\$ (756,636)	(16.77)
Capital Assets	17,931,595	17,618,471	313,124	1.78
Total Assets	21,686,962	22,130,474	(443,512)	(2.00)
Deferred Pension Activity	512,862	135,573	377,289	278.29
Total Deferred Outflow of Resources	512,862	135,573	377,289	278.29
LIABILITIES				
Long-Term Liabilities	15,068,081	14,961,778	106,303	0.71
Other Liabilities	480,588	866,801	(386,213)	(44.56)
Total Liabilities	15,548,669	15,828,579	(279,910)	(1.77)
Deferred Pension Activity	162,067	259,870	(97,803)	(37.64)
Total Deferred Inflow of Resources	162,067	259,870	(97,803)	(37.65)
NET POSITION				
Net Investment in Capital Assets	5,476,595	4,678,471	798,124	17.06
Restricted	2,957,192	3,514,670	(557,478)	(15.86)
Unrestricted	(1,944,699)	(2,015,543)	70,844	3.51
Total Net Position	\$ 6,489,088	\$ 6,177,598	\$ 311,490	5.04

Total assets for district-wide purposes decreased \$443,512. Cash and cash equivalents decreased by \$733,694; receivables decreased by \$13,151; capital assets increased by \$313,124 and other assets decreased by \$9,791. Unrestricted net position increased by \$70,844 and represents the part of net position that can be used to finance day to day activities without constraints, established by grants or legal requirements of the School District.

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 provides a summary of the School District's changes in net position in fiscal year ending 6/30/16 with comparisons to 6/30/15.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

**Table 2
Changes in Net Position**

	Fiscal Year Ending		Variance	
	6/30/16	6/30/15	Dollars	%
Revenues				
Program Revenues:				
Charges for Services	\$ 329,319	\$ 313,535	\$ 15,784	5.03
Operating Grants	289,673	128,131	161,542	126.08
Capital Grants	3,935	255,728	(251,793)	(98.46)
General Revenues:				
Property Taxes	8,777,206	8,707,999	69,207	0.79
Unrestricted Grants	2,949,847	2,506,015	443,832	17.71
Other	58,390	55,209	3,181	5.76
Total Revenues	<u>12,408,370</u>	<u>11,966,617</u>	<u>441,753</u>	3.69
Expenses				
Instruction:				
Regular	4,723,401	4,511,551	211,850	4.70
Special	1,978,393	1,704,837	273,556	16.05
Other	365,481	357,629	7,852	2.20
Support Services:				
Tuition	299,932	369,987	(70,055)	(18.93)
Student & Instructional Staff	1,501,595	1,480,058	21,537	1.46
General & Business Administration	861,935	814,440	47,495	5.83
School Administration	295,439	276,016	19,423	7.04
Maintenance	933,558	1,031,921	(98,363)	(9.53)
Transportation	480,243	494,475	(14,232)	(2.88)
Food Service	131,058	132,079	(1,021)	(0.77)
Interest on Long-Term Debt	525,845	570,833	(44,988)	(7.88)
Total Expenses	<u>12,096,880</u>	<u>11,743,826</u>	<u>353,054</u>	3.01
Increase (Decrease) in Net Position	<u>\$ 311,490</u>	<u>\$ 222,791</u>	<u>\$ 88,699</u>	39.81

* = Undefined

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 71.6 percent of revenues for governmental activities for the Union Township Public School district for fiscal year 2016.

Instruction comprises 59.1 percent of district expenses. Support services expenses make up 36.5 percent of the expenses. Interest on long-term debt makes up 4.4 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/16 with comparisons to 6/30/15.

**Table 3
Cost of Governmental Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>6/30/16</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/15</u>
Instruction	\$ 7,067,275	\$ 6,574,017	\$ 6,776,714	\$ 6,172,154
Support Services:				
Tuition	299,932	369,987	150,123	305,265
Student & Instructional Staff	1,501,595	1,480,058	1,469,319	1,429,902
General & Business Administration	861,935	814,440	861,531	789,872
School Administration	295,438	276,016	295,320	268,444
Plant Operations & Maintenance	933,558	1,031,921	926,063	1,025,458
Pupil Transportation	480,243	494,475	480,243	494,475
Interest on Long-Term Debt	<u>525,845</u>	<u>570,833</u>	<u>525,845</u>	<u>570,833</u>
 Total Expenses	 <u>\$11,965,822</u>	 <u>\$11,611,747</u>	 <u>\$11,485,158</u>	 <u>\$ 11,056,403</u>

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

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

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

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

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities tax revenue support is 70.7 percent. The community, as a whole, is the primary support for the Union Township School District.

The School District's Funds

The school district's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,834,228 and expenditures of \$11,335,001 and other financing sources of \$85,445. The net negative change in fund balance for the year of \$415,328 was most significant in the General Fund, a decrease of \$408,044. The decrease was due to the District effectively utilizing available resources to provide the best possible education service to the community.

General Fund Budgeting Highlights

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

During the course of the fiscal 2016 the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to lightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue was \$8,612,103 which was \$75,192 above original budgeted estimates of \$8,536,911. This difference was due primarily to unbudgeted state aid realized of \$38,677.

The General Fund revenues and other financing sources of the School District were less than expenditures and other financing uses by \$408,044.

Capital Assets

At the end of the fiscal year 2016 the School District had \$17,931,595 invested in land, buildings, furniture and equipment, and construction in progress.

Table 4 provides a summary of the School District's capital assets net of depreciation at 6/30/16 with comparisons to 6/30/15.

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

**Table 4
Capital Assets at Year-end
(Net of Depreciation)**

	6/30/16	6/30/15	Variance	
			Dollars	%
Land	\$ 189,696	\$ 189,696	\$ -	0.00
Construction in Progress	1,003,223	78,400	924,823	1179.62
Land Improvements	155,594	165,667	(10,073)	(6.08)
Buildings & Improvements	16,171,903	16,736,466	(564,563)	(3.37)
Vehicles	17,622	24,671	(7,049)	(28.57)
Equipment	393,557	423,571	(30,014)	(7.09)
Total	\$ 17,931,595	\$ 17,618,471	\$ 313,124	1.78

* = Undefined

Overall capital assets increased \$313,124 from fiscal year 2015 to fiscal year 2016. Increases in capital assets (primarily buildings and improvements, machinery and equipment) were offset by depreciation expenses for the year. Major capital asset additions in fiscal year 2016 included the continuing upgrades to the boiler system at the middle school and network switches at the middle school.

Debt Administration

At June 30, 2016, the School district had \$15,068,081 in long-term liabilities. This amount is detailed in Table 5.

At June 30, 2016, the School District's overall legal debt limit was \$23,639,114 and the legal debt margin was \$11,184,114.

Table 5 provides a summary of the School District's outstanding long-term liabilities at 6/30/16 with comparisons to 6/30/15.

**Table 5
Long-Term Liabilities at Year-end**

	6/30/16	6/30/15	Variance	
			Dollars	%
2002 General Obligation Bonds	\$ 770,000	\$ 1,980,000	\$ (1,210,000)	(61.11)
2005 General Obligation Bonds	0	2,345,000	(2,345,000)	(100.00)
2007 Refunding Bonds	8,580,000	8,615,000	(35,000)	(0.41)
2007 Refunding Bonds	3,105,000	0	3,105,000	*
Net Pension Liability	2,322,030	1,796,224	525,806	29.27
Unamortized Bond Premium	113,902	61,112	52,790	86.38
Compensated Absences	177,149	164,442	12,707	7.73
	\$ 15,068,081	\$ 14,961,778	\$ 106,303	0.71

* = Undefined

**UNION TOWNSHIP PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

For the Future

Our available free balance surplus on a budgetary basis is currently \$288,677. The Union Township Public School District is at an excellent financial condition presently. A major concern is future finances with the 2% budget cap and flat state aid.

Union Township is primarily a residential community with very few ratables which places the tax burden on residential homeowners.

In conclusion, the Union Township Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Edward Kent, Union Township Board of Education, 165 Perryville Rd., Hampton, NJ 08827.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 292,817	\$ 53,935	\$ 346,752
Internal balances	(1,657)	1,657	
Receivables, net	442,496	5,908	448,404
Inventory		3,019	3,019
Restricted assets			
Legal reserve accounts - cash	2,957,192	-	2,957,192
Capital assets, net (Note 4)			
Land	1,192,919	-	1,192,919
Other capital assets, net of depreciation	16,736,801	1,875	16,738,676
Total assets	<u>21,620,568</u>	<u>66,394</u>	<u>21,686,962</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>512,862</u>	<u>-</u>	<u>512,862</u>
Liabilities			
Accounts payable	256,077	-	256,077
Accrued interest	215,703	-	215,703
Unearned revenue	3,613	4,344	7,957
Other current liabilities	851	-	851
Long-term liabilities (Note 5)			-
Due within one year	562,501	-	562,501
Due beyond one year	14,505,580	-	14,505,580
Total liabilities	<u>15,544,325</u>	<u>4,344</u>	<u>15,548,669</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>162,067</u>	<u>-</u>	<u>162,067</u>
Net position			
Net investment in capital assets	5,474,720	1,875	5,476,595
Restricted for			
Legal reserves	2,950,191	-	2,950,191
Debt service	7,001	-	7,001
Unrestricted	<u>(2,004,874)</u>	<u>60,175</u>	<u>(1,944,699)</u>
Total net position	<u>\$ 6,427,038</u>	<u>\$ 62,050</u>	<u>\$ 6,489,088</u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 3,004,280	\$ 1,719,121	\$ 42,930	\$ 75,756	\$ 1,830	\$ (4,602,885)	\$ -	\$ (4,602,885)
Special education	1,296,149	682,244	-	-	793	(1,977,600)	-	(1,977,600)
Other special instruction	40,520	29,248	-	-	25	(69,743)	-	(69,743)
Other instruction	209,973	85,740	169,099	-	128	(126,486)	-	(126,486)
Support services								
Tuition	299,932	-	-	149,809	-	(150,123)	-	(150,123)
Students & instruction related services	1,040,521	461,074	-	31,640	636	(1,469,319)	-	(1,469,319)
General & business administration services	660,950	200,985	-	-	404	(861,531)	-	(861,531)
School administration services	193,943	101,496	-	-	119	(295,320)	-	(295,320)
Plant operations & maintenance	871,827	61,731	7,495	-	-	(926,063)	-	(926,063)
Pupil transportation	480,243	-	-	-	-	(480,243)	-	(480,243)
Interest on long-term debt	525,845	-	-	-	-	(525,845)	-	(525,845)
Total governmental activities	<u>8,624,183</u>	<u>3,341,639</u>	<u>219,524</u>	<u>257,205</u>	<u>3,935</u>	<u>(11,485,158)</u>	<u>-</u>	<u>(11,485,158)</u>
Business-type activities								
Food service	131,058	-	109,795	32,468	-	-	11,205	11,205
Total business-type activities	<u>131,058</u>	<u>-</u>	<u>109,795</u>	<u>32,468</u>	<u>-</u>	<u>-</u>	<u>11,205</u>	<u>11,205</u>
Total primary government	<u>\$ 8,755,241</u>	<u>\$ 3,341,639</u>	<u>\$ 329,319</u>	<u>\$ 289,673</u>	<u>\$ 3,935</u>	<u>(11,485,158)</u>	<u>11,205</u>	<u>(11,473,953)</u>
			General revenues, special items & transfers					
			Property taxes levied for general purposes			7,741,857	-	7,741,857
			Property taxes levied for debt service			1,035,349	-	1,035,349
			Federal & State aid not restricted			2,949,847	-	2,949,847
			Investment earnings			14,616	243	14,859
			Miscellaneous income			43,531	-	43,531
			Total general revenues & special items			<u>11,785,200</u>	<u>243</u>	<u>11,785,443</u>
			Change in net position			300,042	11,448	311,490
			Net position - beginning			6,126,996	50,602	6,177,598
			Net position - ending			<u>\$ 6,427,038</u>	<u>\$ 62,050</u>	<u>\$ 6,489,088</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 292,817	\$ -	\$ -	\$ -	\$ 292,817
Due from other funds	372,746	-	-	-	372,746
Receivables from other governments					
State	65,652	-	259,662	-	325,314
Federal	-	92,649	-	-	92,649
Other accounts receivable	4,019	-	-	-	4,019
Restricted cash & equivalents	2,950,191	-	-	7,001	2,957,192
Total assets	\$ 3,685,425	\$ 92,649	\$ 259,662	\$ 7,001	\$ 4,044,737
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ 1,657	\$ 92,570	\$ 259,662	\$ -	\$ 353,889
Accounts payable	256,077	-	-	-	256,077
Unearned revenue	3,534	79	-	-	3,613
Other current liabilities	851	-	-	-	851
Total liabilities	262,119	92,649	259,662	-	614,430

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Balance Sheet (continued)
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances (cont'd)					
Fund balances					
Restricted fund balance					
Excess surplus	\$ 112,011	\$ -	\$ -	\$ -	\$ 112,011
Committed fund balance					
Capital reserve account	1,874,646	-	-	-	1,874,646
Maintenance reserve account	715,000	-	-	-	715,000
Emergency reserve account	247,545	-	-	-	247,545
Assigned fund balance	-	-	-	-	-
Year-end encumbrance	143,340	-	-	-	143,340
Designated for subsequent year's expenditures	92,892	-	-	5,000	97,892
Debt service fund balance	-	-	-	2,001	2,001
Unassigned fund balance	237,872	-	-	-	237,872
Total fund balances	<u>3,423,306</u>	<u>-</u>	<u>-</u>	<u>7,001</u>	<u>3,430,307</u>
Total liabilities and fund balances	<u>\$ 3,685,425</u>	<u>\$ 92,649</u>	<u>\$ 259,662</u>	<u>\$ 7,001</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$25,123,206 and the accumulated depreciation is \$7,193,486.	17,929,720
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	350,795
Long-term liabilities, including bonds payable are not due & payable in the current period & therefore are not reported as liabilities in the funds	(15,068,081)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	<u>(215,703)</u>
Total net position of governmental activities	<u>\$ 6,427,038</u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 7,741,857	\$ -	\$ -	\$ 1,035,349	\$ 8,777,206
Tuition - individuals	42,930	-	-	-	42,930
Before/After school child care service fees	169,099	-	-	-	169,099
Interest income	14,616	-	-	-	14,616
Miscellaneous	36,370	3,507	-	2,001	41,878
Total	8,004,872	3,507	-	1,037,350	9,045,729
State sources	1,530,866	-	3,935	-	1,534,801
Federal sources	-	253,698	-	-	253,698
Total revenues	9,535,738	257,205	3,935	1,037,350	10,834,228
Expenditures					
Current					
Instructional					
Regular instruction	2,949,980	42,748	-	-	2,992,728
Special education instruction	1,296,149	-	-	-	1,296,149
Other special instruction	40,520	-	-	-	40,520
Other instruction	209,217	-	-	-	209,217
Support service & undistributed costs					
Tuition	150,123	149,809	-	-	299,932
Student & instruction related services	1,008,881	31,640	-	-	1,040,521
General & business administrative services	575,505	-	85,445	-	660,950
School administrative services	193,943	-	-	-	193,943
Plant operations & maintenance	860,447	-	-	-	860,447
Pupil transportation	480,243	-	-	-	480,243
Unallocated benefits	1,239,053	-	-	-	1,239,053

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 924,823	\$ 33,008	\$ -	\$ -	\$ 957,831
Debt service					
Principal	-	-	-	505,000	505,000
Interest & other charges	-	-	-	530,350	530,350
NJ SDA debt service assessment	28,117	-	-	-	28,117
Total expenditures	<u>9,957,001</u>	<u>257,205</u>	<u>85,445</u>	<u>1,035,350</u>	<u>11,335,001</u>
Excess (deficiency) of revenues					
Over (under) expenditures	<u>(421,263)</u>	<u>-</u>	<u>(81,510)</u>	<u>2,000</u>	<u>(500,773)</u>
Other financing sources (uses)					
Proceeds from refunding bond issue	-	-	3,105,000	-	3,105,000
Payment to refunding bond					-
Escrow agent	-	-	(3,147,418)	-	(3,147,418)
Premium (discount) on bond issue	-	-	127,863	-	127,863
Transfers in	13,219	-	-	-	13,219
Transfers out	-	-	(13,219)	-	(13,219)
Total other financing sources (uses)	<u>13,219</u>	<u>-</u>	<u>72,226</u>	<u>-</u>	<u>85,445</u>
Net change in fund balance	(408,044)	-	(9,284)	2,000	(415,328)
Fund balances, July 1	<u>3,831,350</u>	<u>-</u>	<u>9,284</u>	<u>5,001</u>	<u>3,845,635</u>
Fund balances, June 30	<u>\$ 3,423,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,001</u>	<u>\$ 3,430,307</u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
For the Fiscal Year Ended June 30, 2016

Total net changes in fund balances - Governmental fund (from B-2) \$ (415,328)

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

Capital outlays are reported in governmental funds as expenditures.

However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:

Capital outlays	\$ 957,831	
Depreciation expense	<u>(643,872)</u>	
		313,959

Government funds report bond proceeds as financing sources whereas issuing debt increases long-term liabilities in the government-wide statements (3,105,000)

Repayment of bond principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net assets and are not reported in the Statement of Activities:

Bond principal payments	505,000	
Payment to refunding agent treated as deferred outflow	<u>(3,147,418)</u>	
		3,652,418

Governmental funds report the effect of bond issue premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Bond premium	(127,863)	
Amortization of bond premium & discount	<u>12,655</u>	
		(115,208)

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (50,714)

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2016

In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.	\$ 32,622
In the Statement of Activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	<u>(12,707)</u>
Change in net position of governmental activities	<u><u>\$ 300,042</u></u>

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Proprietary Funds
June 30, 2016

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 53,935
Due from other funds	1,657
Receivables from other governments	
State	403
Federal	5,505
Inventory	3,019
Total current assets	64,519
Noncurrent assets	
Capital assets	42,749
Less: accumulated depreciation	40,874
Total noncurrent assets	1,875
Total assets	66,394
LIABILITIES	
Current liabilities	
Unearned revenues - commodities	1,094
Unearned revenues - prepaid sales	3,250
Total liabilities	4,344
NET POSITION	
Net investment in capital assets	1,875
Unrestricted	60,175
Total net position	\$ 62,050

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 92,725
Daily sales - non-reimbursable programs	17,070
Miscellaneous	109,795
Total operating revenues	
 Operating expenses	
Cost of sales - reimbursable programs	67,710
Cost of sales - non-reimbursable programs	10,581
Salaries	32,530
Employee benefits	7,386
Repairs	659
Insurance	1,011
Management fee	6,969
Other purchased services	3,061
Miscellaneous	316
Depreciation	835
Total operating expenses	131,058
 Operating income (loss)	 (21,263)
 Non-operating revenues (expenses)	
State sources	
State school lunch program	1,544
Federal sources	
National school lunch program	
Cash assistance	20,690
Non cash assistance (commodities)	10,234
Interest earned on investments	243
Total non-operating revenues (expenses)	32,711
 Change in net position	 11,448
 Net position, beginning	 50,602
 Net position, ending	 \$ 62,050

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flow
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Food Service Fund
Cash flows from operating activities	
Receipts from customers (net)	\$ 110,034
Payments to Food Service Management Co.	(140,087)
Payments to vendors (net)	(759)
Net cash provided by (used for) operating activities	(30,812)
Cash flows from non-capital financing activities	
State sources	1,318
Federal sources	16,665
General fund interfund activity	(1,657)
Net cash provided by (used for) non-capital financing activities	16,326
Cash flows from investing activities	
Interest earned on investments	243
Net cash provided by (used for) investing activities	243
Net increase (decrease) in cash and cash equivalents	(14,243)
Cash and cash equivalents, beginning	68,178
Cash and cash equivalents, ending	\$ 53,935
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (21,263)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	835
Federal food donation program	10,234
(Increase) decrease in inventory	(1,081)
Increase (decrease) in accounts payable	(20,377)
Increase (decrease) in unearned revenues	840
Net cash provided by (used for) operating activities	\$ (30,812)

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash and cash equivalents	\$ 55,855	\$ 25,800	\$ 303,194
Total assets	\$ 55,855	\$ 25,800	\$ 303,194
 LIABILITIES			
Due to other funds	\$ 8,845	\$ -	\$ 11,669
Due to student groups	-	25,800	-
Payroll deductions and withholdings	-	-	291,525
Total liabilities	8,845	\$ 25,800	\$ 303,194
NET POSITION	\$ 47,010		

See accompanying notes to financial statements.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Fund
Additions	
Employee contributions	\$ 7,970
Investment earnings - interest	180
Total additions	8,150
Deductions	
Unemployment claims	8,983
Change in net position	(833)
Net position, beginning of the year	47,843
Net position, end of the year	\$ 47,010

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three year terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2016 of 453 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its Governmental Funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post-employment healthcare benefits, are recorded only when payment is due.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted State aids.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major Governmental Funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board resolution.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than Major Capital Projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All Proprietary Funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Depreciation of all exhaustive fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light trucks & vehicles	4 Years
Heavy trucks & vehicles	6 Years

Fiduciary fund types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2016 were insignificant.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of Fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal years 2015-2016 and 2014-2015 were based on rates established by the receiving District. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable/payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

Assets	Years
Buildings	40
Building improvements & portable classroom	20 - 40
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10
Vehicles	5

K. Compensated absences

The District accounts for compensated absences (i.e., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Unearned revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Fund balances - Governmental Funds

In the fund financial statements, Governmental Funds report the following classifications of fund balance:

- *Non-Spendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- *Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- *Committed* - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- *Assigned* - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.
- *Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

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

O. Comparative data/reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF Social Security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

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

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 e.t. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both State and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2016 appear in the financial statements as summarized below:

Cash		\$	<u>3,688,793</u>
	<u>Ref.</u>		
Unrestricted cash			
Governmental Funds, Balance Sheet	B-1	\$	292,817
Enterprise Funds, Statement of Net Position	B-4		53,935
Fiduciary Funds, Statement of Net Position	B-7		384,849
Restricted cash			
Governmental Funds, Balance Sheet	B-1		<u>2,957,192</u>
Total cash		\$	<u>3,688,793</u>

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$3,688,793 and the bank balance is \$3,880,695. Of the bank balance, \$250,000 is covered by Federal Depository Insurance and \$3,630,695 is insured by GUDPA.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)
GASB Statement No. 40 “Deposit and Investment Risk Disclosures” requires State and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures are required for:
 - Deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government’s name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty’s trust department or agent but not in the government’s name

As the District has no such investments, this disclosure is not applicable.

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the District has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the District has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the District has no such investments this disclosure is not applicable.

Concentration of credit risk

The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer. As of June 30, 2016, the District had no investments.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 189,696	\$ -	\$ -	\$ 189,696
Construction in progress	78,400	924,823	-	1,003,223
Total	<u>268,096</u>	<u>924,823</u>	<u>-</u>	<u>1,192,919</u>
Capital assets, being depreciated				
Land improvements	201,456	-	-	201,456
Building & improvements	22,650,667	-	-	22,729,067
Vehicles	58,717	-	-	58,717
Furniture & equipment	994,925	33,008	8,486	1,019,447
Total	<u>23,905,765</u>	<u>33,008</u>	<u>8,486</u>	<u>24,008,687</u>
Accumulated depreciation				
Land improvements	35,789	10,073	-	45,862
Building & improvements	5,914,201	564,563	-	6,478,764
Vehicles	34,046	7,049	-	41,095
Furniture & equipment	574,064	62,187	8,486	627,765
Total	<u>6,558,100</u>	<u>643,872</u>	<u>8,486</u>	<u>7,193,486</u>
Total capital assets, being depreciated, net	<u>17,347,665</u>	<u>(610,864)</u>	<u>-</u>	<u>16,736,801</u>
Transfers				
Governmental activities capital assets, net	<u>\$ 17,615,761</u>	<u>\$ 313,959</u>	<u>\$ -</u>	<u>\$ 17,929,720</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 42,749	\$ -	\$ -	\$ 42,749
Accumulated depreciation	40,039	835	-	40,874
Business type activities capital assets, net	<u>\$ 2,710</u>	<u>\$ (835)</u>	<u>\$ -</u>	<u>\$ 1,875</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction	
Regular	\$ 300,025
Special education	124,937
Other special instruction	3,906
Co-curricular activities	20,923
Support services	
Student & instruction	100,297
General & business administration	63,710
School administration	18,694
Maintenance	11,380
Total depreciation expense, governmental activities	<u>\$ 643,872</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 12,940,000	\$ 3,105,000	\$ 3,590,000	\$ 12,455,000	\$ 550,000
Unamortized bond premium	61,112	127,863	75,073	113,902	8,195
PERS net pension liability	1,796,224	525,806	-	2,322,030	-
Compensated absences payable	164,442	17,013	4,306	177,149	4,306
Total governmental activities long-term liabilities	<u>\$ 14,961,778</u>	<u>\$ 3,775,682</u>	<u>\$ 3,669,379</u>	<u>\$ 15,068,081</u>	<u>\$ 562,501</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Payments on the general obligation bonds are made in the Debt Service Fund from property taxes and State aid. The compensated absences liability is paid in the current expenditures budget of the District's General Fund and the other long-term debts are amortized over a determined period.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2016 including interest payments are listed as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 550,000	\$ 462,624	\$ 1,012,624
2018	570,000	443,091	1,013,091
2019	590,000	419,760	1,009,760
2020	625,000	395,460	1,020,460
2021	645,000	371,510	1,016,510
2022 - 2026	3,590,000	1,373,176	4,963,176
2027 - 2031	4,275,000	763,040	5,038,040
2032 - 2033	1,610,000	67,438	1,677,438
Total	<u>\$ 12,455,000</u>	<u>\$ 4,296,099</u>	<u>\$ 16,751,099</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2016, with their outstanding balances are comprised of the following individual issues:

\$11,962,000 - 2002 general obligation school building bonds, \$8,142,000 defeased on March 22, 2007 and \$850,000 defeased on 1/27/16, remainder due in annual installments of \$50,000 to \$435,000, beginning July 15, 2004, through July 15, 2019, interest at 4.75%.	\$ 770,000
\$8,920,000 - 2007 general obligation refunding bonds, due in Annual installment of \$25,000 to \$820,000 beginning July 15, 2007 through July 15, 2032 interest from 4.00% to 4.15%.	8,580,000
\$3,105,000 - 2016 refunding school bonds, interest at 2.00% to 3.00%, due in annual installments beginning July 15, 2016 to July 15, 2030.	<u>3,105,000</u>
Totals	<u>\$ 12,455,000</u>

The general obligation bonded debt of the District is limited by State law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2016 is \$23,639,114. General obligation debt at June 30, 2016 is \$12,455,000, resulting in a legal debt margin of \$11,184,114.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

Advance Refunding of School Bond Series 2006

On January 27, 2016, the District issued \$3,105,000 in general obligation bonds with an average interest rate of 2.78% to advance refund \$850,000 of outstanding 2002 series bonds with an average interest rate of 4.75% and \$2,235,000 of outstanding 2005 series bonds with an average interest rate of 4.24%. The net proceeds of \$3,147,418 (issue amount of \$3,105,000 plus the bond premium of \$127,863 and less \$85,445 in underwriting fees, insurance and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the 2002 series bonds. As a result, the portion of the 2002 and 2005 series bonds to be refunded are considered defeased and both the trust account cash and investment balance asset and the liability for those bonds has been removed from the financial statements. The advance refunding of outstanding callable 2006 series bonds generated \$315,021 in gross debt service savings and an economic gain (difference between the present values of the old and new debt service payments) of \$276,776.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership Tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the Schedule of Employer Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. The allocation percentages for each group as of June 30, 2015 are based on the ratio of each employer's contributions to the group for the fiscal years ended June 30, 2015.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's Schedule of Employer Allocations and applied to amounts presented in the Schedule of Pension Amounts by Employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 through June 30, 2015. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the Schedule of Pension Amounts by Employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal years 2015, the State's pension contribution was less than the actuarial determined amount.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 4,459,272	\$ 3,748,443
Plan fiduciary net position	2,137,242	1,952,219
Net pension liability	\$ 2,322,030	\$ 1,796,224
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases (based on age)	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment rate of return	7.90%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Components of net pension liability (continued)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term expected rate of return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grad Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>2015</u>
At current discount rate (4.90%)	\$ 2,322,030
At a 1% lower rate (3.90%)	2,885,999
At a 1% higher rate (5.90%)	1,849,202
	<u>2014</u>
At current discount rate (5.39%)	\$ 1,796,224
At a 1% lower rate (4.39%)	2,259,711
At a 1% higher rate (6.39%)	1,407,013

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,395	\$ -
Changes of assumptions	249,367	-
Net difference between projected and actual earnings on pension plan investments	-	37,334
Changes in proportion and differences between District contributions and proportionate share of contributions	119,169	124,733
District contributions subsequent to the measurement date	88,931	-
Total	<u>\$ 512,862</u>	<u>\$ 162,067</u>

The amount reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$88,019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Changes of assumptions	\$ 60,900	\$ 309,095	\$ 65,233	\$ 304,762
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	115,416	(61,535)	16,547	<u>37,334</u>
Net of deferred outflows/(inflows)				<u>\$ 267,428</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Year ending June 30,

2016	\$ 48,685
2017	48,685
2018	48,685
2019	77,540
2020	43,833
Total	<u>\$ 267,428</u>

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$139,645, which represents the District's proportionate share of allocable plan pension expense of \$152,325, less the net amortization of deferred amounts from changes in proportion of \$2,845, and less other adjustments to the net pension liability of \$9,835. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

Service cost	\$ 91,238
Interest on total pension liability	217,435
Member contributions	(50,469)
Administrative expense	1,696
Expected investment return net of investment expense	(155,358)
Pension expense related to specific liabilities of individual employers	(902)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	53,496
Amortization of expected versus actual experience	11,736
Amortization of projected versus actual investment earnings on pension plan investments	(16,547)
Pension expense	<u>\$ 152,325</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers’ Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members’ beneficiaries are entitled to full interest credited to the members’ accounts.

The following represents the membership Tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

B. Teacher's pension and annuity fund (TPAF) (continued)

Plan description (continued)

Special funding situation

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

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 23,239,500	\$ 20,016,894
Employer pension expense and related revenue	1,418,981	1,077,097
Non-employer contribution	197,606	159,092
 Allocable proportionate percentage	 .0367688757%	 .0374520356%

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,300 in 2016) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Contribution requirements

The contribution policy is set by State statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011, will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 629,802	100%
06/30/15	514,358	100%
06/30/14	418,217	100%

Three-year trend information for PERS:

<u>Year Funding</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 88,931	100%
06/30/15	79,090	100%
06/30/14	79,420	100%

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

Contribution requirements (continued)

During the year ended June 30, 2016, the State of New Jersey contributed \$342,316 to the TPAF for post-retirement medical benefits, \$13,641 for non-contributory insurance premiums and \$273,845 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$293,833 during the year ended June 30, 2016 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 68.

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description - The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code, SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The School District adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 by visiting their website at (www.nj.gov/treasury/pensions).

Funding Policy - Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

Note 8 - Deferred compensation

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403 (b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

AXA Equitable
 Lincoln Financial Group
 Lincoln Investment Planning Inc.

Note 9 - Interfund receivable and payables

Fund	Receivable Fund	Payable Fund
General Fund	\$ 372,746	\$ -
Special Revenue Fund	-	92,570
Capital Projects Fund	-	259,662
Unemployment Compensation Fund	-	8,845
Payroll Agency Fund	-	11,669
Total	<u>\$ 372,746</u>	<u>\$ 372,746</u>

The balance due from the Payroll Agency Fund to the General Fund represents an imprest balance of \$2,000, a \$5,500 loan and various other activities that have not been transferred to the General Fund of \$4,169. The balance due from the Special Revenue Fund to the General Fund represents a loan from the General Fund of \$92,570 due to cash flow issues related to the delayed receipt of grant revenues.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 9 - Interfund receivable and payables (continued)

The balance due from the Capital Projects Fund to the General Fund represents a loan from the General Fund of \$259,662 due to cash flow issues related to the delayed receipt of NJ SDA aid. The balance due from the Unemployment Compensation Fund to the General Fund of \$8,845 represents payments made in the General Fund on behalf of the Unemployment Compensation Fund.

Note 10 - Inventory

Inventory in the Food Service fund as of June 30, 2016 consisted of the following:

Food	\$	2,070
Supplies		949
Total	\$	3,019

Note 11 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District. Also, the District has properly recorded the liability for an unsettled employment contract negotiation as of June 30, 2016 as an accounts payable in the General Fund.

Note 12 - Risk management

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

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

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

Fiscal Year	District Transfer	Interest Earnings	Employee Deposits	Amount Reimbursed	Ending Balance
2015-2016	\$ -	\$ 180	\$ 7,970	\$ (8,983)	\$ 47,010
2014-2015	-	273	9,165	(2,087)	47,843
2013-2014	-	165	7,536	(17,912)	41,906

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - Legal reserve accounts

A Capital Reserve Account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to capital projects in the Districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual General Fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the legal reserves by Board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this State statute, the District deposited \$350,000 to their Capital Reserve Account and \$28,000 to their Emergency Reserve Account by Board resolution in June 2016 as summarized in the following schedule.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 2,566,622	\$ 350,000	\$ 4,627	\$ 453,396	\$ 1,500,000	\$ 1,874,646
Emergency	218,763	28,000	782			247,545
Maintenance	715,000		-	-	-	715,000
Total	<u>\$ 3,500,385</u>	<u>\$ 378,000</u>	<u>\$ 5,409</u>	<u>\$ 453,396</u>	<u>\$ 1,500,000</u>	<u>\$ 2,837,191</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balances - Budgetary basis

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2016 and 2015 is as follows:

	2015	2016
Restricted		
Excess surplus - Represents amount in excess of allowable percentage. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ -	\$ 112,011
Committed		
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	2,566,622	1,874,646
Emergency reserve - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	218,763	247,545
Maintenance reserve - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	715,000	715,000
Assigned		
Designated for subsequent year's expenditures- Represents amount appropriated in the succeeding year's budget to reduce tax requirements	65,545	92,892
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	3,094	143,340
Unassigned		
Undesignated - Represents fun balance which has not been restricted or designated.	313,131	288,677
 Total fund balance	 \$ 3,882,155	 \$ 3,474,111

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$112,011.

Note 16 - Subsequent events

The District has evaluated subsequent events through November 30, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

Note 17 - Recent accounting pronouncements not yet effective

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81 "*Irrevocable Split-Interest Agreements*". This statement, which is effective for reporting periods after June 15, 2016, is not expected to have a material impact on the District's financial reporting.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Recent accounting pronouncements not yet effective (continued)

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*". This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District's financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$2,004,874 on Schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 7,741,857	\$ -	\$ 7,741,857	\$ 7,741,857	\$ -
Tuition from individuals	32,000	-	32,000	42,930	10,930
Rents and royalties	7,000	-	7,000	7,990	990
Private contributions	2,500	-	2,500	1,701	(799)
Unrestricted miscellaneous revenues	170,000	-	170,000	35,886	(134,114)
Before and after school child care fees	-	-	-	169,099	169,099
Interest earned on current expense emergency reserve	-	-	-	782	782
Interest earned on capital reserve funds	15,000	-	15,000	4,627	(10,373)
Total	<u>7,968,357</u>	<u>-</u>	<u>7,968,357</u>	<u>8,004,872</u>	<u>36,515</u>
State sources					
Categorical transportation aid	210,782	-	\$ 210,782	210,782	-
Extraordinary aid	-	-	-	35,455	35,455
Categorical special education aid	294,741	-	294,741	294,741	-
Categorical security aid	36,626	-	36,626	36,626	-
Adjustment aid	14,726	-	14,726	17,175	2,449
Other State aid	11,679	-	11,679	12,452	773
TPAF Pension (on-behalf)	-	-	-	287,486	287,486
TPAF Social Security (reimbursed)	-	-	-	293,833	293,833
TPAF Post retirement benefits	-	-	-	342,316	342,316
Total	<u>568,554</u>	<u>-</u>	<u>568,554</u>	<u>1,530,866</u>	<u>962,312</u>
Total Revenues	<u>\$ 8,536,911</u>	<u>\$ -</u>	<u>\$ 8,536,911</u>	<u>\$ 9,535,738</u>	<u>\$ 998,827</u>
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Kindergarten	\$ 49,874	\$ 5,538	\$ 55,412	\$ 55,412	\$ -
Grades 1-5	1,318,568	(64,695)	1,253,873	1,253,871	2
Grades 6-8	972,195	53,877	1,026,072	1,024,746	1,326
Home instruction					
Salaries of teacher	-	10,020	10,020	10,020	-
Other salaries for instruction	2,000	(2,000)	-	-	-
Regular programs - undistributed instruction					
Other salaries for instruction	-	465	465	440	25
Purchased technical services	30,000	(29,127)	873	96	777
Other purchased services	43,500	(16,433)	27,067	26,250	817
General supplies	124,763	(18,864)	105,899	76,038	29,861
Textbooks	14,000	(5,729)	8,271	213	8,058
Other objects	-	390	390	-	390
Total	<u>2,554,900</u>	<u>(66,558)</u>	<u>2,488,342</u>	<u>2,447,086</u>	<u>41,256</u>
Special education					
Cognitive - mild					
Salaries of teachers	108,498	(108,498)	-	-	-
Total	<u>108,498</u>	<u>(108,498)</u>	<u>-</u>	<u>-</u>	<u>-</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Learning and/or language disabilities					
Salaries of teachers	\$ -	\$ 176,491	\$ 176,491	\$ 176,490	\$ 1
Other salaries for instruction	-	49,133	49,133	49,022	111
Total	<u>-</u>	<u>225,624</u>	<u>225,624</u>	<u>225,512</u>	<u>112</u>
Resource room/resource center					
Salaries of teachers	572,067	9,005	581,072	581,071	1
Other salaries for instruction	141,717	(55,172)	86,545	83,150	3,395
General supplies	2,500	-	2,500	2,394	106
Total	<u>716,284</u>	<u>(46,167)</u>	<u>670,117</u>	<u>666,615</u>	<u>3,502</u>
Preschool disabilities - part-time					
Salaries of teachers	86,107	827	86,934	86,301	633
Other salaries for instruction	48,891	(1,177)	47,714	45,870	1,844
General supplies	500	-	500	191	309
Other objects	-	350	350	350	-
Total	<u>135,498</u>	<u>-</u>	<u>135,498</u>	<u>132,712</u>	<u>2,786</u>
Total special education	<u>960,280</u>	<u>70,959</u>	<u>1,031,239</u>	<u>1,024,839</u>	<u>6,400</u>
Basic skills/remedial					
Salaries of teachers	25,614	14,708	40,322	40,322	-
General supplies	250	-	250	198	52
Total	<u>25,864</u>	<u>14,708</u>	<u>40,572</u>	<u>40,520</u>	<u>52</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	28,269	6,048	34,317	30,847	3,470
Supplies and materials	500	-	500	385	115
Total	<u>28,769</u>	<u>6,048</u>	<u>34,817</u>	<u>31,232</u>	<u>3,585</u>
School-sponsored athletics - instruction					
Salaries	34,671	-	34,671	31,610	3,061
Purchased services	5,500	-	5,500	4,220	1,280
Supplies and materials	4,000	(479)	3,521	2,474	1,047
Total	<u>44,171</u>	<u>(479)</u>	<u>43,692</u>	<u>38,304</u>	<u>5,388</u>
Before/after school programs - instruction					
Salaries of teachers	50,473	(2,024)	48,449	48,448	1
Other salaries of instruction	51,550	4,359	55,909	55,909	-
Supplies and materials	5,700	(1,856)	3,844	3,843	1
Total	<u>107,723</u>	<u>479</u>	<u>108,202</u>	<u>108,200</u>	<u>2</u>
Summer school - instruction					
Salaries of teachers	8,000	2,023	10,023	10,023	-
Other salaries of instruction	3,000	784	3,784	3,784	-
Total	<u>11,000</u>	<u>2,807</u>	<u>13,807</u>	<u>13,807</u>	<u>-</u>
Total summer school	<u>11,000</u>	<u>2,807</u>	<u>13,807</u>	<u>13,807</u>	<u>-</u>
Total instruction regular	<u>\$ 3,732,707</u>	<u>\$ 27,964</u>	<u>\$ 3,760,671</u>	<u>\$ 3,703,988</u>	<u>\$ 56,683</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ -	\$ 74,580	\$ 74,580	\$ 71,677	\$ 2,903
Tuition to cssd & regional day schools	133,000	(114,492)	18,508	-	18,508
Tuition to priv. school for the disabled w/i State	132,694	(81,206)	51,488	46,140	5,348
Tuition - State facilities	32,306	-	32,306	32,306	-
Total	298,000	(121,118)	176,882	150,123	26,759
Undistributed expenditures - health services					
Salaries	138,416	5,404	143,820	143,819	1
Purchased professional and technical services	3,000	(125)	2,875	2,250	625
Other purchased services	550	-	550	403	147
Supplies and materials	9,000	(5,279)	3,721	2,594	1,127
Other objects	400	-	400	148	252
Total	151,366	-	151,366	149,214	2,152
Undistributed expenditures - speech, ot, pt & related services					
Salaries	119,611	(18,084)	101,527	101,526	1
Purchased professional - educational services	200,000	(1,416)	198,584	150,132	48,452
Supplies and materials	1,500	10	1,510	1,248	262
Total	321,111	(19,490)	301,621	252,906	48,715
Undistributed expenditures- guidance					
Salaries of other professional staff	92,503	1,168	93,671	93,671	-
Other purchased professional & technical services	5,000	(1,168)	3,832	-	3,832
Other purchased services	250	(28)	222	-	222
Supplies and materials	1,500	-	1,500	624	876
Total	99,253	(28)	99,225	94,295	4,930
Undistributed expenditures - child study teams					
Salaries of other professional staff	180,876	47,697	228,573	218,324	10,249
Salaries of secretarial and clerical assistants	17,938	(2,817)	15,121	13,984	1,137
Other purchased professional & technical services	80,756	(10,385)	70,371	56,794	13,577
Other purchased services	-	866	866	858	8
Miscellaneous purchased service	7,400	(5,962)	1,438	1,437	1
Supplies and materials	6,500	854	7,354	7,185	169
Other objects	1,000	70	1,070	1,065	5
Total	294,470	30,323	324,793	299,647	25,146
Undistributed expenditures - edu. media service/sch. library					
Salaries	11,070	1,390	12,460	10,297	2,163
Salaries of technology coordinators	47,253	247	47,500	47,500	-
Purchased professional and technical services	28,000	15,391	43,391	43,391	-
Other purchased services	8,000	(5,585)	2,415	981	1,434
Supplies and materials	3,500	1,661	5,161	3,983	1,178
Total	97,823	13,104	110,927	106,152	4,775

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	\$ -	\$ 3,728	\$ 3,728	\$ 3,728	\$ -
Other purchased professional & technical services	3,000	(2,025)	975	975	-
Other purchased services	500	-	500	-	500
Total	3,500	1,703	5,203	4,703	500
Undistributed expend. - support service - general admin.					
Salaries	180,032	27,361	207,393	207,254	139
Legal services	30,000	(14,431)	15,569	15,406	163
Audit fees	19,500	-	19,500	18,100	1,400
Architectural/engineering services	27,500	(11,050)	16,450	-	16,450
Other purchased professional services	6,000	7,550	13,550	13,537	13
Purchased technical services	250	-	250	-	250
Communications/telephone	70,000	-	70,000	56,308	13,692
BOE other purchased services	2,000	-	2,000	250	1,750
Misc purch services	28,000	-	28,000	20,331	7,669
General supplies	12,000	(350)	11,650	4,003	7,647
BOE in-house training/meeting supplies	500	-	500	468	32
Miscellaneous expenditures	7,250	-	7,250	5,219	2,031
BOE membership dues and fees	1,500	-	1,500	890	610
Total	384,532	9,080	393,612	341,766	51,846
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	124,070	1,930	126,000	126,000	-
Salaries of secretarial and clerical assistants	35,140	(1,930)	33,210	29,000	4,210
Purchased professional and technical services	6,000	-	6,000	5,850	150
Other purchased services	5,250	(2,500)	2,750	0	2,750
Supplies and materials	5,709	(15)	5,694	2,781	2,913
Other objects	-	2,515	2,515	2,347	168
Total	176,169	-	176,169	165,978	10,191
Undistributed expenditures - central services					
Salaries	183,826	(22,145)	161,681	129,354	32,327
Purchased professional services	9,000	21,645	30,645	30,222	423
Purchased technical services	8,500	500	9,000	8,930	70
Miscellaneous purchased services	7,900	100	8,000	753	7,247
Supplies and materials	7,500	(100)	7,400	2,865	4,535
Total	216,726	-	216,726	172,124	44,602
Undistributed expend. - required maint. for school facilities					
Salaries	90,548	(31,642)	58,906	51,068	7,838
Cleaning, repair, and maintenance services	113,000	(15,512)	97,488	76,004	21,484
General supplies	5,000	3,181	8,181	7,135	1,046
Total	208,548	(43,973)	164,575	134,207	30,368

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 221,934	\$ -	\$ 221,934	\$ 210,525	\$ 11,409
Purchased professional and technical services	40,500	140	40,640	39,028	1,612
Cleaning, repair, and maintenance service	16,000	7,078	23,078	20,891	2,187
Other purchased property services	500	-	500	182	318
Insurance	46,000	20,000	66,000	65,935	65
General supplies	42,208	2,253	44,461	43,888	573
Energy (natural gas)	112,831	(9,546)	103,285	54,946	48,339
Energy (electricity)	120,000	1,240	121,240	121,240	-
Energy (gasoline)	4,000	(500)	3,500	1,044	2,456
Other objects	400	(140)	260	165	95
Total	604,373	20,525	624,898	557,844	67,054
Undistributed expenditures - care and upkeep of grounds					
Purchased professional and technical services	2,000	6,500	8,500	6,735	1,765
Cleaning, repair, and maintenance service	-	11,642	11,642	11,642	-
General supplies	4,000	-	4,000	1,858	2,142
Total	6,000	18,142	24,142	20,235	3,907
Undistributed expenditures - student transportation service					
Management fee - esc & ctsa trans. program	20,000	(8,000)	12,000	12,000	-
Contract service-aid in lieu pymts - non-public schools	10,642	(476)	10,166	10,166	-
Contract serv-aid in lieu pymts - choice school students	3,884	-	3,884	1,326	2,558
Contr service (oth. than between home & school) - vend	8,000	1,490	9,490	7,495	1,995
Contr service (between home & school) - joint agreements	308,000	2,895	310,895	310,890	5
Contract service (reg. students) - escs & ctsas	25,000	(24)	24,976	24,474	502
Contract service (spl. ed. students) - escs & ctsas	157,500	(31,689)	125,811	113,892	11,919
Total	533,026	(35,804)	497,222	480,243	16,979
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	478,553	39,273	517,826	502,894	14,932
Total	478,553	39,273	517,826	502,894	14,932
Special programs - instruction					
Health benefits	238,141	40,642	278,783	271,310	7,473
Total	238,141	40,642	278,783	271,310	7,473
Other instructional programs - instruction					
Health benefits	14,794	3,700	18,494	17,674	820
Total	14,794	3,700	18,494	17,674	820
Health services					
Health benefits	22,044	(4,335)	17,709	17,177	532
Total	22,044	(4,335)	17,709	17,177	532
Other supp services - speech/ot/pt& related sv					
Health benefits	48,470	(25,196)	23,274	23,110	164
Total	48,470	(25,196)	23,274	23,110	164

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Other supp services - guidance					
Health benefits	\$ 37,587	\$ (11,400)	\$ 26,187	\$ 23,823	\$ 2,364
Total	<u>37,587</u>	<u>(11,400)</u>	<u>26,187</u>	<u>23,823</u>	<u>2,364</u>
Other supp services - child study teams					
Health benefits	21,650	4,150	25,800	24,747	1,053
Total	<u>21,650</u>	<u>4,150</u>	<u>25,800</u>	<u>24,747</u>	<u>1,053</u>
Educational media services - sch. library					
Health benefits	25,000	(11,629)	13,371	13,107	264
Total	<u>25,000</u>	<u>(11,629)</u>	<u>13,371</u>	<u>13,107</u>	<u>264</u>
Support services - general administration					
Health benefits	30,600	15,595	46,195	45,007	1,188
Total	<u>30,600</u>	<u>15,595</u>	<u>46,195</u>	<u>45,007</u>	<u>1,188</u>
Support services - school administration					
Health benefits	22,440	6,200	28,640	27,965	675
Total	<u>22,440</u>	<u>6,200</u>	<u>28,640</u>	<u>27,965</u>	<u>675</u>
Support services - central services					
Health benefits	6,475	10,500	16,975	16,608	367
Total	<u>6,475</u>	<u>10,500</u>	<u>16,975</u>	<u>16,608</u>	<u>367</u>
Operation and maintenance of plant service					
Health benefits	136,325	11,220	147,545	145,489	2,056
Tuition reimbursement	1,750	1,057	2,807	2,672	135
Total	<u>138,075</u>	<u>12,277</u>	<u>150,352</u>	<u>148,161</u>	<u>2,191</u>
Total allocated benefits - employees	<u>\$ 1,083,829</u>	<u>\$ 79,777</u>	<u>\$ 1,163,606</u>	<u>\$ 1,131,583</u>	<u>\$ 32,023</u>
Unallocated benefits - employee benefits					
Social security contributions	\$ 85,000	\$ 21,962	\$ 106,962	\$ 79,832	\$ 27,130
Other retirement contributions - PERS	85,000	7,352	92,352	91,543	809
Other retirement contributions - regular	6,000	(3,000)	3,000	1,802	1,198
Unemployment compensation	5,000	4,000	9,000	-	9,000
Workmen's compensation	40,000	1,060	41,060	41,059	1
Health benefits	25,000	2,752	27,752	27,122	630
Tuition reimbursement	25,000	(5,309)	19,691	3,557	16,134
Other employee benefits	80,000	(13,022)	66,978	66,503	475
Unused sick payment to terminated/retired staff	-	4,000	4,000	4,000	-
Total	<u>351,000</u>	<u>19,795</u>	<u>370,795</u>	<u>315,418</u>	<u>55,377</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
On-behalf TPAF pension contribution	\$ -	\$ -	\$ -	\$ 287,486	\$ (287,486)
On-behalf TPAF post retirement medical benefits	-	-	-	342,316	(342,316)
Reimbursed TPAF Social Security contribution	-	-	-	293,833	(293,833)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>923,635</u>	<u>(923,635)</u>
 Total undistributed expenditures	 <u>\$ 4,829,726</u>	 <u>\$ (27,964)</u>	 <u>\$ 4,801,762</u>	 <u>\$ 5,300,073</u>	 <u>\$ (498,311)</u>
 Total current	 <u>\$ 8,562,433</u>	 <u>\$ -</u>	 <u>\$ 8,562,433</u>	 <u>\$ 9,004,061</u>	 <u>\$ (441,628)</u>
Capital outlay					
Facilities acquisition and construction service					
Construction services	\$ -	\$ 1,500,000	\$ 1,500,000	\$ 924,823	\$ 575,177
Assessment for debt service on SDA funding	28,117	-	28,117	28,117	-
Total facilities acquisition and construction service	<u>28,117</u>	<u>1,500,000</u>	<u>1,528,117</u>	<u>952,940</u>	<u>575,177</u>
 Total capital outlay	 <u>\$ 28,117</u>	 <u>\$ 1,500,000</u>	 <u>\$ 1,528,117</u>	 <u>\$ 952,940</u>	 <u>\$ 575,177</u>
 Total expenditures	 <u>\$ 8,590,550</u>	 <u>\$ 1,500,000</u>	 <u>\$ 10,090,550</u>	 <u>\$ 9,957,001</u>	 <u>\$ 133,549</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (53,639)</u>	 <u>\$ (1,500,000)</u>	 <u>\$ (1,553,639)</u>	 <u>\$ (421,263)</u>	 <u>\$ 1,132,376</u>
Other financing sources (uses)					
Operating transfer in					
Transfers from capital projects fund	<u>-</u>	13,219	13,219	13,219	-
Total other financing sources (uses)	<u>-</u>	<u>13,219</u>	<u>13,219</u>	<u>13,219</u>	<u>-</u>
 Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(53,639)	(1,486,781)	(1,540,420)	(408,044)	1,132,376
 Fund balances, July 1	<u>3,882,155</u>	<u>-</u>	<u>3,882,155</u>	<u>3,882,155</u>	<u>-</u>
Fund balances, June 30	<u>\$ 3,828,516</u>	<u>\$ (1,486,781)</u>	<u>\$ 2,341,735</u>	<u>\$ 3,474,111</u>	<u>\$ 1,132,376</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (3,094)	\$ -	\$ (3,094)	\$ (3,094)	\$ -
Increase in capital reserve	-	803,396	803,396	803,396	-
Interest deposit to capital reserve	15,000	-	15,000	4,627	(10,373)
Withdrawal from capital reserve	-	(1,500,000)	(1,500,000)	(1,500,000)	-
Increase in emergency reserve	-	28,000	28,000	28,000	-
Interest earned on emergency reserve	-	782	782	782	-
Budgeted fund balance	(65,545)	(818,959)	(884,504)	258,245	1,142,749
Total	\$ (53,639)	\$ (1,486,781)	\$ (1,540,420)	\$ (408,044)	\$ 1,132,376
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - current year				\$ 112,011	
Committed fund balance					
Capital reserve				1,874,646	
Emergency reserve				247,545	
Maintenance reserve				715,000	
Assigned fund balance					
Designated for subsequent year's expenditures				92,892	
Year-end encumbrances				143,340	
Unassigned fund balance				288,677	
Fund balance per budgetary basis				3,474,111	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(50,805)	
Fund balance per governmental funds (GAAP)				\$ 3,423,306	

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources	\$ 3,507	\$ -	\$ 3,507	\$ 3,507	\$ -
Federal sources	253,777	-	253,777	253,698	(79)
Total revenues	\$ 257,284	\$ -	\$ 257,284	\$ 257,205	\$ (79)
Expenditures					
Instruction					
Other salaries for instruction	\$ 160,261	\$ -	\$ 160,261	\$ 160,261	\$ -
General supplies	65,383	(33,008)	32,375	32,296	79
Totals	225,644	(33,008)	192,636	192,557	79
Support services					
Salaries of other professional staff	3,332	-	3,332	3,332	-
Purchased professional & technical services	17,553	(519)	17,034	17,034	-
Other purchased services	10,755	390	11,145	11,145	-
General supplies	-	129	129	129	-
Total	31,640	-	31,640	31,640	-
Facility acquisition and construction services					
Instructional equipment	-	33,008	33,008	33,008	-
Total expenditures	\$ 257,284	\$ -	\$ 257,284	\$ 257,205	\$ 79

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation

Explanation of Differences Between Budgetary Inflows and
Outflows and GAAP Revenues and Expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 9,535,738	\$ 257,205
Differences-Budget to GAAP		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	50,805	-
State aid receivable current year	<u>(50,805)</u>	<u>-</u>
Total revenues (GAAP basis)	<u>\$ 9,535,738</u>	<u>\$ 257,205</u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 9,957,001</u>	<u>\$ 257,205</u>
Total expenditures (GAAP basis)	<u>\$ 9,957,001</u>	<u>\$ 257,205</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - Value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ -	23,239,500	20,016,894	18,139,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ 23,239,500</u>	<u>\$ 20,016,894</u>	<u>\$ 18,139,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ -	\$ 3,870,801	\$ 3,705,859	\$ 3,670,869	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Pension Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 287,486	\$ 198,786	\$ 158,438	\$ 231,914	\$ 120,177	\$ 11,927	\$ 12,421	\$ 12,811	\$ 286,505	\$ 283,807
Contributions in relation to the contractually required contribution	<u>(287,486)</u>	<u>(198,786)</u>	<u>(158,438)</u>	<u>(231,914)</u>	<u>(120,177)</u>	<u>(11,927)</u>	<u>(12,421)</u>	<u>(12,811)</u>	<u>(286,505)</u>	<u>(283,807)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,770,449	\$ 3,870,801	\$ 3,705,859	\$ 3,670,869	\$ 3,638,228	\$ 3,464,639	\$ 3,908,966	\$ 3,702,381	\$ 3,510,258	\$ 3,482,480
Contributions as a percentage of covered employee payroll	7.62%	5.14%	4.28%	6.32%	3.30%	0.34%	0.32%	0.35%	8.16%	8.15%

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Percentage	N/A	0.0103440400%	0.0095938100%	0.0105404300%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - Value	N/A	\$ 2,322,030	\$ 1,796,224	\$ 2,014,486	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	N/A	734,312	702,442	652,482	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	316.22%	255.71%	308.74%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 88,931	\$ 79,090	\$ 79,420	\$ 77,802	\$ 108,036	\$ 102,924	\$ 64,646	\$ 51,459	\$ 40,230	\$ 26,402
Contributions in relation to the contractually required contribution	<u>(88,931)</u>	<u>(79,090)</u>	<u>(79,420)</u>	<u>(77,802)</u>	<u>(108,036)</u>	<u>(102,924)</u>	<u>(64,646)</u>	<u>(51,459)</u>	<u>(40,230)</u>	<u>(26,402)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 697,072	\$ 734,312	\$ 702,442	\$ 652,482	\$ 717,286	\$ 646,817	\$ 812,383	\$ 869,595	\$ 658,951	\$ 591,162
Contributions as a percentage of covered employee payroll	12.76%	10.77%	11.31%	11.92%	15.06%	15.91%	7.96%	5.92%	6.11%	4.47%

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the Supplemental Schedule of Employer Special Funding Allocations and the Supplemental Schedule of Special Funding amounts by employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

UNION TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues And Expenditures
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	NCLB Title IA	NCLB Title IIA	IDEA Basic	IDEA Preschool	Small Rural School Achievement	Local Grants	Total
Revenues							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,507	\$ 3,507
Federal sources	9,498	16,510	149,809	3,332	74,549	-	253,698
Total revenues	<u>\$ 9,498</u>	<u>\$ 16,510</u>	<u>\$ 149,809</u>	<u>\$ 3,332</u>	<u>\$ 74,549</u>	<u>\$ 3,507</u>	<u>\$ 257,205</u>
Expenditures							
Instruction							
Other purchased services	\$ -	\$ -	\$ 149,809	\$ -	\$ 10,452	\$ -	\$ 160,261
General supplies	-	-	-	-	31,089	1,207	32,296
Total	<u>-</u>	<u>-</u>	<u>149,809</u>	<u>-</u>	<u>41,541</u>	<u>1,207</u>	<u>192,557</u>
Support services							
Salaries of other professional staff	-	-	-	3,332	-	-	3,332
Purchased professional & technical services	9,498	7,536	-	-	-	-	17,034
Other purchased services	-	8,845	-	-	-	2,300	11,145
Supplies & materials	-	129	-	-	-	-	129
Total	<u>9,498</u>	<u>16,510</u>	<u>-</u>	<u>3,332</u>	<u>-</u>	<u>2,300</u>	<u>31,640</u>
Facilities acquisition & construction services							
Instructional equipment	-	-	-	-	33,008	-	33,008
Total expenditures	<u>\$ 9,498</u>	<u>\$ 16,510</u>	<u>\$ 149,809</u>	<u>\$ 3,332</u>	<u>\$ 74,549</u>	<u>\$ 3,507</u>	<u>\$ 257,205</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
Replacement of existing windows at Union Township Elementary School	11/30/10	\$ 234,134	\$230,752	\$ 3,382	\$ -
HVAC and security upgrades at Union Township Middle School	01/06/14	530,122	522,934	7,188	-
HVAC and security upgrades at Union Township Elementary School	1/6/14	<u>119,032</u>	<u>116,383</u>	<u>2,649</u>	<u>-</u>
		<u>\$ 883,288</u>	<u>\$ 870,069</u>	<u>\$ 13,219</u>	<u>\$ -</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Expenditures and other financing uses	
Transfer to capital reserve in general fund	\$ 13,219
Total expenditures	13,219
Excess (deficiency) of revenues over (under) expenditures	(13,219)
Fund balance - beginning	13,219
Fund balance - ending	\$ -

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Replacement of Existing Windows at Union Township Elementary School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources				
SDA grant	\$ 79,534	\$ -	\$ 79,534	\$ 79,534
Local sources				
Transfer in from capital reserve account	154,600	-	154,600	154,600
Total revenues	<u>234,134</u>	<u>-</u>	<u>234,134</u>	<u>234,134</u>
Expenditures and other financing uses				
Purchased professional & technical services	1,610	-	1,610	1,610
Construction services	214,360	-	214,360	217,742
Supplies & materials	14,782	-	14,782	14,782
Transfer out to general fund - capital reserve	-	3,382	3,382	-
Total expenditures	<u>230,752</u>	<u>3,382</u>	<u>234,134</u>	<u>234,134</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 3,382</u>	<u>\$ (3,382)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information				
Project number		5270-60-10-1001		
Grant date		11/30/2010		
Bond authorized date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost		\$ 257,666		
Reduction in authorized cost		\$ (23,532)		
Revised authorized cost		\$ 234,134		
Percentage completion		100%		

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
HVAC and Security Upgrades at Union Township Middle School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources				
SDA Grant	\$ 212,049	\$ -	\$ 212,049	\$ 212,049
Local sources				
Transfer in from capital reserve account	318,073	-	318,073	318,073
Total revenues	<u>530,122</u>	<u>-</u>	<u>530,122</u>	<u>530,122</u>
Expenditures and other financing uses				
Purchased professional & technical services	3,943	-	3,943	42,752
Construction services	518,991	-	518,991	470,270
Other expenses	-	-	-	17,100
Transfer out to general fund - capital reserve	-	7,188	7,188	-
Total expenditures	<u>522,934</u>	<u>7,188</u>	<u>530,122</u>	<u>530,122</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 7,188</u>	<u>\$ (7,188)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information				
Project number		5270-050-14-1001		
Grant date		1/6/2014		
Bond authorized date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost		\$ 530,122		
Reduction in authorized cost		\$ -		
Revised authorized cost		\$ 530,122		
Percentage completion		100%		

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Security Upgrades at Union Township Elementary School
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources				
SDA Grant	\$ 47,613	\$ -	\$ 47,613	\$ 47,613
Local sources				
Transfer in from capital reserve account	71,419	-	71,419	71,419
Total revenues	<u>119,032</u>	<u>-</u>	<u>119,032</u>	<u>119,032</u>
Expenditures and other financing uses				
Purchased professional & technical services	3,000	-	3,000	9,596
Construction services	113,383	-	113,383	105,596
Other expenses	-	-	-	3,840
Transfer out to general fund - capital reserve	-	2,649	2,649	-
Total expenditures	<u>116,383</u>	<u>2,649</u>	<u>119,032</u>	<u>119,032</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 2,649</u>	<u>\$ (2,649)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional project information				
Project number		5270-060-14-2002		
Grant date		1/6/2014		
Bond authorized date		N/A		
Bonds authorized		N/A		
Bonds issued		N/A		
Original authorized cost		\$ 119,032		
Reduction in authorized cost		\$ -		
Revised authorized cost		\$ 119,032		
Percentage completion		100%		

See independent auditors' report.

PROPRIETARY FUND

DETAIL STATEMENTS

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

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Fund Net Position
Food Service Enterprise Fund
June 30, 2016

ASSETS

Current assets

Cash & cash equivalents	\$ 53,935
Due from other funds	1,657
Receivables from other governments	
State	403
Federal	5,505
Inventory	3,019
Total current assets	<u>64,519</u>

Noncurrent assets

Capital assets	42,749
Less: accumulated depreciation	<u>40,874</u>
Total noncurrent assets	<u>1,875</u>

Total assets

	<u>66,394</u>
--	---------------

LIABILITIES

Current liabilities

Unearned revenues - commodities	1,094
Unearned revenues - prepaid sales	<u>3,250</u>
Total liabilities	<u>4,344</u>

NET POSITION

Net investment in capital assets	1,875
Unrestricted	<u>60,175</u>
TOTAL NET POSITION	<u><u>\$ 62,050</u></u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and
Changes in Fund Net Position
Food Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 92,725
Daily sales - non-reimbursable programs	17,070
Total operating revenues	<u>109,795</u>
Operating expenses	
Cost of sales - reimbursable programs	67,710
Cost of sales - non-reimbursable programs	10,581
Salaries	32,530
Employee benefits	7,386
Purchased property services	659
Insurance	1,011
Management fee	6,969
Other purchased services	3,061
Depreciation	316
Miscellaneous	835
Total operating expenses	<u>131,058</u>
Operating income (loss)	<u>(21,263)</u>
Non-operating revenues (expenses)	
State sources	
State School Lunch Program	1,544
Federal sources	
National School Lunch Program	
Cash assistance	20,690
Non-cash assistance (commodities)	10,234
Interest earned on investments	243
Total non-operating revenues (expenses)	<u>32,711</u>
Change in net position	11,448
Net position, beginning	<u>50,602</u>
Net position, ending	<u>\$ 62,050</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Food Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities	
Receipts from customers (net)	\$ 110,034
Payments to Food Service Management Co.	(140,087)
Payments to vendors (net)	(759)
Net cash provided by (used for) operating activities	<u>(30,812)</u>
Cash flows from noncapital financing activities	
State sources	1,318
Federal sources	16,665
General fund interfund activity	(1,657)
Net cash provided by (used for) noncapital financing activities	<u>16,326</u>
Cash flows from investing activities	
Interest earned on investments	243
Net cash provided by (used for) investing activities	<u>243</u>
Net increase (decrease) in cash and cash equivalents	(14,243)
Cash and cash equivalents, beginning	<u>68,178</u>
Cash and cash equivalents, ending	<u><u>\$ 53,935</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (21,263)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	835
Federal food donation program	10,234
(Increase) decrease in inventory	(1,081)
Increase (decrease) in accounts payable	(20,377)
Increase (decrease) in unearned revenues	840
Net cash provided by (used for) operating activities	<u><u>\$ (30,812)</u></u>

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

UNION TOWNSHIP SCHOOL DISTRICT
Combining Schedule of Fiduciary Fund Net Position
Fiduciary Funds
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 55,855	\$ 25,800	\$ 303,194	\$ 384,849
Total assets	\$ 55,855	\$ 25,800	\$ 303,194	\$ 384,849
Liabilities				
Due to other funds	\$ 8,845	\$ -	\$ 11,669	\$ 20,514
Due to students groups	-	25,800	-	25,800
Payroll deductions & withholdings	-	-	291,525	291,525
Total liabilities	8,845	25,800	303,194	337,839
Net position				
Held in Trust for unemployment claims & other purposes	\$ 47,010	\$ -	\$ -	\$ 47,010

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Changes in Fiduciary Net Position
Unemployment Compensation Fund
For the Fiscal Year Ended June 30, 2016

Additions		
Employee contributions	\$	7,970
Investment earnings - interest		180
Total additions		<u>8,150</u>
Deductions		
Unemployment claims		<u>8,983</u>
Change in net position		(833)
Net position - beginning of the year		<u>47,843</u>
Net position - end of the year	\$	<u><u>47,010</u></u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 14,884	\$ 27,290	\$ 16,374	\$ 25,800
Due from other funds	5,159	-	5,159	-
Total assets	\$ 20,043	\$ 27,290	\$ 21,533	\$ 25,800
Liabilities				
Due to Student Groups	\$ 20,043	\$ 27,290	\$ 21,533	\$ 25,800
Total liabilities	\$ 20,043	\$ 27,290	\$ 21,533	\$ 25,800

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts & Disbursements
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 19,945	\$ 5,715,441	\$ 5,432,192	\$ 303,194
Total assets	\$ 19,945	\$ 5,715,441	\$ 5,432,192	\$ 303,194
Liabilities				
Due to other funds	\$ 7,651	\$ 4,018	\$ -	\$ 11,669
Payroll deductions and withholdings	12,294	2,641,830	2,362,599	291,525
Net payroll	-	3,069,593	3,069,593	-
Total liabilities	\$ 19,945	\$ 5,715,441	\$ 5,432,192	\$ 303,194

See independent auditors' report.

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/15	Issued	Retired	Balance 6/30/16	
			Date	Amount						
New Elementary School	07/01/02	\$ 11,962,000	07/15/16	\$ 375,000	4.75%	\$ 1,980,000	\$ -	\$ 1,210,000	\$ 770,000	
			07/15/17	395,000						
New Elementary School	09/29/05	2,900,000		-		2,345,000	-	2,345,000	-	
Refunding of 2002 Series for New Elementary School	07/01/02	8,920,000	07/15/16	40,000	4.00%	-	-	-	-	
			07/15/17	40,000		-	-	-	-	
			07/15/18	40,000		-	-	-	-	
			07/15/19	45,000		-	-	-	-	
			07/15/20	500,000		-	-	-	-	
			07/15/21	520,000		-	-	-	-	
			07/15/22	540,000		-	-	-	-	
			07/15/23	565,000		-	-	-	-	
			07/15/24	585,000		-	-	-	-	
			07/15/25	615,000		-	-	-	-	
			07/15/26	640,000		-	-	-	-	
			07/15/27	665,000		-	-	-	-	
			07/15/28	695,000		4.125%	-	-	-	-
			07/15/29	725,000		-	-	-	-	-
07/15/30	755,000	4.15%	-	-	-	-				
07/15/31	790,000	-	-	-	-	-				
07/15/32	820,000	-	-	-	8,615,000	-	35,000	8,580,000		

See independent auditor's report.

**UNION TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
For the Fiscal Year Ended June 30, 2016**

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/15	Issued	Retired	Balance 6/30/16
			Date	Amount					
Refunding of series 2002 & 2005 for New Elementary School	01/27/16	\$ 3,105,000	7/15/16	\$ 135,000	2.000%	\$ -	\$ -	\$ -	\$ -
			7/15/17	135,000		-	-	-	-
			07/15/18	550,000		-	-	-	-
			07/15/19	580,000		-	-	-	-
			07/15/20	145,000		-	-	-	-
			07/15/21	150,000		-	-	-	-
			07/15/22	150,000		-	-	-	-
			07/15/23	155,000		-	-	-	-
			07/15/24	155,000		-	-	-	-
			07/15/25	155,000	2.125%	-	-	-	-
			07/15/26	160,000		-	-	-	-
			07/15/27	160,000	3.000%	-	-	-	-
			07/15/28	155,000		-	-	-	-
			07/15/29	160,000		-	-	-	-
			07/15/30	160,000		-	3,105,000	-	3,105,000
						<u>\$ 12,940,000</u>	<u>\$ 3,105,000</u>	<u>\$ 3,590,000</u>	<u>\$ 12,455,000</u>

Analysis of Amount Retired	
Defeasance of 2002 Bonds	\$ 850,000
Defeasance of 2005 Bonds	2,235,000
Paid from Budget Appropriation	<u>505,000</u>
	<u>\$ 3,590,000</u>

See independent auditor's report.

UNION TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 1,035,349	\$ -	\$ 1,035,349	\$ 1,035,349	\$ -
Miscellaneous revenue	-	-	-	2,001	-
Total revenues	<u>1,035,349</u>	<u>-</u>	<u>1,035,349</u>	<u>1,037,350</u>	<u>-</u>
Expenditures					
Regular debt service					
Redemption of principal	505,000	-	505,000	505,000	-
Interest	530,350	-	530,350	530,350	-
Total expenditures	<u>1,035,350</u>	<u>-</u>	<u>1,035,350</u>	<u>1,035,350</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(1)	-	(1)	2,000	-
Fund balance, July 1	<u>5,001</u>	<u>-</u>	<u>5,001</u>	<u>5,001</u>	<u>-</u>
Fund balance, June 30	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 7,001</u>	<u>\$ -</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures:					
Budgeted fund balance	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 2,000</u>	<u>\$ -</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant year.

UNION TOWNSHIP SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 3,988,567	\$ 4,259,517	\$ 4,147,013	\$ 4,090,453	\$ 4,172,228	\$ 4,018,600	\$ 4,017,778	\$ 3,976,657	\$ 4,675,761	\$ 5,474,720
Restricted	85,152	247,773	441,050	841,123	1,958,627	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192
Unrestricted	277,364	25,191	(26,937)	278,896	83,405	(39,529)	(17,216)	(1,952,064)	(2,063,435)	(2,004,874)
Total governmental activities	<u>\$ 4,351,083</u>	<u>\$ 4,532,481</u>	<u>\$ 4,561,126</u>	<u>\$ 5,210,472</u>	<u>\$ 6,214,260</u>	<u>\$ 6,971,210</u>	<u>\$ 7,432,225</u>	<u>\$ 5,914,339</u>	<u>\$ 6,126,996</u>	<u>\$ 6,427,038</u>
Business-type activities										
Net investment in capital assets	\$ 18,605	\$ 15,507	\$ 12,410	\$ 9,312	\$ 8,387	\$ 6,661	\$ 5,180	\$ 3,840	\$ 2,710	\$ 1,875
Unrestricted	3,298	10,490	19,330	22,073	25,268	31,257	33,999	36,628	47,892	60,175
Total business-type activities	<u>\$ 21,903</u>	<u>\$ 25,997</u>	<u>\$ 31,740</u>	<u>\$ 31,385</u>	<u>\$ 33,655</u>	<u>\$ 37,918</u>	<u>\$ 39,179</u>	<u>\$ 40,468</u>	<u>\$ 50,602</u>	<u>\$ 62,050</u>
District-wide										
Net investment in capital assets	\$ 4,007,172	\$ 4,275,024	\$ 4,159,423	\$ 4,099,765	\$ 4,180,615	\$ 4,025,261	\$ 4,022,958	\$ 3,980,497	\$ 4,678,471	\$ 5,476,595
Restricted	85,152	247,773	441,050	841,123	1,958,627	2,992,139	3,431,663	3,889,746	3,514,670	2,957,192
Unrestricted	280,662	35,681	(7,607)	300,969	108,673	(8,272)	16,783	(1,915,436)	(2,015,543)	(1,944,699)
Total district-wide	<u>\$ 4,372,986</u>	<u>\$ 4,558,478</u>	<u>\$ 4,592,866</u>	<u>\$ 5,241,857</u>	<u>\$ 6,247,915</u>	<u>\$ 7,009,128</u>	<u>\$ 7,471,404</u>	<u>\$ 5,954,807</u>	<u>\$ 6,177,598</u>	<u>\$ 6,489,088</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,611,663	\$ 3,783,314	\$ 3,951,779	\$ 3,706,061	\$ 3,627,140	\$ 3,576,815	\$ 3,537,318	\$ 3,681,727	\$ 4,511,551	\$ 4,723,401
Special education	1,226,602	1,270,636	1,229,817	1,339,516	1,245,094	1,228,166	1,314,341	1,469,613	1,704,837	1,978,393
Other special education	75,141	88,507	65,758	58,685	81,132	105,320	53,194	51,227	79,159	69,768
Other instruction	74,186	82,490	94,194	232,929	235,532	233,877	239,822	237,072	278,470	295,713
Support services										
Tuition	282,592	441,033	499,416	448,670	449,813	438,775	330,590	234,322	369,987	299,932
Student & instruction related services	1,202,482	1,073,163	1,205,147	1,203,134	1,078,483	1,350,952	1,438,279	1,341,813	1,480,058	1,501,595
General & business administrative services	951,606	898,864	776,494	771,964	746,647	988,032	694,273	679,859	814,440	861,935
School administration	257,793	212,449	221,538	309,074	281,698	261,970	260,203	244,152	276,016	295,439
Plant operations & maintenance	1,067,087	1,189,226	1,207,912	946,477	963,026	1,000,227	981,392	1,109,528	1,031,921	933,558
Pupil transportation	613,952	640,986	667,414	653,496	531,342	544,943	584,371	481,271	494,475	480,243
Interest on long-term debt	667,764	683,149	668,490	647,346	658,800	625,779	613,821	592,783	570,833	525,845
Total governmental activities expenses	<u>10,030,868</u>	<u>10,363,817</u>	<u>10,587,959</u>	<u>10,317,352</u>	<u>9,898,707</u>	<u>10,354,856</u>	<u>10,047,604</u>	<u>10,123,367</u>	<u>11,611,747</u>	<u>11,965,822</u>
Business-type activities										
Child care	-	-	120,038	-	-	-	-	-	-	-
Food services	145,378	159,073	158,841	148,157	138,119	143,232	125,898	132,256	132,079	130,867
Total business-type activities	<u>145,378</u>	<u>159,073</u>	<u>278,879</u>	<u>148,157</u>	<u>138,119</u>	<u>143,232</u>	<u>125,898</u>	<u>132,256</u>	<u>132,079</u>	<u>130,867</u>
Total district expenses	<u>\$ 10,176,246</u>	<u>\$ 10,522,890</u>	<u>\$ 10,866,838</u>	<u>\$ 10,465,509</u>	<u>\$ 10,036,826</u>	<u>\$ 10,498,088</u>	<u>\$ 10,173,502</u>	<u>\$ 10,255,623</u>	<u>\$ 11,743,826</u>	<u>\$ 12,096,689</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ -	\$ -	\$ 165	\$ -	\$ 14,000	\$ 25,200	\$ 36,191	\$ 34,320	\$ 34,500	\$ 42,930
Other instruction	-	-	-	146,267	164,609	169,985	155,587	159,557	160,096	169,099
Student & instruction related services	-	-	85	-	-	-	-	-	-	-
General & business administrative services	-	\$41	\$0	-	350	400	-	-	-	-
Plant operations & maintenance	\$14,611	\$10,675	5,822	2,303	3,597	-	-	7,255	6,463	7,495
Pupil transportation	-	-	-	-	-	4,805	11,042	-	-	-
Operating grants & contributions	127,122	169,258	185,569	262,508	182,601	207,347	170,829	146,061	98,557	257,205
Capital grants & contributions	3,060,136	77,248	-	-	79,534	-	-	-	255,728	3,935
Total governmental activities program revenues	<u>3,201,869</u>	<u>257,222</u>	<u>191,641</u>	<u>411,078</u>	<u>444,691</u>	<u>407,737</u>	<u>373,649</u>	<u>347,193</u>	<u>555,344</u>	<u>480,664</u>
Business-type activities										
Charges for services										
Child care	-	-	205,120	-	-	-	-	-	-	-
Food service	112,954	129,933	132,466	120,979	110,423	110,199	102,822	106,177	112,476	109,795
Operating grants & contributions	20,998	24,147	25,316	26,758	29,932	37,296	24,208	27,218	29,574	32,377
Total business-type activities program revenues	<u>133,952</u>	<u>154,080</u>	<u>362,902</u>	<u>147,737</u>	<u>140,355</u>	<u>147,495</u>	<u>127,030</u>	<u>133,395</u>	<u>142,050</u>	<u>142,172</u>
Total district-program revenues	<u>\$ 3,335,821</u>	<u>\$ 411,302</u>	<u>\$ 554,543</u>	<u>\$ 558,815</u>	<u>\$ 585,046</u>	<u>\$ 555,232</u>	<u>\$ 500,679</u>	<u>\$ 480,588</u>	<u>\$ 697,394</u>	<u>\$ 622,836</u>
Net (expense) revenues										
Governmental activities	\$ (6,828,999)	\$ (10,106,595)	\$ (10,396,318)	\$ (9,906,274)	\$ (9,454,016)	\$ (9,947,119)	\$ (9,673,955)	\$ (9,776,174)	\$ (11,056,403)	\$ (11,485,158)
Business-type activities	<u>(11,426)</u>	<u>(4,993)</u>	<u>84,023</u>	<u>(420)</u>	<u>2,236</u>	<u>4,263</u>	<u>1,132</u>	<u>1,139</u>	<u>9,971</u>	<u>11,205</u>
Total district-wide net expenses	<u>\$ (6,840,425)</u>	<u>\$ (10,111,588)</u>	<u>\$ (10,312,295)</u>	<u>\$ (9,906,694)</u>	<u>\$ (9,451,780)</u>	<u>\$ (9,942,856)</u>	<u>\$ (9,672,823)</u>	<u>\$ (9,775,035)</u>	<u>\$ (11,046,432)</u>	<u>\$ (11,473,953)</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 7,323,876	\$ 7,543,485	\$ 7,814,862	\$ 8,187,711	\$ 8,335,214	\$ 8,335,219	\$ 7,765,843	\$ 7,665,205	\$ 7,665,205	\$ 7,741,857
Taxes levied for debt service	911,105	1,032,132	1,075,746	1,078,863	1,099,829	1,019,250	909,944	1,039,326	1,042,794	1,035,349
Unrestricted grants & contributions	1,583,060	1,633,909	1,428,547	1,348,153	1,010,625	1,287,322	1,402,489	1,311,013	2,506,015	2,949,847
Tuition received	10,300	19,009	-	-	-	-	-	-	-	-
Investment earnings	92,020	37,962	5,791	5,284	4,138	26,847	17,073	17,327	16,754	14,616
Miscellaneous income	38,019	30,035	21,723	39,066	33,067	35,431	41,985	14,983	38,292	43,531
Special item-payment to refunding bond agent	(636,441)	-	-	-	-	-	-	145,500	-	-
Special item - loss on sale of capital assets	-	-	-	-	(23,069)	-	(2,364)	-	-	-
Total governmental activities	<u>9,315,629</u>	<u>10,287,993</u>	<u>10,424,963</u>	<u>10,555,620</u>	<u>10,457,804</u>	<u>10,704,069</u>	<u>10,134,970</u>	<u>10,193,354</u>	<u>11,269,060</u>	<u>11,785,200</u>
Business-type activities										
Investment earnings	715	356	14	65	34	-	129	150	163	243
Miscellaneous income	-	192	-	-	-	-	-	-	-	-
Transfers in (out)	6,310	8,539	(78,294)	-	-	-	-	-	-	-
Total business-type activities	<u>7,025</u>	<u>9,087</u>	<u>(78,280)</u>	<u>65</u>	<u>34</u>	<u>-</u>	<u>129</u>	<u>150</u>	<u>163</u>	<u>243</u>
Total district-wide	<u>\$ 9,322,654</u>	<u>\$ 10,297,080</u>	<u>\$ 10,346,683</u>	<u>\$ 10,555,685</u>	<u>\$ 10,457,838</u>	<u>\$ 10,704,069</u>	<u>\$ 10,135,099</u>	<u>\$ 10,193,504</u>	<u>\$ 11,269,223</u>	<u>\$ 11,785,443</u>
Change in net position										
Governmental activities	\$ 2,486,630	\$ 181,398	\$ 28,645	\$ 649,346	\$ 1,003,788	\$ 756,950	\$ 461,015	\$ 417,180	\$ 212,657	\$ 300,042
Business-type activities	(4,401)	4,094	5,743	(355)	2,270	4,263	1,261	1,289	10,134	11,448
Total district	<u>\$ 2,482,229</u>	<u>\$ 185,492</u>	<u>\$ 34,388</u>	<u>\$ 648,991</u>	<u>\$ 1,006,058</u>	<u>\$ 761,213</u>	<u>\$ 462,276</u>	<u>\$ 418,469</u>	<u>\$ 222,791</u>	<u>\$ 311,490</u>

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UNION TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,011
Committed	1	237,125	437,656	838,661	1,788,258	2,821,770	3,396,996	3,496,871	3,500,385	2,837,191
Assigned	262,025	117,958	6,272	244,432	78,528	180,194	192,419	198,899	68,639	236,232
Unassigned	219,328	161,373	218,564	271,721	270,318	292,830	277,265	262,418	262,326	237,872
Total general fund	<u>\$ 481,354</u>	<u>\$ 516,456</u>	<u>\$ 662,492</u>	<u>\$ 1,354,814</u>	<u>\$ 2,137,104</u>	<u>\$ 3,294,794</u>	<u>\$ 3,866,680</u>	<u>\$ 3,958,188</u>	<u>\$ 3,831,350</u>	<u>\$ 3,423,306</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund	\$ 434,889	\$ 28,831	\$ 14,612	\$ 9,312	\$ 40,369	\$ 40,369	\$ 34,667	\$ 392,874	\$ 9,284	\$ -
Assigned, reported in										
Debt service fund	<u>8,693</u>	<u>5,579</u>	<u>825</u>	<u>825</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>1</u>	<u>5,001</u>	<u>7,001</u>
Total all other governmental funds	<u>\$ 443,582</u>	<u>\$ 34,410</u>	<u>\$ 15,437</u>	<u>\$ 10,137</u>	<u>\$ 170,369</u>	<u>\$ 170,369</u>	<u>\$ 34,667</u>	<u>\$ 392,875</u>	<u>\$ 14,285</u>	<u>\$ 7,001</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 8,234,981	\$ 8,575,617	\$ 8,890,608	\$ 9,266,574	\$ 9,435,043	\$ 9,354,469	\$ 8,675,787	\$ 8,704,531	\$ 8,707,999	\$ 8,777,206
Tuition charges	10,300	19,009	-	-	14,000	25,200	33,600	34,320	34,500	42,930
Interest earnings	92,020	37,962	5,791	5,284	4,138	26,847	17,073	17,327	16,754	14,616
Before/After school child Care service fees	-	-	-	146,267	164,609	169,985	155,587	159,557	160,096	169,099
Miscellaneous	43,775	35,996	29,707	38,184	162,949	36,770	50,282	20,658	40,675	41,878
State sources	1,584,096	1,634,619	1,428,547	1,307,979	1,010,625	1,259,057	1,402,489	1,311,013	1,428,919	1,530,866
State sources - capital projects	3,060,136	77,248	-	-	79,534	-	-	-	255,727	3,935
Federal sources	126,086	168,548	176,070	300,887	182,118	235,398	170,735	143,561	98,557	253,698
Total revenues	13,151,394	10,548,999	10,530,723	11,065,175	11,053,016	11,107,726	10,505,553	10,390,967	10,743,227	10,834,228
Expenditures										
Instruction										
Regular instruction	2,324,944	2,568,771	2,700,717	2,559,376	2,422,697	2,278,533	2,231,357	2,404,009	2,550,128	2,447,086
Special education instruction	812,298	807,912	790,261	843,614	769,073	752,085	801,133	895,219	925,663	1,024,839
Other special instruction	59,654	58,437	51,519	46,388	62,946	80,395	39,903	39,148	39,148	40,520
School sponsored/other instructional	62,157	67,634	73,214	173,140	168,660	167,730	177,829	172,918	194,890	191,543
Support services										
Tuition	176,906	331,396	386,067	338,319	343,428	332,493	223,510	137,768	305,265	150,123
Student & inst related services	891,936	776,725	887,311	862,244	761,639	952,686	997,920	952,260	967,229	906,917
General administration	622,138	588,785	433,631	423,783	386,198	360,650	344,975	327,719	358,693	341,766
School administration services	194,258	147,343	158,758	221,011	182,384	174,374	171,269	167,694	164,864	165,978
Central services	141,174	153,297	169,788	179,628	176,745	174,870	187,411	199,762	202,888	172,124
Administrative Information										
Technology	16,083	-	-	-	-	207	-	3,451	-	-
Plant operations & maintenance	962,169	1,069,212	1,071,189	838,824	827,624	835,840	816,587	912,328	813,459	712,286
Pupil transportation	608,203	639,387	665,815	651,897	530,243	544,643	584,371	481,271	494,475	480,243
Employee benefits	1,257,752	1,164,314	1,241,146	1,226,506	1,280,758	1,381,396	1,346,120	1,386,279	1,429,197	1,447,001
On-behalf TPAF pension & Social Security contribution	758,497	782,934	527,825	535,034	518,948	632,365	762,874	687,615	793,268	923,635
Capital outlay	141,171	51,814	25,600	9,349	140,231	35,186	139,518	74,522	205,703	924,823
Special revenue funds	127,122	169,258	185,569	262,508	182,601	207,347	170,829	146,061	98,557	257,205
Capital projects	4,540,755	483,306	14,219	5,300	203,077	-	5,702	31,285	639,317	85,445
Debt service										
Principal	271,000	424,000	422,000	441,000	482,000	405,000	445,000	465,000	485,000	505,000
Interest & other charges	752,671	630,005	677,325	656,775	669,242	634,236	623,061	602,442	580,911	558,467
Total expenditures	14,720,888	10,914,530	10,481,954	10,274,696	10,108,494	9,950,036	10,069,369	10,086,751	11,248,655	11,335,001

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ (1,569,494)	\$ (365,531)	\$ 48,769	\$ 790,479	\$ 944,522	\$ 1,157,690	\$ 436,184	\$ 304,216	\$ (505,428)	\$ (500,773)
Other financing sources (uses)										
Proceeds from refunding bond issue	8,920,000	-	-	-	-	-	-	-	-	3,105,000
Payment to refunding bond escrow agent	(8,778,441)	-	-	-	-	-	-	-	-	(3,147,418)
Premium (discount) on bond issue	(8,563)	-	-	-	-	-	-	-	-	127,863
Insurance claim proceeds for chiller damage	-	-	-	-	-	-	-	145,500	-	-
Transfers in (out)	(6,310)	(8,539)	78,294	(103,457)	(2,000)	-	-	-	-	-
Total other financing sources (uses)	126,686	(8,539)	78,294	(103,457)	(2,000)	-	-	145,500	-	85,445
Net change in fund balances	<u>\$ (1,442,808)</u>	<u>\$ (374,070)</u>	<u>\$ 127,063</u>	<u>\$ 687,022</u>	<u>\$ 942,522</u>	<u>\$ 1,157,690</u>	<u>\$ 436,184</u>	<u>\$ 449,716</u>	<u>\$ (505,428)</u>	<u>\$ (415,328)</u>
Debt service as a percentage of non-capital expenditures	11.35%	11.30%	11.77%	11.98%	13.36%	11.71%	12.06%	11.98%	11.42%	11.48%

Source: District records

NOTE: Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest income	\$ 57,391	\$ 35,920	\$ 5,466	\$ 5,014	\$ 4,126	\$ 26,847	\$ 26,847	\$ 17,327	\$ 16,754	\$ 14,616
Tuition	10,300	19,009	-	-	14,000	25,200	25,200	34,320	34,500	42,930
Prior year accounts payable canceled	-	-	2,225	1,356	302	522	2,420	-	14	1,690
Insurance rebates	-	-	5,981	-	7,938	-	-	-	-	-
In lieu of taxes	-	-	-	-	350	400	-	-	-	-
Bid spec fees	-	-	-	-	350	400	-	-	-	-
Prior year refund	790	20,751	-	8,668	-	-	-	-	1,360	18,201
Rentals	10,000	10,000	2,480	1,403	3,129	4,805	11,042	7,255	6,463	7,990
Miscellaneous other	-	41	161	349	342	3,561	1,988	860	1,462	2,771
Sale of surplus assets	-	-	-	-	-	-	-	-	2,400	-
Sale of property	-	-	-	-	130,000	-	-	-	-	-
Donations/Contributions	32,900	5,074	-	2,500	3,000	6,453	7,100	3,600	88	1,701
Textbook sales	-	-	-	495	271	245	42	132	-	-
Miscellaneous account balances canceled	-	-	-	193	-	49	2,155	-	-	-
E-Rate rebates	-	-	9,343	8,854	15,284	20,452	24,941	5,311	15,817	2,400
Before/After school child care service fees	-	-	-	146,267	164,609	169,985	169,985	159,557	160,096	169,099
Copier lease buy out	-	-	-	9,321	-	-	-	-	-	-
Miscellaneous grants	-	-	-	2,503	-	-	500	1,000	12,300	1,000
Outstanding checks voided	85	130	18	747	1,850	69	-	-	771	617
Annual totals	\$ 111,466	\$ 90,925	\$ 25,674	\$ 187,670	\$ 345,201	\$ 258,588	\$ 272,220	\$ 229,362	\$ 252,025	\$ 263,015

Source: District records

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 21,461,753	\$ 17,071,053	\$ 17,789,004	\$ 14,951,504	\$ 14,685,104	\$ 14,061,208	\$ 13,500,308	\$ 15,073,108	\$ 16,553,308	\$ 16,134,508
Residential	501,947,100	519,230,400	531,265,200	534,714,400	529,159,100	528,658,100	526,448,800	522,049,700	524,247,100	525,993,900
Farm regular	31,951,200	32,247,700	32,804,500	32,635,000	34,593,000	35,197,800	35,317,200	37,591,100	36,133,300	36,774,000
Q farm	1,072,715	1,073,165	1,074,115	1,077,841	1,114,981	1,116,136	1,119,036	1,082,411	1,072,111	1,031,611
Commercial	102,662,000	93,292,800	93,143,200	92,890,900	88,414,100	89,743,200	89,705,600	88,792,500	104,475,132	107,510,532
Industrial	14,192,100	14,192,100	14,192,100	14,192,100	10,386,700	10,386,700	10,386,700	10,386,700	10,386,700	10,386,700
Apartment	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900	230,900
Total assessed value	673,517,768	677,338,118	690,499,019	690,692,645	678,583,885	679,394,044	676,708,544	675,206,419	693,098,551	698,062,151
Public utilities (a)	1,395,073	6,213,305	6,213,177	6,213,177	6,624,752	6,624,752	6,744,963	4,909,700	97	95
Net valuation taxable	\$ 674,912,841	\$ 683,551,423	\$ 696,712,196	\$ 696,905,822	\$ 685,208,637	\$ 686,018,796	\$ 683,453,507	\$ 680,116,119	\$ 693,098,648	\$ 698,062,246
Estimated actual county equalized value	\$ 1,045,339,935	\$ 1,039,966,366	\$ 1,018,649,790	\$ 930,199,976	\$ 879,826,191	\$ 851,139,945	\$ 819,980,212	\$ 782,462,171	\$ 801,919,065	\$ 809,910,948
Percentage of net valuation to estimated actual equalized value	64.56%	65.73%	68.40%	74.92%	77.88%	80.60%	83.35%	86.92%	86.43%	86.19%
Total direct school tax rate (b)	\$ 1.27	\$ 1.30	\$ 1.33	\$ 1.35	\$ 1.37	\$ 1.26	\$ 1.27	\$ 1.28	\$ 1.27	\$ 1.22

Source: Municipal tax assessor

NOTE: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies
- (b) Tax rates are per \$100

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County	
			Total Direct School Tax Rate					
2007	\$ 1.12	\$ 0.15	\$ 1.27	\$ 0.67	\$ 0.16	\$ 0.51	\$ 2.61	
2008	1.14	0.16	1.30	0.69	0.18	0.51	2.68	
2009	1.18	0.15	1.33	0.74	0.20	0.50	2.77	
2010	1.19	0.16	1.35	0.75	0.21	0.46	2.77	
2011	1.22	0.15	1.37	0.74	0.22	0.44	2.77	
2012	1.13	0.13	1.26	0.74	0.23	0.44	2.67	
2013	1.12	0.15	1.27	0.75	0.22	0.44	2.68	
2014	1.13	0.15	1.28	0.70	0.25	0.42	2.65	
2015	1.12	0.15	1.27	0.67	0.26	0.44	2.64	
2016	1.13	0.09	1.22	0.68	0.33	0.43	2.60	

Sources: Municipal tax collector

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

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2016			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Energy (NJ)	\$ 31,240,250	1	4.48%	\$ 31,240,250	1
Transcontinental Gas Pipeline Company	15,682,632	2	2.25%	4,909,700	4	0.73%
Crown Perryville LLC	15,000,000	3	2.15%	-	-	-
Kramer Electronic Holdings LLC	6,250,000	4	0.90%	-	-	-
FW LLC/FW Realty	5,341,950	5	0.77%	3,484,750	8	0.52%
County Arch Care Center	4,690,800	6	0.67%	4,618,500	5	0.68%
Amsdell Storage Ventures XXXVII LLC	3,642,400	7	0.52%	-	-	-
Evergreen Associates	3,464,965	8	0.50%	4,099,100	7	0.61%
Fallone at Union LLC	2,730,000	9	0.39%	-	-	-
Pilot Trvl Cntrs, Property Tax Dept.	2,502,200	10	0.36%	-	-	-
Perryville III Associates LP	-	-	-	25,629,200	2	3.80%
INO Therapeutics Inc	-	-	-	8,610,000	3	1.28%
Clinton Block LLC	-	-	-	3,445,400	9	0.51%
Toll Land IV Limited Partnership	-	-	-	4,398,400	6	0.65%
FDRA LLC	-	-	-	2,513,000	10	0.37%
	<u>\$ 90,545,197</u>		<u>12.99%</u>	<u>\$ 92,948,300</u>		<u>13.78%</u>

Source: Municipal tax assessor

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2006	\$ 16,768,356	\$ 16,441,468	98.05%
2007	17,944,383	17,539,149	97.74%
2008	18,587,529	18,257,565	98.22%
2009	19,364,904	19,012,814	98.18%
2010	19,413,460	18,855,017	97.12%
2011	19,059,250	18,642,164	97.81%
2012	18,298,891	17,966,651	98.18%
2013	18,368,253	18,150,939	98.81%
2014	18,100,940	17,904,428	98.91%
2015	18,335,189	18,064,248	98.52%

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

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2007	\$ 16,509,000		\$ 18,682			\$ 16,527,682	4.07%	\$ 2,631
2008	16,085,000		14,271			16,099,271	3.77%	2,572
2009	15,663,000		9,692			15,672,692	3.63%	2,510
2010	15,222,000		4,937			15,226,937	3.72%	2,454
2011	14,740,000					14,740,000	3.76%	2,496
2012	14,335,000					14,335,000	3.48%	2,443
2013	13,890,000					13,890,000	3.20%	2,389
2014	13,425,000					13,425,000	3.11%	2,314
2015	12,940,000					12,940,000	2.89%	2,254
2016	12,455,000					12,455,000	N/A	2,193

NOTES: (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
2007	\$ 16,509,000		\$ 16,509,000	2.45%	\$ 2,628
2008	16,085,000		16,085,000	2.35%	2,570
2009	15,663,000		15,663,000	2.25%	2,508
2010	15,222,000		15,222,000	2.18%	2,454
2011	14,740,000		14,740,000	2.15%	2,496
2012	14,335,000		14,335,000	2.09%	2,443
2013	13,890,000		13,890,000	2.03%	2,389
2014	13,425,000		13,425,000	1.97%	2,314
2015	12,940,000		12,940,000	1.87%	2,254
2016	12,455,000		12,455,000	1.78%	2,193

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

- (a) See Exhibit J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 4,423,606	100.00	\$ 4,423,606
Regional High School	1,475,000	9.80	144,490
County general obligation debt	62,494,492	3.78	<u>2,359,742</u>
Subtotal, overlapping debt			6,927,838
School district direct debt			<u>12,435,000</u>
Total direct and overlapping debt			<u><u>\$ 19,362,838</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the county Board of Taxation. Debt outstanding data provided by each governmental unit.

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

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

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal debt margin calculation for fiscal year 2016

	Equalized valuation basis
	2015 \$ 804,151,933
	2014 781,217,655
	2013 778,541,813
	\$2,363,911,401
Average equalized valuation of taxable property	\$ 787,970,467
Debt limit (3.0% of average equalization value)	\$ 23,639,114
Total net debt applicable to limit	12,435,000
Legal debt margin	\$ 11,204,114

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 26,504,317	\$ 25,438,931	\$ 24,355,671	\$ 23,748,693	\$ 23,639,114
Total net debt applicable	14,335,000	13,890,000	13,425,000	12,940,000	12,435,000
Legal debt margin	\$ 12,169,317	\$ 11,548,931	\$ 10,930,671	\$ 10,808,693	\$ 11,204,114
Total net debt applicable to the limit as a percentage of debt limit	54.09%	54.60%	55.12%	54.49%	52.60%

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 25,022,454	\$ 27,127,201	\$ 28,594,843	\$ 28,625,717	\$ 27,897,391
Total net debt applicable	16,509,000	16,085,000	15,663,000	15,222,000	14,740,000
Legal debt margin	\$ 8,513,454	\$ 11,042,201	\$ 12,931,843	\$ 13,403,717	\$ 13,157,391
Total net debt applicable to the limit as a percentage of debt limit	65.98%	59.29%	54.78%	53.18%	52.84%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit Set by NJSA 18A:24-19

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	6259	\$ 426,845,023	\$ 68,197	2.9%
2008	6245	431,254,720	69,056	3.8%
2009	6204	409,029,720	65,930	7.0%
2010	5906	392,258,802	66,417	7.2%
2011	5868	412,479,324	70,293	7.0%
2012	5813	433,777,686	74,622	7.2%
2013	5801	431,350,758	74,358	6.0%
2014	5742	447,554,448	77,944	4.5%
2015	5679	N/A	N/A	4.5%
2016	5679	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development

See independent auditors' report.

**UNION TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago**

2016

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	49.3	46.0	39.0	39.0	38.5	34.5	35.3	37.0	35.0	35.0
Special education	10.0	10.0	9.0	7.0	16.5	16.0	15.5	16.5	19.2	20.0
Other instruction	-	-	-	2	1	2	1	1	-	-
Support services										
Student and instruction related services	4	4	6	13	9	8	10	9	8	8
General administration	3	2	2	2	2	2	2	2	2	2
School administration services	4	4	2	2	2	2	1	2	2	2
Other administration services	4	4	4	2	2	3	2			
Central services	2	2	2	3	3	3	2	3	3	3
Plant operations and maintenance	8	8	7	7	8	7	7	8	8	6
Transportation	0	-	-	-	-	-	-	-	-	-
Before & after care	-	-	-	7	4	3	2	3	3	3
Total	<u>84.1</u>	<u>79.8</u>	<u>71.0</u>	<u>82.5</u>	<u>84.5</u>	<u>79.9</u>	<u>77.9</u>	<u>80.4</u>	<u>80.2</u>	<u>78.2</u>

Source: District personnel records

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff (b)</u>	<u>Teacher Ratio</u>	<u>Average Daily Enrollment (ADE) (c)</u>	<u>Average Daily Attendance (ADA) (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	608	\$ 9,015,291	\$ 14,828	14.83%	59	1 to 10.25	603.3	578.0	1.57%	95.81%
2008	607	9,325,405	15,363	3.61%	54	1 to 11.22	606.7	581.7	0.56%	95.88%
2009	574	9,342,810	16,277	5.95%	48	1 to 11.95	554.4	531.0	-8.62%	95.78%
2010	535	9,162,272	17,126	5.22%	46	1 to 11.63	533.3	511.4	-3.81%	95.89%
2011	516	8,613,944	16,694	-2.52%	46	1 to 11.34	514.4	493.5	-3.54%	95.94%
2012	493	8,875,614	18,003	7.84%	43	1 to 11.41	526.5	506.7	2.35%	96.24%
2013	495	8,856,088	17,891	-0.62%	41	1 to 12.07	447.5	427.9	-15.00%	95.62%
2014	493	8,913,502	18,080	1.06%	43	1 to 11.46	495.3	478.7	10.69%	96.64%
2015	495	9,337,724	18,864	4.34%	44	1 to 11.25	471.0	452.9	-4.91%	96.16%
2016	449	9,261,266	20,626	9.34%	45	1 to 9.98	452.7	436.1	-3.89%	96.33%

Source: District records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary (SRS).

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Middle School (1954)										
Square feet	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	302	300	277	242	333	243	251	249	240	234
Elementary School (2007)										
Square feet	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Capacity (students)	500	500	500	500	500	500	500	500	500	500
Enrollment	299	306	303	282	187	250	244	249	255	215
Number of Schools at June 30, 2016										
Elementary & Middle =	2									

Source: District facilities office

N/A = Not available

NOTE: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October District count.

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

Fiscal Year Ending	School Facilities*		Total
	Elementary School	Middle School	
2007	\$ 14,388	\$ 44,105	\$ 58,493
2008	60,587	61,884	122,471
2009	50,413	149,760	200,173
2010	39,175	58,709	97,884
2011	19,390	70,875	90,265
2012	92,881	159,680	252,561
2013	59,456	137,332	196,788
2014	30,944	110,352	141,296
2015	113,054	69,906	182,960
2016	82,329	51,878	134,207
Total school facilities	<u>\$ 562,617</u>	<u>\$ 914,481</u>	<u>\$ 1,477,098</u>

* School facilities as defined under EFCFA.
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District records

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ School Boards Assoc.		
Insurance Group		
Property - Building Blanket and Contents (Fund Limit)	\$ 350,000,000	\$ 2,500
General Liability	6,000,000	-
Equipment Breakdown	100,000,000	2,500
Crime Public Employee Dishonesty	250,000	1,000
Auto Liability	6,000,000	-
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability - NJ School Boards Assoc.		
Insurance Group		
Errors and Omissions	6,000,000	5,000
Workers Compensation - NJ School Boards Assoc.		
Insurance Group		
Employers Liability	2,000,000	-
Disease Each Employee	2,000,000	-
Disease Policy Limit	2,000,000	-
Public Employees' Faithful Performance - NJ School Boards Assoc Insurance Group		
Treasurer of School Monies	180,000	1,000
School Board Secretary	180,000	1,000
Student Accident Insurance - BMI benefits through Berkeley		
Policy limit	1,000,000	Full Excess
Pollution Policy - NJ School Boards Assoc.		
Insurance Group through Zurich		
Claim limit	1,000,000	25,000

Source: District records

See independent auditors' report.



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Honorable President and
Members of the Board of Education
Union Township School District
County of Hunterdon, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Governmental Activities, the Business-type Activities, and the aggregate remaining fund information of the Union Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2016, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2016.

Internal Control over Financial Reporting

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

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses as findings no. 2016 - 001 and 2016 - 002.

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.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany Schedule of Findings and Questioned Costs as finding no. 2016 - 001.

Union Township School District's Response to Findings

Union Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Union Township School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC

William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 30, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by The Uniform Guidance and New Jersey OMB
Circular Letter 15-08**

Honorable President and
Members of the Board of Education
Union Township School District
County of Hunterdon, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Union Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2016. Union Township School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and New Jersey programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Union Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as findings no. 2016 - 001. Our opinion on each major federal and state program is not modified with respect to these matters.

Union Township School District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Union Township School District's response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Union Township School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Union Township School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We identified, as discussed below, certain deficiencies in internal control over compliance which we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses as finding no. 2016 - 001.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Union Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Union Township School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

November 30, 2016
Flemington, New Jersey

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Federal		Program				Balance 06/30/15	Carryover Amount	Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2016		
	CFDA Number	FAIN Number	Project Number	or Award Amount	Grant Period								Accounts Receivable	Deferred Revenue	Due to Grantor
					From	To									
U.S. Department of Education passed through State Department of Education															
Special revenue fund															
NCLB Title I A	84.010A	S010S150030	NCLB-002016	\$ 9,498	7/1/2015	6/30/2016	\$ -	\$ -	\$ 9,498	\$ 9,498	\$ -	\$ -	\$ -	\$ -	\$ -
NCLB Title II A	84.367A	S367A150029	NCLB-002013	8,517	7/1/2012	6/30/2013	(1,084)	-	-	-	-	-	(1,084)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-002014	8,433	7/1/2013	6/30/2014	(1,276)	-	-	-	-	-	(1,276)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-002015	8,574	7/1/2014	6/30/2015	(519)	-	-	8,055	-	-	(8,574)	-	-
NCLB Title II A	84.367A	S367A150029	NCLB-002016	8,455	7/1/2015	6/30/2016	-	-	8,455	8,455	-	-	-	-	-
Rural education achievement program	84.358A	S358B150030	S358A14-7757	36,102	7/1/2014	6/30/2015	(8,325)	-	31,527	23,202	-	-	-	-	-
Rural education achievement program	84.358A	S358B150030	S358A15-7757	51,426	7/1/2015	6/30/2016	-	-	51,426	51,347	-	-	-	79	-
IDEA Basic	84.027	H027A150100	IDEA-002015	106,427	7/1/2014	6/30/2015	(36,561)	(41,705)	78,266	-	-	-	-	-	-
IDEA Basic carry-over	84.027	H027A150100	IDEA-002015	106,427	7/1/2015	6/30/2016	-	41,705	-	41,705	-	-	-	-	-
IDEA Basic	84.027	H027A150100	IDEA-002016	108,104	7/1/2015	6/30/2016	-	-	28,721	108,104	-	-	(79,383)	-	-
IDEA Preschool	84.173	H173S150114	IDEA-002015	3,242	7/1/2014	6/30/2015	(2,048)	-	2,048	-	-	-	-	-	-
IDEA Preschool	84.173	H173S150114	IDEA-002016	3,332	7/1/2015	6/30/2016	-	-	1,000	3,332	-	-	(2,332)	-	-
Total special revenue fund							<u>(49,813)</u>	<u>-</u>	<u>210,941</u>	<u>253,698</u>	<u>-</u>	<u>-</u>	<u>(92,649)</u>	<u>79</u>	<u>-</u>
U.S. Department of Agriculture passed through State Department of Agriculture															
Enterprise fund															
Child nutrition center															
National school lunch program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	10,745	7/1/2014	6/30/2015	493	-	-	492	(1)	-	-	-	-
National school lunch program non-cash assistance (commodities)	10.555	1616NJ304N1099	N/A	10,836	7/1/2015	6/30/2016	-	-	10,836	9,742	-	-	-	1,094	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	17,596	7/1/2014	6/30/2015	(1,477)	-	1,477	-	-	-	-	-	-
National school lunch program cash assistance	10.555	1616NJ304N1099	N/A	20,690	7/1/2015	6/30/2016	-	-	15,185	20,690	-	-	(5,505)	-	-
Special milk program	10.556	1616NJ304N1099	N/A	41	7/1/2014	6/30/2015	(3)	-	3	-	-	-	-	-	-
Total enterprise fund							<u>(987)</u>	<u>-</u>	<u>27,501</u>	<u>30,924</u>	<u>(1)</u>	<u>-</u>	<u>(5,505)</u>	<u>1,094</u>	<u>-</u>
Total Federal financial assistance							<u>\$ (50,800)</u>	<u>\$ -</u>	<u>\$ 238,442</u>	<u>\$ 284,622</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ (98,154)</u>	<u>\$ 1,173</u>	<u>\$ -</u>

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015					Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor	Cash Received	Budgetary Expenditure	Adjustments	Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special education categorical aid	16-495-034-5120-089	\$ 294,741	7/1/2015	6/30/2016	\$ -	\$ -	\$ 268,403	\$ 294,741	\$ -	\$ -	\$ -	\$ -	\$ 26,338	\$ 294,741
Security aid	16-495-034-5120-084	36,626	7/1/2015	6/30/2016	-	-	33,353	36,626	-	-	-	-	3,273	36,626
Transportation aid	16-495-034-5120-014	210,782	7/1/2015	6/30/2016	-	-	191,947	210,782	-	-	-	-	18,835	210,782
Adjustment aid (includes additional aid)	16-495-034-5120-085	17,175	7/1/2015	6/30/2016	-	-	15,640	17,175	-	-	-	-	1,535	17,175
PARCC readiness aid	16-495-034-5120-098	4,615	7/1/2015	6/30/2016	-	-	4,203	4,615	-	-	-	-	412	4,615
Per pupil growth aid	16-495-034-5120-097	4,615	7/1/2015	6/30/2016	-	-	4,203	4,615	-	-	-	-	412	4,615
Extraordinary aid	16-495-034-5120-044	64,114	7/1/2014	6/30/2015	(64,114)	-	64,114	-	-	-	-	-	-	64,114
Extraordinary aid	16-495-034-5120-044	35,455	7/1/2015	6/30/2016	-	-	-	35,455	-	(35,455)	-	-	-	35,455
Non-public transportation aid	16-495-034-5120-014	3,222	7/1/2015	6/30/2016	-	-	-	3,222	-	(3,222)	-	-	-	3,222
TPAF pension-post retirement medical	16-495-034-5094-001	342,316	7/1/2015	6/30/2016	-	-	342,316	342,316	-	-	-	-	-	342,316
TPAF pension-non contributory insurance	16-495-034-5094-004	13,641	7/1/2015	6/30/2016	-	-	13,641	13,641	-	-	-	-	-	13,641
TPAF pension	16-495-034-5094-002	273,845	7/1/2015	6/30/2016	-	-	273,845	273,845	-	-	-	-	-	273,845
TPAF Social Security aid	15-495-034-5094-003	278,910	7/1/2014	6/30/2015	(12,250)	-	12,250	-	-	-	-	-	-	293,833
TPAF General Security aid	16-495-034-5094-003	293,833	7/1/2015	6/30/2016	-	-	266,858	293,833	-	(26,975)	-	-	-	278,910
Total general fund					<u>(76,364)</u>	<u>-</u>	<u>1,490,773</u>	<u>1,530,866</u>	<u>-</u>	<u>(65,652)</u>	<u>-</u>	<u>-</u>	<u>50,805</u>	<u>1,873,890</u>
NJ School Development Authority														
Capital projects fund														
Middle school HVAC/Security upgrades	5270-050-15-1001	212,049	1/6/2014	6/30/2017	(212,049)	-	-	-	-	(212,049)	-	-	-	212,049
Elementary school security upgrades	5270-060-15-2002	47,613	1/6/2014	6/30/2017	(47,613)	-	-	-	-	(47,613)	-	-	-	47,613
Total capital projects fund					<u>(259,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(259,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259,662</u>
State Department of Agriculture														
Enterprise fund														
State school lunch program	15-100-010-3350-023	1,569	7/1/2014	6/30/2015	(177)	-	177	-	-	-	-	-	-	1,569
State school lunch program	16-100-010-3350-023	1,544	7/1/2015	6/30/2016	-	-	1,141	1,544	-	(403)	-	-	-	1,544
Total enterprise fund					<u>(177)</u>	<u>-</u>	<u>1,318</u>	<u>1,544</u>	<u>-</u>	<u>(403)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,113</u>
Total State financial assistance					<u>\$ (336,203)</u>	<u>\$ -</u>	<u>\$ 1,492,091</u>	<u>1,532,410</u>	<u>\$ -</u>	<u>\$ (325,717)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,805</u>	<u>\$ 2,136,665</u>
Less: On behalf TPAF pension system contributions								<u>(629,802)</u>						
Total for State financial assistance - major program determination								<u>\$ 902,608</u>						

See independent auditors' report.

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

- Note 1 - General
The accompanying Schedules of Financial Assistance present the activity of all Federal and State financial assistance programs of the Board of Education, Union Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from Federal agencies, as well as federal financial assistance passed through other government agencies, is included on the Schedule of Federal Financial Assistance.
- Note 2 - Basis of accounting
The accompanying Schedules of Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.
- Note 3 - Relationship of financial statements
The financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying Schedules on the Modified Accrual Basis with the exception of the revenue recognition of the last State aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch. 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the State deferred and recording of the last State aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the Grant Accounting Budgetary Basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$0 for the General Fund and \$0 for the Special Revenue Fund and \$3,935 for the Capital Projects Fund. For the reconciliations of the budgetary basis to the modified accrual basis of accounting, See Exhibit C-3 for the General and Special Revenue Funds and Exhibit F-2 for the Capital Projects Fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Local</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ -	\$ -	\$ 1,530,866	\$ 1,530,866
Special Revenue Fund	3,507	253,698	-	257,205
Capital Projects Fund	-	-	3,935	3,935
Food Service Fund	-	30,924	1,544	32,468
Total	<u>\$ 3,507</u>	<u>\$ 284,622</u>	<u>\$ 1,536,345</u>	<u>\$ 1,824,474</u>

UNION TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

- Note 4 - Relationship to Federal and State financial reports
Amounts reported in the accompanying schedules agree with the amounts reported in the related Federal and State financial reports.
- Note 5 - Other
Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2016.

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

- | | | | | |
|--|---------------|-----|---------------|----|
| 1. Material weakness(es) identified? | <u>X</u> | Yes | <u> </u> | No |
| 2. Reportable conditions identified that are not considered to be material weaknesses? | <u> </u> | Yes | <u>X</u> | No |

Noncompliance Material to General - purpose Financial Statements Noted?

 Yes X No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

- | | | | | |
|--|---------------|-----|---------------|----|
| 1. Material weakness(es) identified? | <u> </u> | Yes | <u> </u> | No |
| 2. Reportable conditions identified that are not considered to be material weaknesses? | <u> </u> | Yes | <u> </u> | No |

Type of Auditor's Report Issued on Compliance for Major Programs?

Any Audit Findings Disclosed that are Required to be Reported in Accordance with the Uniform Guidance?

 Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
	Not Applicable	

Dollar threshold used to distinguish between Type A and Type B programs:

Auditee qualified as a low-risk auditee

 Yes No

State Awards

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee

X Yes No

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

State Awards (continued)

Type of Auditor's Report issued on Compliance for Major Programs: Unmodified

Internal Control Over Major Programs:

- | | | | | |
|--|--------------|-----|--------------|----|
| 1. Material weakness(es) identified? | <u> X </u> | Yes | <u> </u> | No |
| 2. Reportable conditions identified that are not considered to be material weaknesses? | <u> </u> | Yes | <u> X </u> | No |

Any Audit Findings Disclosed that are Required to be Reported in Accordance with NJ OMB Circular Letter 15-08?	<u> </u>	Yes	<u> X </u>	No
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Identification of Major Programs:

GMIS Numbers	Amount	Name of State Program
<i>16-495-034-5120-089</i>	\$ 294,741	<i>Special Education aid</i>
<i>16-495-034-5094-003</i>	293,833	<i>Social Security aid</i>

Section II - Financial Statement Findings

Internal Control Findings:

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Finding # 2016-001:

Criteria: Procedures should be in place to ensure that all required debt service payments are budgeted for in full.

Condition: The District's approved budget for the debt service fund for fiscal year ending June 30, 2017 was understated by \$387,722

Context: Our test of the debt service budget for fiscal year 2017 verified that the budget was understated by \$387,722

Effect: The District's debt service fund budget was understated for the fiscal year ending June 30, 2017. In order to prevent a deficit balance in the debt service fund, the District has transferred funds from the capital reserve fund as allowed by N.J.A.C. 6A:23A-14.1

Cause: Unknown

Recommendation: The District should implement procedures to ensure that all required debt service payments are budgeted.

Views of Responsible Officials and Planned Corrective Action: (unaudited):

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding # 2016 - 002:

Criteria: The staffing of the District's business office appears to be inadequate for the effective completion of the duties required of the office personnel.

Condition: Required documentation is not being properly completed or updated in a timely manner.

Context: Not applicable

Effect: Required documentation is not being properly completed or updated timely by the District's business office.

Cause: Unknown

Recommendation: The District should perform a review of the staffing of the business office to determine if it is adequate for the effective completion of the duties required of the office personnel.

Views of Responsible Officials and Planned Corrective Action: (unaudited):

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**UNION TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section III - State Financial Assistance Findings and Questioned Costs

Finding # 2016 - 001:

Criteria: The staffing of the District's business office appears to be inadequate for the effective completion of the duties required of the office personnel.

Condition: Required documentation is not being properly completed or updated in a timely manner.

Context: Not applicable

Effect: Required documentation is not being properly completed or updated timely by the District's business office.

Cause: Unknown

Recommendation: The District should perform a review of the staffing of the business office to determine if it is adequate for the effective completion of the duties required of the office personnel.

Views of Responsible Officials and Planned Corrective Action: (unaudited):
The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**UNION TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016**

Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.