

**TOWNSHIP OF UNION  
SCHOOL DISTRICT**

**Township of Union School District  
Union Township, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Comprehensive Annual  
Financial Report**

**of the**

**Township of Union School District**

**Union Township, New Jersey**

**For the Fiscal Year Ended June 30, 2016**

**Prepared by**

**Township of Union School District  
Business Office**

TOWNSHIP OF UNION SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016

INTRODUCTORY SECTION (Unaudited)

Letter of Transmittal .....	1
Organizational Chart.....	5
Roster of Officials.....	6
Consultants and Advisors .....	7

FINANCIAL SECTION ..... 8

Independent Auditors' Report .....	9
------------------------------------	---

Required Supplementary Information .....	12
Management's Discussion and Analysis (Unaudited).....	13

Basic Financial Statements (Sections A. and B.).....	22
--	----

A. District-Wide Financial Statements .....	23
A-1 Statement of Net Position.....	24
A-2 Statement of Activities .....	25

B. Fund Financial Statements .....	27
B-1 Balance Sheet – Governmental Funds.....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds .....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	32
B-4 Statement of Net Position – Proprietary Funds .....	34
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds.....	35
B-6 Statement of Cash Flows – Proprietary Funds .....	36
B-7 Statement of Fiduciary Net Position – Fiduciary Funds.....	37
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	38

Notes to Basic Financial Statements.....	39
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Required Supplementary Information (Unaudited)

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68) (Unaudited).....	71
L-1 Schedule of District's Proportionate Share of the Net Pension Liability- Public Employees Retirement System .....	71
L-2 Schedule of District Contributions – Public Employees Retirement System.....	72
L-3 Schedule of State's Proportionate Share of the Net Pension Liability attributable to L-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in the District - Teachers' Pension and Annuity Fund .....	73
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	74
Notes to Required Supplementary Information.....	75

TOWNSHIP OF UNION SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

FINANCIAL SECTION (Cont'd)

C. Budgetary Comparison Schedules (Unaudited)

C-1 Budgetary Comparison Schedule – General Fund .....	76
C-2 Budgetary Comparison Schedule – Special Revenue Fund .....	91
C-3 Required Supplementary Information – Budgetary Comparison Schedule .....	92

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable) .....	93
E. Special Revenue Fund.....	94
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis .....	95
E-2 Preschool Education Aid Budgetary Basis (Not Applicable)	
F. Capital Projects Fund .....	100
F-1 Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis.....	101
F-1a Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Jefferson Elementary School Construction– Budgetary Basis.....	102
F-1b Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Union High School Electrical Upgrades – Budgetary Basis .....	103
F-1c Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Washington Elementary School HVAC Upgrades – Budgetary Basis .....	104
G. Proprietary Funds .....	105
Enterprise Funds	
G-1 Combining Statement of Net Position .....	106
G-2 Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....	107
G-3 Combining Statement of Cash Flows.....	108
H. Fiduciary Funds .....	109
H-1 Combining Statement of Fiduciary Net Position.....	110
H-2 Combining Statement of Changes in Fiduciary Net Position.....	111
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements .....	112
H-4 Student Activity Agency Fund Statement of Activity.....	113
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements.....	114
I. Long-Term Debt.....	115
I-1 Schedule of Serial Bonds.....	116
I-2 Schedule of Obligations Under Capital Leases (Not Applicable).....	118
I-3 Debt Service Fund Budgetary Comparison Schedule .....	119

TOWNSHIP OF UNION SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

FINANCIAL SECTION (Cont'd)

J. STATISTICAL SECTION (Unaudited) .....	120
Statistical Schedules	
J-1 Net Position by Component.....	121
J-2 Changes in Net Position .....	122
J-3 Fund Balances – Governmental Funds.....	125
J-4 Changes in Fund Balances – Governmental Funds.....	126
J-5 General Fund Other Local Revenue by Source.....	128
J-6 Assessed Value and Actual Value of Taxable Property .....	129
J-7 Direct and Overlapping Property Tax Rates.....	130
J-8 Principal Property Taxpayers .....	131
J-9 Property Tax Levies and Collections .....	132
J-10 Ratios of Outstanding Debt by Type .....	133
J-11 Ratios of Net General Bonded Debt Outstanding .....	134
J-12 Ratios of Overlapping Governmental Activities Debt .....	135
J-13 Legal Debt Margin Information .....	136
J-14 Demographic and Economic Statistics.....	137
J-15 Principal Employers .....	138
J-16 Full-Time Equivalent District Employees by Function/Program .....	139
J-17 Operating Statistics.....	140
J-18 School Building Information .....	141
J-19 Schedule of Required Maintenance for School Facilities .....	143
J-20 Insurance Schedule.....	144
K. SINGLE AUDIT SECTION .....	146
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	147
K-2 Report on Compliance for Each Major Federal and State Program; Report on Internal Control over Compliance .....	149
Schedule of Expenditures of Federal Awards.....	151
Schedule of Expenditures of State Awards .....	153
Notes to the Schedules of Federal and State Awards.....	155
Schedule of Findings and Questioned Costs .....	157
Summary Schedule of Prior Audit Findings .....	159

INTRODUCTORY SECTION

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## *Township of Union Public Schools*

**Gregory Brennan**  
**Business Administrator/Board Secretary**

**Manuel E. Vieira**  
**Assistant Business Administrator**

November 10, 2016

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Union, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Township of Union School District (the "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 Township of Union Board of Education (the "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 basic financial statements and results of operations of the District. All disclosures 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 this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results and supplementary schedules providing detailed budgetary information. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES:** The Township of Union School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Township of Union School District and all its schools constitute the District's reporting entity.

**2) ECONOMIC CONDITION AND OUTLOOK:**

The Township of Union continues to reflect the economic conditions of the state and country as a whole. Residential, commercial and industrial property values are beginning to increase and foreclosures have leveled off. There are two major residential developments in the Township in the planning stages which will further improve the economic conditions in Township. The major commercial tax appeals have leveled off. Union Station and the surrounding area continue to demonstrate great economic growth. The Township remains well positioned for the impending economic growth.

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**Tel: (908)851-6411**  
**gbrennan@twpunionschools.org**  
**mvieira@twpunionschools.org**

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 2  
November 10, 2016

### 3) MAJOR INITIATIVES:

Initiative One – The Township of Union School District’s first initiative is to begin the process of improving the infrastructure in order to meet the needs of the students and provide high school students, initially, the opportunity to participate in the District’s one to one technology program once all infrastructure issues are resolved.

Initiative Two – The Township of Union Public Schools is working with our neighboring university to establish a relationship of professional collaboration; providing opportunity for potential candidates to choose the District for their educational careers.

Initiative Three – The Township of Union School District will launch the Instructional Improvement System; EdConnectNJ. This is a tool that will support data-driven instruction and curriculum planning. EdConnectNJ provides supervisors and teachers with a wealth of tools to assist in planning and organizing daily instruction, assessing student growth, and grouping students to facilitate differentiation of teaching and learning.

Initiative Four – The Township of Union School District had begun efforts to promote positive Public Relations for our District. While creating partnerships with entities it is the objective of the District to foster a positive outlook of our schools throughout the community.

Initiative Five – The Township of Union School District’s fifth initiative is to continue to research and pursue alternate funding sources to enhance both curricular and extra-curricular offerings throughout the District.

### 4) INTERNAL ACCOUNTING CONTROLS:

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

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

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



The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 3  
November 10, 2016

#### 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 a vote of 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 in 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 year-end are either canceled or are included as appropriations of fund balance in the subsequent year. Those amounts to be appropriated are reported as restrictions, commitments and/or assignments of fund balance at June 30, 2016.

#### 6) ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

#### 7) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The 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. The Board oversees risk management for the District. A schedule of insurance coverage can be found on Exhibit J-20.

#### 9) OTHER INFORMATION:

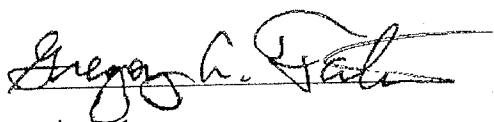
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The independent auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 4  
November 10, 2016

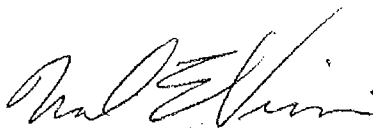
10) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Union Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,



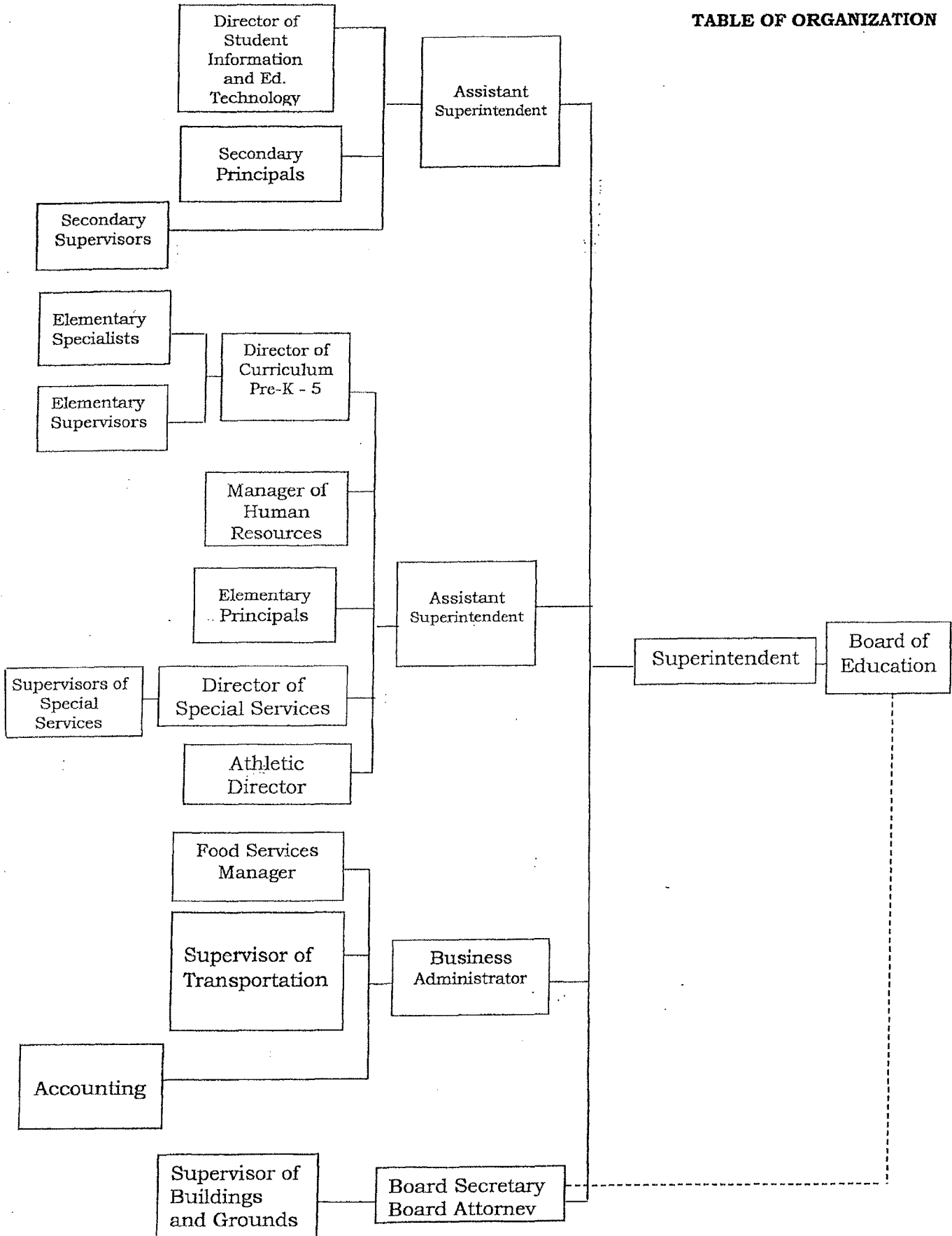
Superintendent  
Gregory Tatum



Business Administrator/Interim Board Secretary  
Manuel E. Vieira

TOWNSHIP OF UNION SCHOOL DISTRICT

TABLE OF ORGANIZATION



**TOWNSHIP OF UNION BOARD OF EDUCATION  
UNION, NEW JERSEY**

**ROSTER OF OFFICIALS  
JUNE 30, 2016**

MEMBERS OF THE  
BOARD OF EDUCATION

TERM EXPIRES

Vito A. Nufrio, President	2017
David Arminio, Vice President	2018
Guy Francis	2018
Lois Jackson	2016 (resigned 1/6/16)
Steven Le	2016
Ron McDowell	2017
Jeffrey Monge	2018
Nellis Regis-Darby	2016 (filled Lois Jackson unexpired term)
Angel Salcedo	2016
Nancy Zuena	2017

OTHER OFFICIALS

- Mr. Gregory A. Tatum, Superintendent of Schools
- Dr. Noreen Lishak, Assistant Superintendent of Schools
- Mrs. Annie Moses, Assistant Superintendent of Schools
- Mr. Manuel E. Vieira, School Business Administrator/Interim Board Secretary
- Mrs. Fernanda Manochio, Assistant Board Secretary
- Mr. Thomas Wiggins, Supervisor of Buildings and Grounds
- Mrs. Debra L. Cyburt, Treasurer of School Monies

**TOWNSHIP OF UNION BOARD OF EDUCATION**

Consultants and Advisors

**Audit Firm**

**Nisivoccia LLP, CPAs**

Mount Arlington Corporate Center

200 Valley Road, Suite 300

Mount Arlington, NJ, 07856

and

Lawrence Business Park

11 Lawrence Road

Newton, NJ 07860

**Attorneys**

**Sciarrillo Cornell**

Merlino, McKeever & Osborne, LLC

238 St. Paul Street

Westfield, NJ 07090

**Architect**

**Poter Architects**

410 Colonial Ave

Union, NJ 07083

**Official Depository**

**ConnectOne Bank**

301 Sylvan Ave #1

Englewood Cliffs, NJ 07632

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax  
 Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

The Honorable President and Members of  
 the Board of Education  
 of the Township of Union  
 Union, 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 Board of Education of the Township of Union School District (the "District") in the County of Union, as of and for the fiscal 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 due 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 2

### *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 Board of Education of the Township of Union School District, in the County of Union, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

The financial statements of the Township of Union School District as of June 30, 2015 were audited by another auditor whose report dated December 4, 2015 expressed an unmodified opinion on those statements.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 3

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

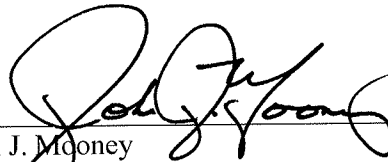
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 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.

November 10, 2016  
Mount Arlington, New Jersey

*NISIVOCCIA LLP*

NISIVOCCIA LLP



John J. Mconey  
Licensed Public School Accountant #2602  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

## Management's Discussion and Analysis (Unaudited)

This section of Township of Union School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### *Financial Highlights*

- In total, the total net position decreased by \$22,260,881. The net position of the governmental activities decreased \$2,222,832 while the net position of the business-type activities decreased by \$38,049.
- Revenues totaled \$156,062,374 for this fiscal year.
- The District had \$155,067,418 in expenses related to governmental activities. Expenses relating to business-type activities totaled \$3,256,197.
- The District continued to pay down its debt by retiring \$1,960,000 of outstanding bonds.

### *Overview of the Financial Statements*

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds statements* offer *short- and long-term* financial information about the activities the District operates like a business, such as food services and the CAST Fund.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- *Notes to the basic financial statements* provide additional information essential to a full understanding of district wide and fund financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
**Organization of Township of Union School District's Financial Report**

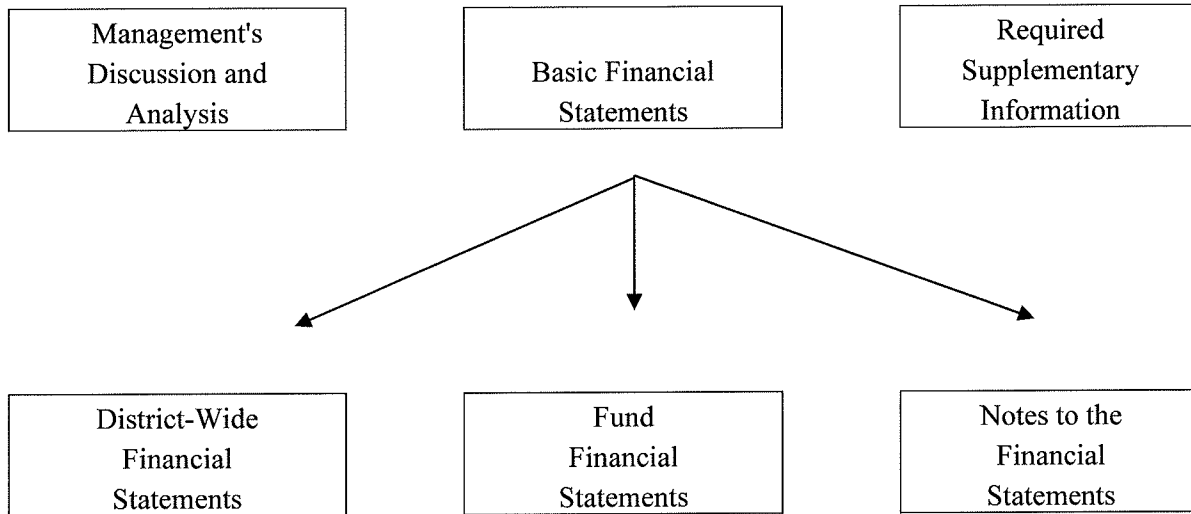


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and CAST Fund	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, deferred outflow of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

### ***District-wide Statements***

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

The two district-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service and CAST Fund is included here.

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for its other programs and activities.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District

excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

*Notes to the basic financial statements:* The notes provide information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

### **Financial Analysis of the District as a Whole**

*Net Position.* The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a District's financial position.

The District's financial position is the product of financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Figure A-3**  
**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15*	2015/16	2014/15	2015/2016	2014/15*	2014/15	
Current and Other Assets	\$ 29,366,693	\$ 26,501,865	\$ 1,413,476	\$ 1,566,440	\$ 30,780,169	\$ 28,068,305	-8.81%
Capital Assets, Net	92,875,246	91,414,861	840,238	879,360	93,715,484	92,294,221	-1.52%
Total Assets	<u>122,241,939</u>	<u>117,916,726</u>	<u>2,253,714</u>	<u>2,445,800</u>	<u>124,495,653</u>	<u>120,362,526</u>	-3.32%
Deferred Outflows of Resources	<u>6,028,696</u>	<u>10,379,005</u>			<u>6,028,696</u>	<u>10,379,005</u>	72.16%
Long-Term Debt Outstanding	66,566,063	71,733,130			66,566,063	71,733,130	7.76%
Other Liabilities	5,661,082	4,132,988	119,413	230,135	5,780,495	4,363,123	-24.52%
Total Liabilities	<u>72,227,145</u>	<u>75,866,118</u>	<u>119,413</u>	<u>230,135</u>	<u>72,346,558</u>	<u>76,096,253</u>	5.18%
Deferred Inflows of Resources	<u>2,062,770</u>	<u>671,725</u>			<u>2,062,770</u>	<u>671,725</u>	-67.44%
Net Position:							
Net Investment in Capital Assets	66,419,122	66,817,323	840,238	879,360	67,259,360	67,696,683	0.65%
Restricted	26,714,466	21,523,970			26,714,466	21,523,970	-19.43%
Unrestricted/(Deficit)	<u>(39,152,868)</u>	<u>(36,583,405)</u>	<u>1,413,476</u>	<u>1,336,305</u>	<u>(37,739,392)</u>	<u>(35,247,100)</u>	-6.60%
Total Net Position	<u>\$ 53,980,720</u>	<u>\$ 51,757,888</u>	<u>\$ 2,253,714</u>	<u>\$ 2,215,665</u>	<u>\$ 56,234,434</u>	<u>\$ 53,973,553</u>	-4.02%

\* As restated

*Changes in Net Position.* The District's *combined* net position was \$53,973,553 on June 30, 2016, \$2,260,881 less than the year before. (See Figure A-3). Net investment in capital assets increased primarily due to the current year maturity of serial bonds payable \$1,960,000, as well as current year capital asset additions of \$1,984,177, offset by current year depreciation of \$3,380,872, net deletions of \$24,569, and the amortization of \$101,413 of the deferred amount on the refunding. Restricted net position decreased primarily due to the utilization of funds from capital and maintenance reserves of \$1,155,000, and \$600,000 respectively offset by a cash reserve deposit of \$448,417 and \$110,063 of unexpended funds from capital outlay. Unrestricted net assets decreased primarily due to an increase in net pension liability as well as the pension related deferred inflows and outflows. The net position of the business-type activities decreased \$38,049 which is attributable to expenses exceeding revenues in the food service enterprise fund (See Figure A-4).

**Figure A-4**  
**Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services		\$ 150,214	\$ 1,570,430	\$ 1,617,053	\$ 1,570,430	\$ 1,767,267	12.53%
Operating Grants and Contributions	\$25,723,596	36,896,315	1,499,038	1,597,231	27,222,634	38,493,546	41.40%
<b>General Revenue:</b>							
Property Taxes	84,490,626	87,085,760			84,490,626	87,085,760	3.07%
Unrestricted Federal and State Aid	33,332,747	28,081,549			33,332,747	28,081,549	-15.75%
Other	701,969	630,748	2,676	3,864	704,645	634,612	-9.94%
<b>Total Revenue</b>	<b>144,248,938</b>	<b>152,844,586</b>	<b>3,072,144</b>	<b>3,218,148</b>	<b>147,321,082</b>	<b>156,062,734</b>	<b>5.93%</b>
<b>Expenses:</b>							
Instruction	80,794,722	96,994,729			80,794,722	96,994,729	20.05%
Pupil and Instruction Services	27,224,852	26,709,562			27,224,852	26,709,562	-1.89%
Administrative and Business	12,305,692	11,741,820			12,305,692	11,741,820	-4.58%
Maintenance and Operations	14,374,407	11,532,667			14,374,407	11,532,667	-19.77%
Transportation	7,718,452	5,943,785			7,718,452	5,943,785	-22.99%
Other	1,438,463	2,144,855	2,973,746	3,256,197	4,412,209	5,401,052	22.41%
<b>Total Expenses</b>	<b>143,856,588</b>	<b>155,067,418</b>	<b>2,973,746</b>	<b>3,256,197</b>	<b>146,830,334</b>	<b>158,323,615</b>	<b>7.83%</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 392,350</b>	<b>\$ (2,222,832)</b>	<b>\$ 98,398</b>	<b>\$ (38,049)</b>	<b>\$ 490,748</b>	<b>\$ (2,260,881)</b>	<b>-560.70%</b>

*Revenue Sources.* The District's total revenue for the 2015/2016 school year was \$156,062,734. (See Figure A-4). Property taxes and operating grants and contributions accounted for most of the District's revenue, with local taxes accounting for \$87,085,760 of the total, or 55.80 percent. (See Figure A-5). Another 42.66 percent came from grants, aid and contributions, and the remainder from miscellaneous sources and charges for services. The District basically conducts its operations from the revenue it receives from its local taxpayers and state aid.

**Figure A-5**  
**Sources of Revenue for Fiscal Year 2016**

	Amount	Percentage
<b>Sources of Income:</b>		
Operating Grants and Contributions	\$ 38,493,546	24.67%
Property Taxes	87,085,760	55.80%
Federal and State Unrestricted Aid	28,081,549	17.99%
Charges for Services	1,767,267	1.13%
Other	634,612	0.41%
	<b>\$ 156,062,734</b>	<b>100.00%</b>

The total cost of all programs and services was \$158,323,615. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (81.88 percent). (See Figure A-6). The District's administrative and business activities accounted for 7.42 percent of total costs.



**Figure A-6  
Expenses for Fiscal Year 2016**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 96,994,729	61.26%
Pupil and Instruction Services	26,709,562	16.87%
Administrative and Business	11,741,820	7.42%
Maintenance and Operations	11,532,667	7.28%
Transportation	5,943,785	3.75%
Other	5,401,052	3.42%
	<u>\$ 158,323,615</u>	<u>100.00%</u>

***Governmental Activities***

Maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils place great demands on the District’s resources. In recent years retiring teachers are being replaced by teachers of less experience. Such changes have generated salary savings, but these have not been sufficient enough to offset increased special education programs and increased health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. The most significant cost saving item during the year was:

- Increased use of federal funds for tuition and related service cost savings.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District’s taxpayers by each of these functions:

**Figure A-7  
Net Cost of Governmental Activities**

Sources of Income:	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2014/15	2015/16	2014/15	2015/16
Instruction	\$ 80,794,722	\$ 96,994,729	\$ 67,274,633	\$ 63,529,197
Pupil and Instruction Services	27,224,852	26,709,562	24,000,311	24,908,388
Administrative and Business	12,305,692	11,741,820	10,176,277	10,289,300
Maintenance and Operations	14,374,407	11,532,667	11,954,311	11,532,667
Transportation	7,718,452	5,943,785	6,479,110	5,617,482
Other	1,438,463	2,144,855	1,311,256	2,144,855
	<u>\$ 143,856,588</u>	<u>\$ 155,067,418</u>	<u>\$ 121,195,898</u>	<u>\$ 118,021,889</u>

- The cost of all governmental activities this year was \$155.07 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$36.90 million).
- Most of the District's costs however, were financed by District taxpayers.
- The remainder of the funding came from unrestricted state and federal aid, miscellaneous revenue and investment earnings.

### ***Business-Type Activities***

Net position from the District's business-type activity decreased by \$38,049. (Refer to Figure A-4). The factor contributing to this result was:

- Food services expenses exceeded revenue by \$38,049 primarily due to increase in student participation and federal and state reimbursement.

### ***Financial Analysis of the District's Funds***

The District's financial position remains relatively stable. Expenditures related to special needs children have increased due to related services and equipment needs. Salaries of staff have increased by prior year negotiated agreements and health benefits contributions. The District unassigned General Fund fund balance is on target at 2%.

### ***General Fund Budgetary Highlights***

Over the course of the year, the District revised the annual operating budget several times. Material budget amendments fall into the following categories:

- Regular Programs – increase in instructional staff substitutes/classroom coverage/extended day programs.
- Special Education – increase in Special Education Students requiring related services.
- Out of District Tuitions – increase in Special Education Students.
- Transportation – increase in Special Education Students.
- Employee Benefits - Greater number of employees opting out of health insurance/hiring part time employees.

### *Capital Asset and Long-Term Liabilities*

**Figure A-8**  
**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage Change
	2014/15 *	2015/16	2014/15	2015/16	2014/15 *	2015/16	
Sites (Land)	\$ 9,553,000	\$ 9,553,000			\$ 9,553,000	\$ 9,553,000	0.00%
Site Improvements	2,631,613	2,638,677			2,631,613	2,638,677	0.27%
Buildings and Improvements	75,521,745	74,419,186			75,521,745	74,419,186	-1.46%
Furniture, Machinery and Equipment	5,168,888	4,803,998	\$ 840,239	\$ 879,360	6,009,127	5,683,358	-5.42%
	<u>\$ 92,875,246</u>	<u>\$ 91,414,861</u>	<u>\$ 840,239</u>	<u>\$ 879,360</u>	<u>\$ 93,715,485</u>	<u>\$ 92,294,221</u>	-1.52%

\* As restated

The District capitalized \$1,984,177 of expenditures during the fiscal year. The depreciation in the governmental activities and the business-type activities for the fiscal year 2015-16 was \$3,314,133 and \$83,627, respectively.

### *Long-term Liabilities*

At year-end, the District had \$25,882,000 in general obligation bonds outstanding – a reduction of \$1,960,000 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the Basic Financial Statements.)

**Figure A-9**  
**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2014/15 *	2015/16	
General Obligation Bonds (Financed with Property Taxes)	\$ 27,842,000	\$ 25,882,000	-7.04%
Unamortized Bond Premium	1,139,648	1,035,180	-9.17%
Net Pension Liability	34,613,388	41,778,961	20.70%
Compensated Absences Payable	2,971,027	3,036,989	2.22%
	<u>\$ 66,566,063</u>	<u>\$ 71,733,130</u>	7.76%

\* As restated

- The District continued to pay down its debt, retiring \$1,960,000 of outstanding bonds.
- The District's net pension liability increased \$7,165,573.

### *Contacting the District's Financial Management*

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 2369 Morris Avenue, Union, NJ 07083.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,389,510	\$ 1,431,643	\$ 18,821,153
Receivables from Other Governments	3,521,222	102,661	3,623,883
Other Receivables	35,460		35,460
Inventory		32,136	32,136
Restricted Assets:			
Cash and Cash Equivalents	5,555,673		5,555,673
Capital Assets:			
Sites (Land)	9,553,000		9,553,000
Depreciable Site Improvements, Buildings and Building Improvements, and Furniture, Machinery and Equipment	81,861,861	879,360	82,741,221
Total Assets	<u>117,916,726</u>	<u>2,445,800</u>	<u>120,362,526</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Amount on Refunding	1,284,462		1,284,462
Changes in Assumptions - Pension	4,486,727		4,486,727
Difference Between Actual and Experience - Pensions	996,699		996,699
Changes in Proportions - Pensions	1,792,162		1,792,162
District Contribution Subsequent to Measurement Date - Pensions	1,818,955		1,818,955
Total Deferred Outflows of Resources	<u>10,379,005</u>		<u>10,379,005</u>
<b>LIABILITIES</b>			
Accounts Payable - Vendors	3,313,892	224,941	3,538,833
Intergovernmental Payable	64,077		64,077
Accrued Interest Payable	226,364		226,364
Other Current Liabilities	1,078		1,078
Unearned Revenue	527,577	5,194	532,771
Noncurrent Liabilities:			
Due Within One Year	2,149,468		2,149,468
Due Beyond One Year	69,583,662		69,583,662
Total Liabilities	<u>75,866,118</u>	<u>230,135</u>	<u>76,096,253</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Investment Gains - Pensions	671,725		671,725
Total Deferred Inflows of Resources	<u>671,725</u>		<u>671,725</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	66,817,323	879,360	67,696,683
Restricted for:			
Debt Service	39,493		39,493
Capital Projects	9,306,206		9,306,206
Excess Surplus	6,138,641		6,138,641
Excess Surplus - Designated for Subsequent Year's Expenditures	4,589,630		4,589,630
Maintenance Reserve	450,000		450,000
Emergency Reserve	1,000,000		1,000,000
Unrestricted/(Deficit)	(36,583,405)	1,336,305	(35,247,100)
Total Net Position	<u>\$ 51,757,888</u>	<u>\$ 2,215,665</u>	<u>\$ 53,973,553</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 70,648,204	\$ 150,214	\$ 21,551,690		\$ (48,946,300)		\$ (48,946,300)
Special Education	18,918,112		9,530,655		(9,387,457)		(9,387,457)
Other Special Instruction	5,515,231		1,742,190		(3,773,041)		(3,773,041)
Other Instruction	1,913,182		491,783		(1,421,399)		(1,421,399)
Support services:							
Tuition	8,946,007		1,801,174		(7,144,833)		(7,144,833)
Student & Instruction Related Services	17,763,555				(17,763,555)		(17,763,555)
General Administrative Services	2,777,974				(2,777,974)		(2,777,974)
School Administrative Services	6,919,671		1,452,520		(5,467,151)		(5,467,151)
Central Services	1,385,075				(1,385,075)		(1,385,075)
Administrative Information Technology	659,100				(659,100)		(659,100)
Plant Operations and Maintenance	11,532,667				(11,532,667)		(11,532,667)
Pupil Transportation	5,943,785		326,303		(5,617,482)		(5,617,482)
Interest on Long-Term Debt	814,673				(814,673)		(814,673)
Unallocated Depreciation	379,000				(379,000)		(379,000)
Capital Outlay	951,182				(951,182)		(951,182)
Total Governmental Activities	155,067,418	150,214	36,896,315	-0-	(118,020,889)	\$ -0-	(118,020,889)

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Business-Type Activities:							
Food Service	\$ 3,256,197	\$ 1,617,053	\$ 1,597,231		\$ (41,913)	\$ (41,913)	
Total Business-Type Activities	3,256,197	1,617,053	1,597,231		(41,913)	(41,913)	
Total Primary Government	<u>\$ 158,323,615</u>	<u>\$ 1,767,267</u>	<u>\$ 38,493,546</u>	<u>\$ -0-</u>	<u>\$ (118,020,889)</u>	<u>(41,913)</u>	<u>(118,062,802)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				84,295,227			84,295,227
Taxes Levied for Debt Service				2,790,533			2,790,533
Federal and State Aid not Restricted				28,081,549			28,081,549
Miscellaneous Income				630,748	3,864		634,612
Total General Revenue				<u>115,798,057</u>	<u>3,864</u>		<u>115,801,921</u>
Change in Net Position				(2,222,832)	(38,049)		(2,260,881)
Net Position - Beginning (Restated)				<u>53,980,720</u>	<u>2,253,714</u>		<u>56,234,434</u>
Net Position - Ending				<u>\$ 51,757,888</u>	<u>\$ 2,215,665</u>		<u>\$ 53,973,553</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



FUND FINANCIAL STATEMENTS

TOWNSHIP OF UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 12,376,319		\$ 4,990,085	\$ 23,106	\$ 17,389,510
Intergovernmental Accounts Receivable - State	1,492,319		1,001,641		2,493,960
Intergovernmental Accounts Receivable - Federal	85,371	\$ 941,891			1,027,262
Interfund Receivable	757,609			16,387	773,996
Other Receivable	35,460				35,460
Restricted Cash and Cash Equivalents	5,555,673				5,555,673
<b>Total Assets</b>	<u>\$ 20,302,751</u>	<u>\$ 941,891</u>	<u>\$ 5,991,726</u>	<u>\$ 39,493</u>	<u>\$ 27,275,861</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable - Vendors	\$ 1,401,892	\$ 93,045			\$ 1,494,937
Intergovernmental Payable		64,077			64,077
Other Current Liabilities	1,078				1,078
Interfund Payable		309,192	\$ 464,804		773,996
Unearned Revenue	52,000	475,577			527,577
<b>Total Liabilities</b>	<u>1,454,970</u>	<u>941,891</u>	<u>464,804</u>		<u>2,861,665</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital Reserve Account	4,105,672				4,105,672
Maintenance Reserve Account	450,000				450,000
Emergency Reserve Account	1,000,000				1,000,000
Excess Surplus	6,138,641				6,138,641
Excess Surplus Designated for Subsequent Year's Expenditures	4,589,630				4,589,630
Debt Service				\$ 39,493	39,493
Capital Projects Fund			5,200,534		5,200,534
<b>Committed:</b>					
Capital Projects Fund			326,388		326,388
<b>Assigned:</b>					
For Subsequent Year's Expenditures	167,866				167,866
Encumbrances	2,395,972				2,395,972
<b>Total Fund Balances</b>	<u>18,847,781</u>		<u>5,526,922</u>	<u>39,493</u>	<u>24,414,196</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 20,302,751</u>	<u>\$ 941,891</u>	<u>\$ 5,991,726</u>	<u>\$ 39,493</u>	<u>\$ 27,275,861</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

Total Fund Balances From Previous Page	\$ 24,414,196
<p>Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:</p>	
<p>Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$121,382,664 and the accumulated depreciation is \$29,967,803.</p>	91,414,861
<p>Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.</p>	(226,364)
<p>The Deferred Amount on Refunding is not Reported as Expenditures in the Governmental Funds in the Year of Expenditure</p>	1,284,462
<p>Bond issuance premiums are reported as a revenue in the Governmental Funds in the year of receipt. The original premium is \$1,342,248 and accumulated amortization is \$307,068.</p>	(1,035,180)
<p>Bond issuance costs are reported as expenditures in the Governmental Funds in the year of expenditure. The costs are \$271,381 and accumulated amortization is \$47,890.</p>	
<p>The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.</p>	(41,778,961)
<p>Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:</p>	
Changes in Assumptions - Pensions	4,486,727
Investment Gains - Pensions	(671,725)
Changes in Proportions - Pensions	1,792,162
Difference Between Actual and Experience - Pensions	996,699
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds</p>	<u>(28,918,989)</u>
Net Position of Governmental Activities	<u>\$ 51,757,888</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUE:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 84,295,227			\$ 2,790,533	\$ 87,085,760
Tuition	150,214				150,214
Transportation Fees	14,400				14,400
Rents and Royalties	33,814				33,814
Miscellaneous	566,147	\$ 25,321	\$ 16,387		607,855
<b>Total - Local Sources</b>	<b>85,059,802</b>	<b>25,321</b>	<b>16,387</b>	<b>2,790,533</b>	<b>87,892,043</b>
State Sources	46,387,196	293,987	(298,944)	113,637	46,495,876
Federal Sources	191,343	2,723,888			2,915,231
<b>Total Revenue</b>	<b>131,638,341</b>	<b>3,043,196</b>	<b>(282,557)</b>	<b>2,904,170</b>	<b>137,303,150</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
Regular Instruction	37,556,642	1,111,100			38,667,742
Special Education Instruction	9,454,286				9,454,286
Other Special Instruction	2,997,697				2,997,697
Other Instruction	1,202,180				1,202,180
<b>Support Services and Undistributed Costs:</b>					
Tuition	8,946,007	1,929,314			10,875,321
Student & Instruction Related Services	13,162,243				13,162,243
General Administrative Services	2,431,836				2,431,836
School Administrative Services	4,232,170				4,232,170

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES (Cont'd):					
Support Services and Undistributed Costs (Cont'd):					
Central Services	\$ 933,813				\$ 933,813
Administrative Information Technology	659,100				659,100
Plant Operations and Maintenance	9,184,486				9,184,486
Pupil Transportation	5,407,232				5,407,232
Unallocated Benefits	34,277,386				34,277,386
Debt Service:					
Principal				\$ 1,960,000	1,960,000
Interest and Other Charges				949,943	949,943
Capital Outlay	1,233,629	\$ 2,782	\$ 921,382		2,157,793
Total Expenditures	<u>131,678,707</u>	<u>3,043,196</u>	<u>921,382</u>	<u>2,909,943</u>	<u>138,553,228</u>
Deficiency of Revenue under Expenditures	<u>(40,366)</u>		<u>(1,203,939)</u>	<u>(5,773)</u>	<u>(1,250,078)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In	448,417			16,387	464,804
Transfers Out			(464,804)		(464,804)
Total Other Financing Sources/(Uses)	<u>448,417</u>		<u>(464,804)</u>	<u>16,387</u>	
Net Change in Fund Balances	408,051		(1,668,743)	10,614	(1,250,078)
Fund Balance—July 1	<u>18,439,730</u>		<u>7,195,665</u>	<u>28,879</u>	<u>25,664,274</u>
Fund Balance—June 30	<u>\$ 18,847,781</u>	<u>\$ -0-</u>	<u>\$ 5,526,922</u>	<u>\$ 39,493</u>	<u>\$ 24,414,196</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF UNION SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (1,250,078)

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays differ from depreciation and adjustments and deletions from capital assets in the period.

Adjustments/Deletions	\$ (24,569)	
Depreciation expense	(3,314,133)	
Capital outlays	<u>1,878,317</u>	(1,460,385)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (65,963)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+) 132,215

TOWNSHIP OF UNION SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The governmental funds report the effect of bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)	\$ 104,468
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (-)	(101,413)
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:	
Change in Net Pension Liability	(7,165,573)
Deferred Outflows:	
Changes in Assumptions	3,398,296
Difference between Expected and Actual Experience	996,699
Changes in Proportion	(162,143)
Deferred Inflows:	
Net difference between projected and actual investment earnings on pension plan investments	1,391,045
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.	1,960,000
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ (2,222,832)

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Food Service Fund	CAST Fund	Total Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 584,895	\$ 846,748	\$ 1,431,643
Intergovernmental Accounts Receivable:			
Federal	100,315		100,315
State	2,346		2,346
Inventories	32,136		32,136
Total Current Assets	<u>719,692</u>	<u>846,748</u>	<u>1,566,440</u>
Non-Current Assets:			
Capital Assets	2,064,955	30,318	2,095,273
Less: Accumulated Depreciation	<u>(1,205,302)</u>	<u>(10,611)</u>	<u>(1,215,913)</u>
Total Non-Current Assets	<u>859,653</u>	<u>19,707</u>	<u>879,360</u>
Total Assets	<u>1,579,345</u>	<u>866,455</u>	<u>2,445,800</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	224,941		224,941
Unearned Revenue	5,194		5,194
Total Current Liabilities	<u>230,135</u>		<u>230,135</u>
<u>NET POSITION:</u>			
Investment in Capital Assets	859,653	19,707	879,360
Unrestricted	<u>489,557</u>	<u>846,748</u>	<u>1,336,305</u>
Total Net Position	<u>\$ 1,349,210</u>	<u>\$ 866,455</u>	<u>\$ 2,215,665</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT



Exhibit B-5

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Food Service Fund	CAST Fund	Total Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 953,839		\$ 953,839
Daily Sales - Non-reimbursable Programs	637,273		637,273
Special Events	25,941		25,941
	<u>1,617,053</u>		<u>1,617,053</u>
Total Operating Revenue			
	1,617,053		1,617,053
Operating Expenses:			
Cost of Sales - Reimbursable Programs	771,967		771,967
Cost of Sales - Non-reimbursable Programs	142,432		142,432
Salaries and Payroll Taxes	1,006,899		1,006,899
Employee Benefits	231,824		231,824
Management Fee	78,855		78,855
Miscellaneous Expenditures	159,123		159,123
Supplies and Repairs	798,358		798,358
Depreciation Expense	63,707	\$ 3,032	66,739
	<u>3,253,165</u>	<u>3,032</u>	<u>3,256,197</u>
Total Operating Expenses			
	3,253,165	3,032	3,256,197
Operating Loss	<u>(1,636,112)</u>	<u>(3,032)</u>	<u>(1,639,144)</u>
Non-Operating Revenue:			
Local Sources			
Interest Revenue	1,422	2,442	3,864
State Sources:			
State School Lunch Program	32,030		32,030
Federal Sources			
School Breakfast Program	218,205		218,205
National School Lunch Program	1,120,405		1,120,405
Food Distribution Program	226,591		226,591
	<u>1,598,653</u>	<u>2,442</u>	<u>1,601,095</u>
Total Non-Operating Revenue			
	1,598,653	2,442	1,601,095
Change in Net Position	(37,459)	(590)	(38,049)
Net Position - Beginning of Year	<u>1,386,669</u>	<u>867,045</u>	<u>2,253,714</u>
Net Position - End of Year	<u>\$ 1,349,210</u>	<u>\$ 866,455</u>	<u>\$ 2,215,665</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Food Service Fund	CAST Fund	Total Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,617,053		\$ 1,617,053
Payments to Food Service Vendor	(2,832,977)		(2,832,977)
Net Cash Used for Operating Activities	(1,215,924)		(1,215,924)
Cash Flows from Investing Activities:			
Investment Income	1,422	\$ 2,442	3,864
Net Cash Provided by Investing Activities	1,422	2,442	3,864
Cash Flows from Noncapital Financing Activities:			
State Sources:			
State School Lunch Program	32,129		32,129
Federal Sources:			
National School Lunch Program	1,120,718		1,120,718
School Breakfast Program	218,205		218,205
Net Cash Provided by Noncapital Financing Activities	1,371,052		1,371,052
Net Increase in Cash and Cash Equivalents	156,550	2,442	158,992
Cash and Cash Equivalents, July 1	428,345	844,306	1,272,651
Cash and Cash Equivalents, June 30	\$ 584,895	\$ 846,748	\$ 1,431,643
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ (1,741,972)	\$ (3,032)	\$ (1,745,004)
Adjustment to Reconcile Operating Loss to net Cash Used for Operating Activities:			
Depreciation	63,707	3,032	66,739
Federal Food Distribution Program	226,591		226,591
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventories	5,615		5,615
Increase/(Decrease) in Accounts Payable	224,941		224,941
Increase/(Decrease) in Unearned Revenue	5,194		5,194
Net Cash Used for Operating Activities	\$ (1,215,924)	\$ -0-	\$ (1,215,924)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$231,785 and \$226,591, respectively, for the fiscal year ended June 30, 2016.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF UNION SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Funds</u>	<u>Escrow Account</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 4,333,589	\$ 1,170,845	\$ 113,089	\$ 26,211
Interfund Receivable - Payroll Agency		225,652		
Total Assets	<u>4,333,589</u>	<u>1,396,497</u>	<u>113,089</u>	<u>26,211</u>
<u>LIABILITIES:</u>				
Accrued Salaries and Wages	2,983,755			
Payroll Deductions and Withholdings	777,188			
Due to Student Groups	346,994			
Interfund Payable - Unemployment Trust	225,652			
Total Liabilities	<u>4,333,589</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		1,396,497		
Bond Refinancing				26,211
Scholarships and Memorials			113,089	
Total Net Position	<u>\$ -0-</u>	<u>\$ 1,396,497</u>	<u>\$ 113,089</u>	<u>\$ 26,211</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>	<u>Escrow Account</u>	<u>Totals</u>
<b>ADDITIONS:</b>				
Contributions:				
Plan Member	\$ 117,735			\$ 117,735
Donations		\$ 48,985		48,985
Total Contributions	<u>117,735</u>	<u>48,985</u>		<u>166,720</u>
Investment Earnings:				
Interest	<u>8,777</u>	<u>400</u>	\$ 35	<u>9,212</u>
Net Investment Earnings	<u>8,777</u>	<u>400</u>	<u>35</u>	<u>9,212</u>
Total Additions	<u>126,512</u>	<u>49,385</u>	<u>35</u>	<u>175,932</u>
<b>DEDUCTIONS:</b>				
Unemployment Compensation Claims	111,975			111,975
Scholarships Awarded		<u>25,282</u>		<u>25,282</u>
Total Deductions	<u>111,975</u>	<u>25,282</u>		<u>137,257</u>
Change in Net Position	14,537	24,103	35	38,675
Net Position - Beginning of the Year	<u>1,381,960</u>	<u>88,986</u>	<u>26,176</u>	<u>1,497,122</u>
Net Position - End of the Year	<u>\$ 1,396,497</u>	<u>\$ 113,089</u>	<u>\$ 26,211</u>	<u>\$ 1,535,797</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include eight elementary schools, two middle schools, and a high school located in Union Township. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business-type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary*– are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all governmental funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The general fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary funds:

Enterprise (Food Service and CAST) Fund: The enterprise fund accounts for all revenue and expenses pertaining to the Board's cafeteria and CAST fund operations. The food service 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. The CAST fund represents the remains of the sale of an asset (broad casting device on Empire State Building in New York City) which was used to generate enterprise revenue. The asset was sold prior to 2010.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Additionally, the District reports the following fund type:

Fiduciary Funds: The fiduciary funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Scholarship and Memorial Trust Fund and Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

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 budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. 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 Budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 130,584,510	\$ 3,131,633
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenues on the Budgetary Basis but not on the GAAP Basis		(88,437)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	4,104,868	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(3,051,037)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 131,638,341	\$ 3,043,196



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 131,678,707	\$ 3,131,633
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes.		(88,437)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 131,678,707</u>	<u>\$ 3,043,196</u>

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash, change funds, amounts in deposits and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental 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. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of 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 the other public depositories, is available to pay the full amount of their deposits to Governmental Units.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenue/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. 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 restricted, committed, and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal yearend.

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.

I. Short-term Interfund Receivables/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.

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the proprietary funds represent payments made to vendors for services that will benefit periods beyond June 30, 2016.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	40 years
Site Improvements	20 years
Furniture, Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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 issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District allows ten-month academic year employees who provide services, the option to have their salaries evenly distributed during the entire twelve-month year by having 10% of their semi-monthly salary, deducted and the accumulated deductions disbursed in 2 installments over the two summer months. Accrued salaries and wages as of June 30, 2016 totaled \$2,983,755.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued sick and vacation leave. 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 District's agreements with the various employee unions.

In the district-wide Statement of Net Position, the liabilities, whose average maturities are greater than one year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

P. Fund Balance Appropriated:

General Fund: Of the \$18,847,781 General Fund balance at June 30, 2016, \$4,105,672 is restricted in the capital reserve account; \$450,000 is restricted in the maintenance reserve account, and \$1,000,000 is restricted in the emergency reserve; \$4,589,630 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2017; \$6,138,641 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2018; \$2,395,972 is assigned for encumbrances and \$167,866 of assigned fund balance, which is \$83,755 less than the amount that has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2017. There is also \$0- of unassigned fund balance and which is \$2,976,282 less than the budgetary unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2017.

Capital Projects Fund: The Capital Projects Fund has a committed fund balance of \$326,388, and a restricted fund balance of \$5,200,534 at June 30, 2016.

Debt Service Fund: The \$39,493 Debt Service Fund balance at June 30, 2016 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (S1701) the designation for Restricted 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 restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus at June 30, 2016 as noted above.

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$3,051,037 (\$2,967,282 in unassigned fund balance and \$83,755 in fund balance assigned for subsequent year's expenditures), as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the School District cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Fund Balances/Net Position:

The \$36,583,405 deficit in unrestricted net position of the governmental activities at June 30, 2016 resulted primarily due to accrued interest payable of \$226,364, \$3,036,989 of compensated absences payable, \$1,035,180 of deferred revenue, investment gains in pensions of \$671,725, and the net pension liability of \$41,778,961; net of \$167,866 of fund balance assigned for subsequent year's expenditures, \$2,395,972 assigned for encumbrances, \$326,388 committed for Capital Projects Fund and \$996,699 of differences between actual and experience – pensions, \$1,792,162 of changes in proportions – pensions, and changes in pension assumptions of \$4,486,727. This deficit does indicate that the District is facing financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for the deferred amount on refunding, changes in assumptions – pensions, differences between actual and experience – pensions, changes in proportions – pensions, and the district contribution subsequent to the measurement date related to pensions at June 30, 2016.

The District had a deferred inflow of resources at June 30, 2016 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, capital and maintenance and emergency reserves as well as the capital projects fund and debt service.

The Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2016.

The assignment of resources is generally made by Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2016.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified-accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, and tuition.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenue are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

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

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures* requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Credit Risk - The District limits its investments to those authorized in its cash management plan which are permitted under state statute as detailed below and on the following page.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2016, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking and Savings Accounts	<u>\$ 24,464,887</u>	<u>\$ 5,555,673</u>	<u>\$ 30,020,560</u>

During the period ended June 30, 2016, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2016, was \$30,020,560 and the bank balance was \$31,969,286.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Union School District in the amount of \$1,401,000 in the 2000/2001 school year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 4,689,650
Add:	
Transfer from Capital Outlay - Unexpended Funds	110,063
Transfer from Capital Projects Fund - Unexpended Funds	448,417
Interest Earned in Capital Reserve Account	12,542
Less: Budgeted Withdrawal	<u>(1,155,000)</u>
Ending Balance, June 30, 2016	<u>\$ 4,105,672</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve account at June 30, 2016 does not exceed the LRFPP balance of local support costs of uncompleted capital projects. The withdrawal from the capital reserve was for use in a DOE approved facilities project consistent with the District's LRFPP.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2016, the District transferred a total of \$91,148 to capital outlay accounts for equipment which did not require approval from the County Superintendent.

NOTE 6: CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$2,598,701
General Administration	42,508
Operations and Maintenance of Plant	94,557
Transportation	199,367
Unallocated	379,000
	<u>\$3,314,133</u>

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

	Beginning Balance *	Additions	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 9,553,000			\$ 9,553,000
Total Capital Assets Not Being Depreciated	9,553,000			9,553,000
Capital Assets Being Depreciated:				
Site Improvements	3,645,188	\$ 169,896		3,815,084
Buildings and Building Improvements	93,530,056	1,031,003		94,561,059
Machinery and Equipment	13,168,056	677,418	\$ (391,953)	13,453,521
Total Capital Assets Being Depreciated	110,343,300	1,878,317	(391,953)	111,829,664
Governmental Activities Capital Assets	119,896,300	1,878,317	(391,953)	121,382,664
Less Accumulated Depreciation for:				
Site Improvements	(1,013,575)	(162,832)		(1,176,407)
Buildings and Building Improvements	(18,008,311)	(2,133,562)		(20,141,873)
Machinery and Equipment	(7,999,168)	(1,017,739)	367,384	(8,649,523)
	(27,021,054)	(3,314,133)	367,384	(29,967,803)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 92,875,246	\$ (1,435,816)	\$ (24,569)	\$ 91,414,861
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 1,989,413	\$ 105,860		\$ 2,095,273
Less: Accumulated Depreciation	(1,149,174)	(66,739)		(1,215,913)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 840,239	\$ 39,121	\$ -0-	\$ 879,360

\* As restated

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 6: CAPITAL ASSETS (Cont'd)

The District has active construction projects for the Jefferson School, Union High School Electrical Upgrades and Washington Elementary HVAC Upgrades. At year end, the District had \$201,925 in year end encumbrances in the Capital Projects Fund for other professional and technical services and construction services.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>6/30/2015 *</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2016</u>
Serial Bonds Payable	\$ 27,842,000		\$ 1,960,000	\$ 25,882,000
Compensated Absences Payable	2,971,027	\$ 65,962		3,036,989
Net Pension Liability	34,613,388	7,165,573		41,778,961
Unamortized Bond Premium	1,139,648		104,468	1,035,180
	<u>\$ 66,566,063</u>	<u>\$ 7,231,535</u>	<u>\$ 2,064,468</u>	<u>\$ 71,733,130</u>

\* As restated

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had bonds outstanding as of June 30, 2016 as follows:

<u>Purpose</u>	<u>Final</u> <u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
2010 Refunding Bonds	8/15/2028	3.00%-4.00%	\$ 16,325,000
2011 School Bonds	1/1/2032	2.25%-3.75%	5,762,000
2015 School Bonds	1/1/2023	3.00%-4.00%	3,795,000
			<u>\$ 25,882,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,045,000	\$ 465,600	\$ 2,510,600
2018	2,105,000	859,450	2,964,450
2019	2,175,000	783,950	2,958,950
2020	2,190,000	700,250	2,890,250
2021	2,215,000	615,950	2,830,950
2022-2026	9,335,000	1,929,700	11,264,700
2027-2031	5,420,000	546,875	5,966,875
2032	397,000	14,888	411,888
	<u>\$ 25,882,000</u>	<u>\$ 5,916,663</u>	<u>\$ 31,798,663</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$104,468 and is separated from the long-term liability balance of \$930,712.

C. Bonds Authorized but not Issued:

As of June 30, 2016, the Board had \$165 in bonds authorized but not issued.

D. Compensated Absences:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The long-term liability balance of compensated absences of \$3,036,989. Governmental Funds compensated absences will be liquidated by the General Fund.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, no liability existed for compensated absences in the Food Service or CAST Enterprise Funds.

E. Net Pension Liability

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2016 is \$-0- and the long term portion is \$41,778,961. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (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 the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

Benefits Provided

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:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to 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 members 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 50 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 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. District contributions to PERS amounted to \$1,600,845 for fiscal year 2016.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$41,778,961 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
 (Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.186%, which was a decrease of 0.001% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2016, the District recognized pension expense of \$3,175,521. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 894,314	
	2015	5.72	3,592,413	
Difference Between expected and Actual Experience	2015	5.72	996,699	
Changes in Proportion	2014	6.44	1,595,057	
	2015	5.72	197,105	
Net Difference Between Projected and Actual	2014	5.00		\$ 1,557,461
Investment Earnings on Pension Plan Investments	2015	5.00		(885,736)
District Contribution Subsequent to the Measurement Date	2015	1.00	<u>1,818,955</u>	
			<u>\$ 9,094,543</u>	<u>\$ 671,725</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ 875,972
2017	875,972
2018	875,972
2019	1,395,126
2020	788,659
	<u>\$ 4,811,701</u>

Actuarial Assumptions

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:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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 setback one 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 pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade 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%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex. U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

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 upon the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 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.



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2015		
	1%	Current	1%
	Decrease (3.90%)	Discount Rate (4.90%)	Increase (5.90%)
District's proportionate share of the Net Pension Liability	\$ 51,926,137	\$ 41,778,961	\$ 33,271,643

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' 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. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

Benefits Provided

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the retirement age for his/her respective tier. 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included 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 year 2015, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2016, the State of New Jersey contributed \$4,222,028 the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$19,763,467.

The employee contribution rate was 7.06% effective July 1, 2015. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the State's proportionate share of the net pension liability associated with the District was \$323,678,183. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 which was rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.512%, which was an increase of 0.013% from its proportion measured as of June 30, 2014.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Attributable to the District		<u>323,678,183</u>
Total	\$	<u><u>323,678,183</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$4,222,028 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2016 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amorization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions -2014	8.5	\$ 1,999,074,013	
Changes in Assumptions -2015	8.3	5,201,079,373	
Difference Between Expected and Actual Experience - 2014	8.5		\$ 19,039,817
Difference Between Expected and Actual Experience - 2015	8.3	321,224,871	
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2014	5		1,305,927,430
Net Difference Between Projected and Actual			
Investment Earnings on Pension Plan Investments - 2015	5		(770,568,242)
		<u>\$ 7,521,378,257</u>	<u>\$ 554,399,005</u>

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2015	\$ 818,433,596
2016	818,433,596
2017	818,433,598
2018	1,253,742,742
2019	1,061,100,680
Thereafter	<u>2,196,835,040</u>
	<u>\$ 6,966,979,252</u>

Actuarial Assumptions

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	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

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, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.13% 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 7.90% 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 upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2015 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

	Fiscal Year Ended June 30, 2014		
	1%	Current	1%
	Decrease (3.13%)	Discount Rate (4.13%)	Increase (5.13%)
Total Net Pension Liability	\$ 384,679,422	\$ 323,678,183	\$ 271,121,965

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$27,538 for the fiscal year ended June 30, 2016. Employee contributions to DCRP amounted to \$81,604 for the fiscal year ended June 30, 2016.

NOTE 9. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the Township of Union School District in the amount of \$250,000 in the 2007-2008 school year for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity included in the general fund annual budget.

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. The State Department of Education has defined year end for the purpose of depositing surplus into reserve accounts as an amount approved by the board of education between June 1<sup>st</sup> and June 30<sup>th</sup>. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 9. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	<u>\$ 1,000,000</u>
Ending Balance, June 30, 2016	<u><u>\$ 1,000,000</u></u>

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the 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. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving 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 P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$5,027,269, \$4,395,276 and \$3,463,957 for 2016, 2015 and 2014, respectively.

NOTE 11. 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- Liability and Health Benefits Insurance

The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found on Exhibit J-20 in the Statistical section of this Comprehensive Annual Financial Report. Health benefits insurance coverage is provided to employees through Horizon Blue Cross/Blue Shield. The Township of Union School District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk management pool that is

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

As a member of this Group, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Group were to be exhausted, members would become responsible for their respective shares of the Group's liabilities. The Group can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Selected, summarized financial information for the Group as of June 30, 2016 is as follows:

	New Jersey Schools Insurance Group	School Alliance Insurance Fund
Total Assets	\$ 311,014,416	\$ 33,508,569
Net Position	\$ 68,222,364	\$ 5,114,269
Total Revenue	\$ 124,872,219	\$ 33,869,258
Total Expenses	\$ 113,965,181	\$ 37,253,827
Change in Net Position	\$ 10,907,038	\$ (3,384,569)
Members Dividends	\$ -0-	\$ -0-

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group  
6000 Midlantic Drive  
Mount Laurel, NJ 08054  
Phone: (609) 386-6060 Fax: (609) 386-8877

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016		\$ 8,777	\$ 117,735	\$ 111,975	\$ 1,396,497
2014-2015		8,564	112,067	109,346	1,381,960
2013-2014	\$ 50,000	8,086	177,750	168,390	1,370,675



TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. INTERFUNDS PAYABLE AND RECEIVABLE

The District had the following interfunds payable or receivable on their various balance sheets as of June 30, 2016:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 757,609	
Special Revenue Fund		\$ 309,192
Capital Projects Fund		464,804
Debt Service Fund	16,387	
Agency Funds		225,652
Unemployment Compensation Trust Fund	225,652	
	<u>\$ 999,648</u>	<u>\$ 999,648</u>

The General Fund is owed \$309,192 from the Special Revenue Fund for a cash deficit which will be reimbursed when grant money is received from the federal grantors. The General Fund is owed \$464,804 from the Capital Projects Fund for the unexpended portion of Capital Projects. The interfund between the Debt Service Fund and Capital Projects Fund is the result of interest earned in the Capital Projects Fund to be turned over to the Debt Service Fund. The interfund between the Payroll Agency Account and the Unemployment Compensation Trust Fund is a prior year interfund for unemployment withholdings that will be cleared after June 30, 2016.

NOTE 14. 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:

VALIC	MetLife Citistreet
Equivest	MetLife
Lincoln Investment	Prudential Disability
	LSW

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 15. TAX CALENDAR (Cont'd)

Taxes are collected by the constituent municipality and are remitted to the school district on a predetermined, agreed-upon schedule.

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

Grant Programs

The School District participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in claims and pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its school bonds. The amount of liability at June 30, 2016, if any, is unknown.

Encumbrances

At June 30, 2016, there were encumbrances as detailed below in the governmental funds.

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Activities</u>
<u>\$ 2,395,972</u>	<u>\$ 112,588</u>	<u>\$ 201,925</u>	<u>\$ 2,710,485</u>

On the District's Governmental Funds Balance sheet as of June 30, 2016 \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$112,588 less than on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in deferred revenue. In the Capital Projects Fund \$68,663 of year-end encumbrances on a budgetary basis are included in the \$326,388 committed fund balance at June 30, 2016, and \$133,262 of year end encumbrances on a budgetary basis are included in the \$5,200,534 restricted fund balance as of June 30, 2016.

NOTE 17. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the deferred amount on refunding, and the unamortized bond premium. Additionally, the District adjusted the capital assets in its governmental activities as of June 30, 2015. As a result the District's financial statements as of June 30, 2015 have been restated as follows:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 17. PRIOR PERIOD ADJUSTMENTS (Cont'd)

	Balance 6/30/2015 as Previously Reported	Retroactive Adjustments	Balance 6/30/2016 as Restated
Statement of Net Position:			
Assets:			
Capital Assets:			
Depreciable Site Improvements, Buildings and Building Improvements, and Furniture, Machinery and Equipment	\$ 68,964,359	\$ 14,357,887	\$ 83,322,246
Total Assets	107,884,052	14,357,887	122,241,939
Deferred Outflows of Resources:			
Deferred Amount on Refunding		1,385,875	1,385,875
Total Deferred Outflow of Resources	4,642,821	1,385,875	6,028,696
Liabilities:			
Due within One Year			
Unamortized Bond Premium		104,468	104,468
Due beyond One Year			
Unamortized Bond Premium		1,035,180	1,035,180
Bonds Payable	25,428,500	453,500	25,882,000
Total Liabilities	70,633,997	1,593,148	72,227,145
Net Position:			
Net Investment in Capital Assets	51,128,859	15,290,263	66,419,122
Unrestricted/(Deficit)	(38,013,220)	(1,139,648)	(39,152,868)
Total Net Position	39,830,105	14,150,615	53,980,720

NOTE 18. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$250,000 was established by the Township of Union School District in the 2007-08 fiscal year. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building. Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT (Cont'd)

In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 1,050,000
Less: Budgeted Withdrawal	<u>(600,000)</u>
Ending Balance, June 30, 2016	<u>\$ 450,000</u>

NOTE 19. ACCOUNTS PAYABLE

Payables as of June 30, 2016 were:

	Governmental Funds		Total Governmental Funds	District Contri- bution Subsequent to the Measur- ment Date	Total Governmental Activites	Total Business Type Activities
	General Fund	Special Revenue Fund				
Vendors	\$ 1,401,892	\$ 93,045	\$ 1,494,937		\$ 1,494,937	\$ 224,941
Federal		27	27		27	
State		64,050	64,050	\$ 1,818,955	1,883,005	
Total	<u>\$ 1,401,892</u>	<u>\$ 157,122</u>	<u>\$ 1,559,014</u>	<u>\$ 1,818,955</u>	<u>\$ 3,377,969</u>	<u>\$ 224,941</u>

REQUIRED SUPPLEMENTARY  
INFORMATION SCHEDULES

L-1

TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.1727768320%	0.1861144362%
District's proportionate share of the net pension liability	\$ 33,019,459	\$ 41,778,961
District's covered employee payroll	\$ 11,766,218	\$ 12,413,608
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	280.63%	336.56%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,524,071	\$ 1,600,845
Contributions in relation to the contractually required contribution	<u>(1,524,071)</u>	<u>(1,600,845)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 12,413,608	\$ 13,662,764
Contributions as a percentage of covered employee payroll	12.28%	11.72%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

L-3

TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ATTRIBUTABLE TO THE DISTRICT TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
State's proportion of the net pension liability attributable to the District	0.4993965717%	0.5121144212%
State's proportionate share of the net pension liability attributable to the District	\$ 266,911,214	\$ 323,678,183
District's covered employee payroll	\$ 50,438,662	\$ 52,609,495
State proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	529.18%	615.25%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.



TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 14,362,329	\$ 19,763,467
Contributions in relation to the contractually required contribution	<u>(2,768,678)</u>	<u>(4,222,028)</u>
Contribution deficiency/(excess)	<u>\$ 11,593,651</u>	<u>\$ 15,541,439</u>
District's covered employee payroll	\$ 52,609,495	\$ 54,468,433
Contributions as a percentage of covered employee payroll	27.30%	36.28%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.39% as of June 30, 2014 to 4.90% as of June 30, 2015. The inflation rate changed from 3.01% as of June 30, 2014 to 3.04% as of June 30, 2015.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.68% as of June 30, 2014 to 4.13% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 84,295,227		\$ 84,295,227	\$ 84,295,227	
Tuition from Individuals	121,710		121,710	86,500	\$ (35,210)
Tuition from LEAs Within State				63,714	63,714
Transportation Fees from Individuals				14,400	14,400
Rents and Royalties				33,814	33,814
Interest Earned on Capital Reserve				12,542	12,542
Miscellaneous	10,000		10,000	553,605	543,605
<b>Total - Local Sources</b>	<b>84,426,937</b>		<b>84,426,937</b>	<b>85,059,802</b>	<b>632,865</b>
State Sources:					
Equalization Aid	25,485,236		25,485,236	25,485,236	
Transportation Aid	256,269		256,269	256,269	
Special Education Aid	4,542,770		4,542,770	4,542,770	
Security Aid	349,231		349,231	349,231	
Additional Adjustment Aid	1		1	1	
PARCC Readiness Aid	73,510		73,510	73,510	
Per Pupil Growth Aid	73,510		73,510	73,510	
Extraordinary Aid	700,000		700,000	1,231,537	531,537
Nonpublic Transportation Aid				67,252	67,252
On-Behalf TPAF Pension Contributions (Non-Budgeted)				4,222,028	4,222,028
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				5,027,269	5,027,269
TPAF Social Security (Reimbursed - Non-Budgeted)				4,004,752	4,004,752
<b>Total State Sources</b>	<b>31,480,527</b>		<b>31,480,527</b>	<b>45,333,365</b>	<b>13,852,838</b>
Federal Sources:					
Medicaid Reimbursement	107,231		107,231	191,343	84,112
<b>Total Federal Sources</b>	<b>107,231</b>		<b>107,231</b>	<b>191,343</b>	<b>84,112</b>
<b>TOTAL REVENUES</b>	<b>116,014,695</b>		<b>116,014,695</b>	<b>130,584,510</b>	<b>14,569,815</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 481,930		\$ 481,930	\$ 462,442	\$ 19,488
Kindergarten - Salaries of Teachers	1,726,948	\$ (29,400)	1,697,548	1,682,425	15,123
Grades 1-5 - Salaries of Teachers	12,725,699	339,016	13,064,715	13,039,313	25,402
Grades 6-8 - Salaries of Teachers	7,792,857	381,652	8,174,509	8,167,220	7,289
Grades 9-12 - Salaries of Teachers	11,117,123	144,208	11,261,331	11,161,823	99,508
Regular Programs - Home Instruction:					
Salaries of Teachers	249,500	(3,945)	245,555	221,532	24,023
Purchased Professional - Educational Services	60,000	4,000	64,000	49,508	14,492
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	793,160	16,927	810,087	729,063	81,024
Purchased Professional - Technical Services	135,000	(6,000)	129,000	118,100	10,900
Other Purchased Services (400-500 series)	418,626	(19,840)	398,786	365,539	33,247
General Supplies	1,563,498	(346,146)	1,217,352	975,828	241,524
Textbooks	664,160	(57,814)	606,346	583,849	22,497
Total Regular Programs - Instruction	<u>37,728,501</u>	<u>422,658</u>	<u>38,151,159</u>	<u>37,556,642</u>	<u>594,517</u>
Special Education - Instruction:					
Cognitive - Moderate:					
Salaries of Teachers	107,446		107,446	106,722	724
Other Salaries for Instruction	22,480	121	22,601	22,601	
General Supplies	3,000		3,000	956	2,044
Textbooks	500		500		500
Total Cognitive - Moderate	<u>133,426</u>	<u>121</u>	<u>133,547</u>	<u>130,279</u>	<u>3,268</u>
Learning and or Language Disabilities:					
Salaries of Teachers	493,134	57,079	550,213	530,521	19,692
Other Salaries for Instruction	141,753	(46,336)	95,417	95,417	
General Supplies	6,282	(1,000)	5,282	2,015	3,267
Textbooks	500		500		500
Total Learning and or Language Disabilities	<u>641,669</u>	<u>9,743</u>	<u>651,412</u>	<u>627,953</u>	<u>23,459</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Behavioral Disabilities:					
Salaries of Teachers	\$ 326,112	\$ (13,535)	\$ 312,577	\$ 278,790	\$ 33,787
Other Salaries for Instruction	173,856	(20,948)	152,908	152,835	73
General Supplies	2,500	(1,000)	1,500		1,500
Total Behavioral Disabilities	<u>502,468</u>	<u>(35,483)</u>	<u>466,985</u>	<u>431,625</u>	<u>35,360</u>
Multiple Disabilities:					
Salaries of Teachers	148,383	4,643	153,026	152,889	137
Other Salaries for Instruction	50,386	(27,154)	23,232	22,506	726
General Supplies	5,649	(1,000)	4,649	2,975	1,674
Total Multiple Disabilities	<u>204,418</u>	<u>(23,511)</u>	<u>180,907</u>	<u>178,370</u>	<u>2,537</u>
Resource Room/Resource Center:					
Salaries of Teachers	6,800,705	(30,652)	6,770,053	6,679,286	90,767
Other Salaries for Instruction	392,202	(10,537)	381,665	368,725	12,940
General Supplies	17,500	(7,100)	10,400	5,761	4,639
Total Resource Room/Resource Center	<u>7,210,407</u>	<u>(48,289)</u>	<u>7,162,118</u>	<u>7,053,772</u>	<u>108,346</u>
Autism:					
Salaries of Teachers	326,030	82,532	408,562	403,603	4,959
Other Salaries for Instruction	25,512	38,238	63,750	60,197	3,553
General Supplies	20,650	10,100	30,750	29,580	1,170
Total Autism	<u>372,192</u>	<u>130,870</u>	<u>503,062</u>	<u>493,380</u>	<u>9,682</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Preschool Handicapped - Part-time:					
Salaries of Teachers	\$ 202,092	\$ 69,881	\$ 271,973	\$ 271,650	\$ 323
Other Salaries for Instruction	126,026	(45,122)	80,904	80,904	
General Supplies	3,000		3,000	2,918	82
<b>Total Preschool Handicapped - Part-time</b>	<b>331,118</b>	<b>24,759</b>	<b>355,877</b>	<b>355,472</b>	<b>405</b>
Preschool Handicapped - Full-time:					
Salaries of Teachers	201,559	(66,061)	135,498	132,133	3,365
Other Salaries for Instruction	49,826	630	50,456	50,456	
General Supplies	1,000		1,000	846	154
<b>Total Preschool Handicapped - Full-time:</b>	<b>252,385</b>	<b>(65,431)</b>	<b>186,954</b>	<b>183,435</b>	<b>3,519</b>
<b>Total Special Education Instruction</b>	<b>9,648,083</b>	<b>(7,221)</b>	<b>9,640,862</b>	<b>9,454,286</b>	<b>186,576</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	2,299,986	(32,410)	2,267,576	2,267,521	55
<b>Total Basic Skills/Remedial - Instruction</b>	<b>2,299,986</b>	<b>(32,410)</b>	<b>2,267,576</b>	<b>2,267,521</b>	<b>55</b>
Bilingual Education - Instruction:					
Salaries of Teachers	643,742	77,100	720,842	720,815	27
<b>Total Bilingual Education - Instruction</b>	<b>643,742</b>	<b>77,100</b>	<b>720,842</b>	<b>720,815</b>	<b>27</b>
Vocational Programs-Local-Instruction					
Other Purchased Services (400-500 series)	3,000		3,000	1,578	1,422
General Supplies	8,361		8,361	7,783	578
<b>Total Vocational Programs-Local-Instruction</b>	<b>11,361</b>		<b>11,361</b>	<b>9,361</b>	<b>2,000</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 190,823.0	\$ (4,200)	\$ 186,623.0	\$ 173,752.0	\$ 12,871.0
Supplies and Materials	85,266		85,266	83,536	1,730
Other Objects	30,437	(3,200)	27,237	20,171	7,066
	<u>306,526</u>	<u>(7,400)</u>	<u>299,126</u>	<u>277,459</u>	<u>21,667</u>
Total School-Sponsored Cocurricular Activities - Instruction					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	645,191	(8,500)	636,691	626,783	9,908
Other Purchased Services (300-500 series)	150,900	(5,951)	144,949	115,600	29,349
Supplies and Materials	127,287	7,403	134,690	118,164	16,526
Other Objects	24,213		24,213	21,165	3,048
	<u>947,591</u>	<u>(7,048)</u>	<u>940,543</u>	<u>881,712</u>	<u>58,831</u>
Total School-Sponsored Cocurricular Athletics - Instruction					
Before/After School Programs - Instruction					
Salaries of Teachers	29,900	24,600	54,500	43,009	11,491
	<u>29,900</u>	<u>24,600</u>	<u>54,500</u>	<u>43,009</u>	<u>11,491</u>
Total Instruction					
	<u>51,615,690</u>	<u>470,279</u>	<u>52,085,969</u>	<u>51,210,805</u>	<u>875,164</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	30,000		30,000	25,910	4,090
Tuition to Other LEAs Within the State - Special	3,711,448	965,000	4,676,448	4,520,480	155,968
Tuition to County Vocational School District - Regular	782,500	(66,325)	716,175	653,600	62,575
Tuition to County Vocational School District - Special	100,000		100,000	70,700	29,300
Tuition to County Special Services School Districts and Regional Day Schools	44,000		44,000	40,973	3,027
Tuition to Private Schools for the Handicapped - Within State	4,038,852	(535,131)	3,503,721	3,406,224	97,497



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures:					
Instruction:					
Tuition to Private Schools for the Handicapped and Other LEA's O/S State	\$ 76,180		\$ 76,180	\$ 75,951	\$ 229
Tuition to State Facilities	72,271		72,271	72,271	
Tuition - Other		\$ 268,568	268,568	79,898	188,670
Total Undistributed Expenditures - Instruction:	<u>8,855,251</u>	<u>632,112</u>	<u>9,487,363</u>	<u>8,946,007</u>	<u>541,356</u>
Attendance & Social Work:					
Salaries	245,821	(20,000)	225,821	194,504	31,317
Other Purchased Services	126,885		126,885	106,600	20,285
Other Objects	722		722	262	460
Total Attendance & Social Work	<u>373,428</u>	<u>(20,000)</u>	<u>353,428</u>	<u>301,366</u>	<u>52,062</u>
Health Services:					
Salaries	931,381	5,136	936,517	886,886	49,631
Salaries of Social Service Coordinators	158,316	(153,333)	4,983		4,983
Purchased Professional and Technical Services	66,191		66,191	40,127	26,064
Supplies and Materials	20,886	941	21,827	19,859	1,968
Total Health Services	<u>1,176,774</u>	<u>(147,256)</u>	<u>1,029,518</u>	<u>946,872</u>	<u>82,646</u>
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	1,439,120	(58,950)	1,380,170	1,372,900	7,270
Purchased Professional - Educational Services	505,209	225,000	730,209	628,366	101,843
Supplies and Materials	40,478		40,478	39,592	886
Total Speech, OT, PT and Related Services	<u>1,984,807</u>	<u>166,050</u>	<u>2,150,857</u>	<u>2,040,858</u>	<u>109,999</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Other Support Services - Students - Extra Services:					
Salaries	\$ 1,773,900	\$ 109,000	\$ 1,882,900	\$ 1,855,102	\$ 27,798
Total Other Support Services - Students - Extra Services	<u>1,773,900</u>	<u>109,000</u>	<u>1,882,900</u>	<u>1,855,102</u>	<u>27,798</u>
Guidance:					
Salaries of Other Professional Staff	1,867,677	(9,925)	1,857,752	1,840,629	17,123
Salaries of Secretarial and Clerical Assistants	301,569	(5,000)	296,569	294,831	1,738
Supplies and Materials	919		919	802	117
Other Objects	11,214	(3,544)	7,670	6,438	1,232
Total Guidance	<u>2,181,379</u>	<u>(18,469)</u>	<u>2,162,910</u>	<u>2,142,700</u>	<u>20,210</u>
Child Study Team:					
Salaries of Other Professional Staff	2,435,031	36,667	2,471,698	2,468,875	2,823
Salaries of Secretarial and Clerical Assistants	266,388	(15,200)	251,188	249,573	1,615
Purchased Professional - Educational Services	111,319	(10,000)	101,319	57,844	43,475
Other Purchased Services (400-500 series)	3,000		3,000	2,464	536
Other Objects	2,000		2,000	1,554	446
Total Child Study Team	<u>2,817,738</u>	<u>11,467</u>	<u>2,829,205</u>	<u>2,780,310</u>	<u>48,895</u>
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	1,703,064	(142,000)	1,561,064	1,531,792	29,272
Salaries of Other Professional Staff	57,260	24,000	81,260	59,700	21,560
Salaries of Secretarial and Clerical Assistants	298,458		298,458	292,328	6,130
Unused Vacation Payment to Terminated/Retired Staff		7,000	7,000	6,198	802
Supplies and Materials	110,000	12,500	122,500	114,170	8,330
Other Objects	15,233	(4,000)	11,233	9,603	1,630
Total Improvement of Instructional Services	<u>2,184,015</u>	<u>(102,500)</u>	<u>2,081,515</u>	<u>2,013,791</u>	<u>67,724</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Educational Media Services/School Library:					
Salaries	\$ 925,305	\$ (8,350)	\$ 916,955	\$ 909,415	\$ 7,540
Supplies and Materials	94,063	(13,376)	80,687	74,279	6,408
Other Objects	22,000	(1,561)	20,439	13,439	7,000
Total Educational Media Services/School Library	<u>1,041,368</u>	<u>(23,287)</u>	<u>1,018,081</u>	<u>997,133</u>	<u>20,948</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	33,000		33,000	20,630	12,370
Purchased Professional - Educational Services	71,252	14,947	86,199	41,655	44,544
Other Purchased Services (400-500 series)	27,090	(2,303)	24,787	21,826	2,961
Total Instructional Staff Training Services	<u>131,342</u>	<u>12,644</u>	<u>143,986</u>	<u>84,111</u>	<u>59,875</u>
Support Services - General Administration:					
Salaries	1,166,277	(33,481)	1,132,796	1,029,540	103,256
Salaries of Attorneys	31,200		31,200	7,800	23,400
Unused Vacation Payment to Terminated/Retired Staff		56,998	56,998	56,998	
Legal Services	196,427	20,000	216,427	137,041	79,386
Audit Fees	57,000		57,000	53,675	3,325
Architectural/Engineering Services	27,138	34,000	61,138	53,473	7,665
Other Purchased Professional Services	17,000	(14,264)	2,736	1,045	1,691
Purchased Technical Services	1,000		1,000	590	410
Communications/Telephone	438,322	48,594	486,916	430,189	56,727
BOE Other Purchased Services	12,000	(12,000)			
Miscellaneous Purchased Services (400-500 series)	565,000	25,768	590,768	565,450	25,318
Supplies and Materials	108,768	(4,819)	103,949	51,855	52,094
BOE In-House Training/Meeting Supplies	6,000		6,000		6,000
Judgements Against the School District	50,000	(40,000)	10,000	570	9,430

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Support Services - General Administration: (Cont'd)					
Miscellaneous Expenditures	\$ 77,766		\$ 77,766	\$ 13,832	\$ 63,934
Board of Education Dues and Fees	35,479		35,479	29,778	5,701
<b>Total Support Services - General Administration</b>	<b>2,789,377</b>	<b>\$ 80,796</b>	<b>2,870,173</b>	<b>2,431,836</b>	<b>432,636</b>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	2,485,553	31,587	2,517,140	2,491,471	25,669
Salaries of Other Professional Staff	299,335	115,600	414,935	414,591	344
Salaries of Secretarial and Clerical Assistants	1,162,857	(34,500)	1,128,357	1,115,314	13,043
Other Salaries	22,530	6,000	28,530	8,490	20,040
Unused Vacation Payment to Terminated/Retired Staff		20,413	20,413	20,413	
Purchased and Technical Services	5,000	4,500	9,500	3,297	6,203
Other Purchased Services (400-500 series)	16,761		16,761	8,577	8,184
Supplies and Materials	100,196	19,128	119,324	85,060	34,264
Other Objects	77,430	35,003	112,433	84,957	27,476
<b>Total Support Services - School Administration</b>	<b>4,169,662</b>	<b>197,731</b>	<b>4,367,393</b>	<b>4,232,170</b>	<b>135,223</b>
Central Services:					
Salaries	852,728	(11,100)	841,628	793,650	47,978
Unused Vacation Payment to Terminated/Retired Staff		14,100	14,100	14,052	48
Purchased Professional - Services	125,718	(33,000)	92,718	59,611	33,107
Purchased Technical Services	2,000		2,000		2,000
Miscellaneous Purchased Services (400-500 series)	13,000	5,000	18,000	5,062	12,938
Supplies and Materials	25,964		25,964	12,046	13,918
Other Objects	15,210	38,000	53,210	49,392	3,818
<b>Total Central Services</b>	<b>1,034,620</b>	<b>13,000</b>	<b>1,047,620</b>	<b>933,813</b>	<b>113,807</b>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Administration Information Technology:					
Salaries	\$ 544,536	\$ (155,600)	\$ 388,936	\$ 385,022	\$ 3,914
Purchased Technical Services	240,217	(25,116)	215,101	184,519	30,582
Supplies and Materials	94,346		94,346	89,559	4,787
Other Objects	1,500		1,500		1,500
Total Administration Information Technology	<u>880,599</u>	<u>(180,716)</u>	<u>699,883</u>	<u>659,100</u>	<u>39,283</u>
Required Maintenance of School Facilities:					
Salaries	1,069,095	3,834	1,072,929	1,070,313	2,616
Cleaning, Repair and Maintenance Services	802,157	(153,769)	648,388	546,819	101,569
General Supplies	396,894	(24,214)	372,680	317,603	55,077
Other Objects	42,197	20,500	62,697	55,782	6,915
Total Required Maintenance of School Facilities	<u>2,310,343</u>	<u>(153,649)</u>	<u>2,156,694</u>	<u>1,990,517</u>	<u>166,177</u>
Custodial Services:					
Salaries	3,514,322	(30,987)	3,483,335	3,400,404	82,931
Salaries of Non-Instructional Aids	527,585	(1,263)	526,322	311,467	214,855
Unused Vacation Payment to Terminated/Retired Staff		4,527	4,527	4,527	
Purchased Professional and Technical Services	30,500	(14,200)	16,300	15,078	1,222
Cleaning, Repair and Maintenance Services	162,935	(5,101)	157,834	157,756	78
Other Purchased Property Services	113,800	3,000	116,800	108,434	8,366
General Supplies	292,813	72,000	364,813	340,083	24,730
Energy (Electricity)	1,375,000	112,400	1,487,400	1,047,251	440,149
Energy (Natural Gas)	760,000	(131,300)	628,700	299,404	329,296
Total Custodial Services	<u>6,776,955</u>	<u>9,076</u>	<u>6,786,031</u>	<u>5,684,404</u>	<u>1,101,627</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Care and Upkeep of Grounds:					
Salaries	\$ 362,892	\$ 3,669	\$ 366,561	\$ 366,561	
Unused Vacation Payment to Terminated/Retired Staff		1,585	1,585	1,585	
Cleaning, Repair and Maintenance Services	42,440	(29,237)	13,203	10,469	\$ 2,734
General Supplies	52,538	10,000	62,538	49,632	12,906
	<u>457,870</u>	<u>(13,983)</u>	<u>443,887</u>	<u>428,247</u>	<u>15,640</u>
Total Care and Upkeep of Grounds					
Security:					
Salaries	1,149,428	(15,674)	1,133,754	1,014,749	119,005
Purchased Professional and Technical Services	22,945	61,703	84,648	22,080	62,568
General Supplies	38,843		38,843	35,537	3,306
Other Objects	7,839	3,700	11,539	8,952	2,587
	<u>1,219,055</u>	<u>49,729</u>	<u>1,268,784</u>	<u>1,081,318</u>	<u>187,466</u>
Total Security					
Student Transportation Services:					
Salaries of Non-Instructional Aides	558,494		558,494	459,412	99,082
Salaries for Pupil Transportation Between Home and School - Regular	1,405,137	(180)	1,404,957	1,298,831	106,126
Salaries for Pupil Transportation - Other than Between Home and School	20,000		20,000	17,126	2,874
Management Fee - ESC Transportation Program	107,000	23,000	130,000	104,014	25,986
Purchased Professional and Technical Services	14,500		14,500	4,400	10,100
Cleaning, Repair and Maintenance Services	201,000	(112,969)	88,031	47,245	40,786
Contracted Services:					
Aid in Lieu - Choice School Students		12,000	12,000	11,050	950
Aid in Lieu - Non Public Schools	410,463	(109,680)	300,783	266,974	33,809
Aid in Lieu - Charter School		17,680	17,680	9,724	7,956
Other than Between Home and School - Vendors	135,866	6,883	142,749	115,708	27,041
ESC Regular Students	375,000	(12,265)	362,735	236,093	126,642
ESC Special Education Students	2,301,776	572,447	2,874,223	2,658,569	215,654

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Student Transportation Services: (Cont'd)					
General Supplies	\$ 40,586		\$ 40,586	\$ 20,349	\$ 20,237
Fuel Costs Funded by Advertising Revenue		\$ 208,150	208,150	73,794	134,356
Transportation Supplies	295,653	(210,108)	85,545	83,543	2,002
Other Objects	3,300		3,300	400	2,900
	<u>5,868,775</u>	<u>394,958</u>	<u>6,263,733</u>	<u>5,407,232</u>	<u>856,501</u>
Total Student Transportation Services					
Unallocated Benefits:					
Social Security Contributions	1,530,000	21,400	1,551,400	1,529,586	21,814
Other Retirement Contributions - PERS	1,700,000	(75,000)	1,625,000	1,600,845	24,155
Other Retirement Contributions - Regular	50,000		50,000	27,538	22,462
Workmen's Compensation	800,000	(140,000)	660,000	653,617	6,383
Unemployment Compensation	50,000	(40,000)	10,000		10,000
Health Benefits	19,050,000	(1,172,172)	17,877,828	16,697,793	1,180,035
Tuition Reimbursement	256,000		256,000	88,743	167,257
Other Employee Benefits	400,000	(400,000)			
Unused Vacation Payment to Term/Retired Staff		429,885	429,885	425,215	4,670
	<u>23,836,000</u>	<u>(1,375,887)</u>	<u>22,460,113</u>	<u>21,023,337</u>	<u>1,436,776</u>
Total Unallocated Benefits					
CURRENT EXPENSE:					
On-Behalf Contributions:					
On-Behalf TPAF Pension Contributions (Non-Budgeted)				4,222,028	(4,222,028)
On-Behalf TPAF Post Retirement Medical Benefits (Non-Budgeted)				5,027,269	(5,027,269)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				4,004,752	(4,004,752)
				<u>13,254,049</u>	<u>(13,254,049)</u>
Total On-Behalf Contributions					

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Total Personal Services - Employee Benefits	\$ 23,836,000	\$ (1,375,887)	\$ 22,460,113	\$ 34,277,386	\$ (11,817,273)
Total Undistributed Expenses	71,863,258	(359,184)	71,504,074	79,234,273	(7,737,400)
TOTAL CURRENT EXPENSE	123,478,948	111,095	123,590,043	130,445,078	(6,855,035)
CAPITAL OUTLAY					
Equipment:					
Instruction	3,325	(1,800)	1,525		1,525
Other Support Services - Students - Regular	17,705	14,767	32,472	29,440	3,032
Other Support Services - Students - Special	12,781		12,781	5,074	7,707
School-Sponsored and Other Instr prog	54,256		54,256	15,708	38,548
General Administration		5,000	5,000	4,332	668
Central Services		2,062	2,062	2,062	
Admin. Info. Tech.	120,000	(10,406)	109,594	34,841	74,753
Required Maintenance for School Facilities	76,699	(15,567)	61,132	48,567	12,565
Custodial Services	95,069	3,085	98,154	98,154	
Care and Upkeep of Grounds	102,631	12,482	115,113	42,631	72,482
Security	118,500	(21,265)	97,235	11,826	85,409
Non- Instructional Equipment	29,426		29,426	29,426	
School buses - regular	245,499	14,458	259,957	259,957	
Regular Programs - Instruction:					
Grades 1-5	14,100	19,480	33,580	26,906	6,674
Grades 6-8	31,121	(28,480)	2,641	2,014	627
Grades 9-12	36,874	97,332	134,206	133,125	1,081
Total Equipment	957,986	91,148	1,049,134	744,063	305,071



TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 147,068		\$ 147,068	\$ 18,170	\$ 128,898
Other Objects	10,000		10,000		10,000
Assessment for Debt Service- SDA Funding	101,460		101,460	101,460	
Construction Services	1,338,960		1,338,960	369,936	969,024
Total Facilities Acquisition and Construction Services	<u>1,597,488</u>		<u>1,597,488</u>	<u>489,566</u>	<u>1,107,922</u>
 TOTAL CAPITAL OUTLAY	 <u>2,555,474</u>	 <u>\$ 91,148</u>	 <u>2,646,622</u>	 <u>1,233,629</u>	 <u>1,412,993</u>
 Transfer to Charter School	 <u>202,243</u>	 <u>(202,243)</u>			
Total Transfer to Charter School	<u>202,243</u>	<u>(202,243)</u>			
 TOTAL EXPENDITURES	 <u>126,236,665</u>		 <u>126,236,665</u>	 <u>131,678,707</u>	 <u>(5,442,042)</u>
 Excess (Deficiency) of Revenues Over/(Under) Expenditures	 <u>(10,221,970)</u>		 <u>(10,221,970)</u>	 <u>(1,094,197)</u>	 <u>9,127,773</u>
 Other Financing Sources:					
Transfer From Capital Projects Fund to Capital Reserve				448,417	448,417
Total Other Financing Sources				<u>448,417</u>	<u>448,417</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	 <u>(10,221,970)</u>		 <u>(10,221,970)</u>	 <u>(645,780)</u>	 <u>9,576,190</u>
 Fund Balance, July 1	 <u>22,544,598</u>		 <u>22,544,598</u>	 <u>22,544,598</u>	
Fund Balance, June 30	<u>\$ 12,322,628</u>	<u>\$ -0-</u>	<u>\$ 12,322,628</u>	<u>\$ 21,898,818</u>	<u>\$ 9,576,190</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE:					
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 4,105,672	
Maintenance Reserve				450,000	
Emergency Reserve				1,000,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				4,589,630	
Excess Surplus				6,138,641	
Assigned Fund Balance:					
Year-end Encumbrances				2,395,972	
Subsequent Year's Expenditures				251,621	
Unassigned Fund Balance				<u>2,967,282</u>	
				21,898,818	
Reconciliation to Governmental Fund Statement (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				<u>(3,051,037)</u>	
Fund Balance per Governmental Funds GAAP				<u>\$ 18,847,781</u>	

Exhibit C-2

TOWNSHIP OF UNION SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State Sources	\$ 383,032	\$ 48,081	\$ 431,113	\$ 351,932	\$ (79,181)
Federal Sources	2,432,168	741,110	3,173,278	2,759,015	(414,263)
Local Sources		420,761	420,761	20,686	(400,075)
<b>Total Revenues</b>	<b>2,815,200</b>	<b>1,209,952</b>	<b>4,025,152</b>	<b>3,131,633</b>	<b>(893,519)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	251,328	355,504	606,832	462,290	144,542
Purchased Professional - Educational Services		9,402	9,402	8,932	470
Purchased Professional/Technical Services	320,137	(6,055)	314,082	252,109	61,973
Tuition	1,235,000	601,686	1,836,686	1,836,686	
General Supplies	575,143	(413,845)	161,298	126,886	34,412
Other Object	49,728	427,977	477,705	35,150	442,555
<b>Total Instruction</b>	<b>2,431,336</b>	<b>974,669</b>	<b>3,406,005</b>	<b>2,722,053</b>	<b>683,952</b>
<b>Support Services</b>					
Salaries of Other Professional Staff		76,510	76,510	42,210	34,300
Personal Service - Employee Benefits		101,158	101,158	101,158	
Purchased Professional - Educational Services		194,283	194,283	128,140	66,143
Purchased Professional - Technical Services	51,503	73,440	124,943	106,976	17,967
Other Purchased Services		30,893	30,893	3,779	27,114
Supplies and Materials	332,361	(243,783)	88,578	24,535	64,043
<b>Total Support Services</b>	<b>383,864</b>	<b>232,501</b>	<b>616,365</b>	<b>406,798</b>	<b>209,567</b>
<b>Facilities Acquisition and Construction Services:</b>					
Non-Instructional Equipment		2,782	2,782	2,782	
<b>Total Facilities Acquisition and Construction Services</b>		<b>2,782</b>	<b>2,782</b>	<b>2,782</b>	
<b>Total Expenditures</b>	<b>2,815,200</b>	<b>1,209,952</b>	<b>4,025,152</b>	<b>3,131,633</b>	<b>893,519</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

Exhibit C-3

TOWNSHIP OF UNION SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
 GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 130,584,510	\$ 3,131,633
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and Revenue on the Budgetary Basis but not on the GAAP Basis		(88,437)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	4,104,868	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(3,051,037)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 131,638,341	\$ 3,043,196
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 131,678,707	\$ 3,131,633
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, not in the Year the Supplies are Received for Financial Reporting Purposes.		(88,437)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 131,678,707	\$ 3,043,196

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2016 was submitted to the County office and was approved by a vote of the Board of Education. 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. Budget amendments/transfers must be made by Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are not substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	No Child Left Behind				Carl D. Perkins Secondary
	Title I	Title II	Title III	Title III - Immigrant	
<b>REVENUE:</b>					
State Sources					
Federal Sources	\$ 513,647	\$ 186,546	\$ 58,720	\$ 2,909	\$ 30,112
Local Sources					
<b>Total Revenue</b>	<u>\$ 513,647</u>	<u>\$ 186,546</u>	<u>\$ 58,720</u>	<u>\$ 2,909</u>	<u>\$ 30,112</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	337,288	114,000	11,002		3,631
Purchased Professional/Technical Services					
Purchased Professional - Educational Services	8,932				
Tuition				2,909	17,500
General Supplies	29,627		46,341		810
Other Objects					
<b>Total Instruction</b>	<u>375,847</u>	<u>114,000</u>	<u>57,343</u>	<u>2,909</u>	<u>21,941</u>
Support Services:					
Salaries of Other Professional Staff	38,072				4,138
Personal Service - Employee Benefits	68,265	31,200	1,377		316
Purchased Professional/Technical Services	23,308	35,665			
Purchased Professional - Educational Services					
Other Purchased Services		589			935
Supplies and Materials	8,155	5,092			
<b>Total Support Services</b>	<u>137,800</u>	<u>72,546</u>	<u>1,377</u>		<u>5,389</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					2,782
<b>Total Facilities Acquisition and Construction Services</b>					<u>2,782</u>
<b>Total Expenditures</b>	<u>\$ 513,647</u>	<u>\$ 186,546</u>	<u>\$ 58,720</u>	<u>\$ 2,909</u>	<u>\$ 30,112</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	IDEA		UNIFY		Nonpublic
	Basic	Preschool	UHS	BMS	Textbook
<b>REVENUE:</b>					
State Sources					\$ 30,509
Federal Sources	\$ 1,912,367	\$ 52,459	\$ 247	\$ 2,008	
Local Sources					
<b>Total Revenue</b>	<b>\$ 1,912,367</b>	<b>\$ 52,459</b>	<b>\$ 247</b>	<b>\$ 2,008</b>	<b>\$ 30,509</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services					
Purchased Professional - Educational Services					
Tuition	1,784,227	52,459			
General Supplies					30,509
Other Objects					
<b>Total Instruction</b>	<b>1,784,227</b>	<b>52,459</b>			<b>30,509</b>
Support Services:					
Salaries of Other Professional Staff					
Personal Service - Employee Benefits					
Purchased Professional/Technical Services					
Purchased Professional - Educational Services	128,140				
Other Purchased Services			247	2,008	
Supplies and Materials					
<b>Total Support Services</b>	<b>128,140</b>		<b>247</b>	<b>2,008</b>	
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<b>\$ 1,912,367</b>	<b>\$ 52,459</b>	<b>\$ 247</b>	<b>\$ 2,008</b>	<b>\$ 30,509</b>



TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Nonpublic			Chapter 193	
	Security	Nursing	Technology Initiative	Supplemental Instruction	Corrective Speech
REVENUE:					
State Sources	\$ 11,288	\$ 48,003	\$ 13,654	\$ 34,974	\$ 15,970
Federal Sources					
Local Sources					
Total Revenue	<u>\$ 11,288</u>	<u>\$ 48,003</u>	<u>\$ 13,654</u>	<u>\$ 34,974</u>	<u>\$ 15,970</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services				34,974	15,970
Purchased Professional - Educational Services					
Tuition					
General Supplies			13,654		
Other Objects					
Total Instruction			<u>13,654</u>	<u>34,974</u>	<u>15,970</u>
Support Services:					
Salaries of Other Professional Staff					
Personal Service - Employee Benefits					
Purchased Professional/Technical Services		48,003			
Purchased Professional - Educational Services					
Other Purchased Services					
Supplies and Materials	11,288				
Total Support Services	<u>11,288</u>	<u>48,003</u>			
Facilities Acquisition and Construction Services:					
Instructional Equipment					
Total Facilities Acquisition and Construction Services					
Total Expenditures	<u>\$ 11,288</u>	<u>\$ 48,003</u>	<u>\$ 13,654</u>	<u>\$ 34,974</u>	<u>\$ 15,970</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Chapter 193	Chapter 192			Local Grants
	Examination & Classification	Compensatory Education	English as Second Language	Transportation	
REVENUE:					
State Sources	\$ 26,947	\$ 153,636	\$ 2,413	\$ 14,538	
Federal Sources					
Local Sources					\$ 20,686
<b>Total Revenue</b>	<u>\$ 26,947</u>	<u>\$ 153,636</u>	<u>\$ 2,413</u>	<u>\$ 14,538</u>	<u>\$ 20,686</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional/Technical Services	26,947	153,636	2,413	14,538	
Purchased Professional - Educational Services					
Tuition					
General Supplies					
Other Objects					20,686
<b>Total Instruction</b>	<u>26,947</u>	<u>153,636</u>	<u>2,413</u>	<u>14,538</u>	<u>20,686</u>
Support Services:					
Salaries of Other Professional Staff					
Personal Service - Employee Benefits					
Purchased Professional/Technical Services					
Purchased Professional - Educational Services					
Other Purchased Services					
Supplies and Materials					
<b>Total Support Services</b>					
Facilities Acquisition and Construction Services:					
Instructional Equipment					
<b>Total Facilities Acquisition and Construction Services</b>					
<b>Total Expenditures</b>	<u>\$ 26,947</u>	<u>\$ 153,636</u>	<u>\$ 2,413</u>	<u>\$ 14,538</u>	<u>\$ 20,686</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Total
REVENUE:	
State Sources	\$ 351,932
Federal Sources	2,759,015
Local Sources	20,686
Total Revenue	3,131,633
EXPENDITURES:	
Instruction:	
Salaries of Teachers	462,290
Purchased Professional/Technical Services	252,109
Purchased Professional - Educational Services	8,932
Tuition	1,836,686
General Supplies	126,886
Other Objects	35,150
Total Instruction	2,722,053
Support Services:	
Salaries of Other Professional Staff	42,210
Personal Service - Employee Benefits	101,158
Purchased Professional/Technical Services	106,976
Purchased Professional - Educational Services	128,140
Other Purchased Services	3,779
Supplies and Materials	24,535
Total Support Services	406,798
Facilities Acquisition and Construction Services:	
Instructional Equipment	2,782
Total Facilities Acquisition and Construction Services	2,782
Total Expenditures	\$ 3,131,633

CAPITAL PROJECTS FUND

TOWNSHIP OF UNION 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

Revenue and Other Financing Sources:	
State Sources - SDA Grants	\$ (298,944)
Interest on Investments	16,387
Total Revenue and Other Financing Sources	<u>(282,557)</u>
Expenditures:	
Purchased Professional and Technical Services	55,251
Construction Services	750,069
Equipment	106,912
Miscellaneous	9,150
Total Expenditures	<u>921,382</u>
Other Financing Uses:	
Transfer to General Fund - Capital Reserve	448,417
Transfer to Debt Service Fund	16,387
Total Other Financing Uses	<u>464,804</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(1,668,743)
Fund Balance - Beginning of Year as Restated	<u>7,195,665</u>
Fund Balance - End of Year	<u><u>\$ 5,526,922</u></u>
Recapitulation of Fund Balance	
Committed:	
Year-end Encumbrances	\$ 68,663
Other Purposes	257,725
Restricted	
Year-end Encumbrances	133,262
Other Purposes	5,067,272
Fund Balance per Governmental Funds (Budgetary Basis)	<u><u>5,526,922</u></u>

F-1a

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
JEFFERSON ELEMENTARY SCHOOL CONSTRUCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 5,259,907		\$ 5,259,907	\$ 5,259,907
Bond Proceeds	6,712,000		6,712,000	6,712,165
Transfer from Capital Reserve	12,000,000		12,000,000	12,000,000
Total Revenue and Other Financing Sources	<u>23,971,907</u>		<u>23,971,907</u>	<u>23,972,072</u>
Expenditures:				
Purchased Professional and Technical Services	1,955,201	\$ 26,651	1,981,852	2,458,106
Construction Services	15,910,606	99,299	16,009,905	20,359,150
Equipment	558,299	106,912	665,211	
Miscellaneous Expenses	105,255	9,150	114,405	1,154,816
Total Expenditures	<u>18,529,361</u>	<u>242,012</u>	<u>18,771,373</u>	<u>23,972,072</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 5,442,546</u>	<u>\$ (242,012)</u>	<u>\$ 5,200,534</u>	<u>\$ -0-</u>

## Additional Project Information:

Project Number:

Jefferson Elementary School

5290-085-09-00BK

Grant Date

8/20/2010

Bonds Authorized Date

4/20/2010

Bonds Authorized

\$ 6,712,165

Original Authorized Cost

\$23,972,072

Revised Authorized Cost

23,972,072

Percentage Decrease

over Original Authorized Cost

0.00%

Percentage Completion

78.31%

Original Target Completion Date

N/A

Revised Target Completion Date

N/A

F-1b

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
UNION HIGH SCHOOL ELECTRICAL UPGRADES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Period	Totals	Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 738,646		\$ 738,646	\$ 738,646
Transfer from Capital Reserve	1,107,969		1,107,969	1,107,969
Total Revenue and Other Financing Sources	<u>1,846,615</u>		<u>1,846,615</u>	<u>1,846,615</u>
Expenditures:				
Purchased Professional and Technical Services	114,400	\$ 28,600	143,000	166,195
Construction Services	726,457	650,770	1,377,227	1,680,420
Total Expenditures	<u>840,857</u>	<u>679,370</u>	<u>1,520,227</u>	<u>1,846,615</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,005,758</u>	<u>\$ (679,370)</u>	<u>\$ 326,388</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number:	
Union High School	
Electrical Upgrades	5290-050-14-1001
Grant Date	3/31/2014
Bonds Authorized Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 1,846,615
Revised Authorized Cost	1,846,615
Percentage Decrease over Original Authorized Cost	0.00%
Percentage Completion	82.33%
Original Target Completion Date	12/31/2016

F-1c

TOWNSHIP OF UNION SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
WASHINGTON ELEMENTARY SCHOOL HVAC UPGRADES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Prior Periods	Current Period	Totals	Revised Authorized Cost
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 492,958	\$ (298,944)	\$ 194,014	\$ 194,014
Transfer from Capital Reserve	739,437	(448,417)	291,020	291,020
Total Revenue and Other Financing Sources	1,232,395	(747,361)	485,034	485,034
Expenditures:				
Purchased Professional and Technical Services	64,800		64,800	64,800
Construction Services	420,234		420,234	420,234
Total Expenditures	485,034		485,034	485,034
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 747,361	\$ (747,361)	\$ -0-	\$ -0-

## Additional Project Information:

Project Number:

Washington Elementary  
HVAC Upgrades

5290-140-14-1002

Grant Date

3/31/2014

Original Authorized Cost

\$ 1,232,395

Revised Authorized Cost

485,034

Percentage Decrease

39.36%

over Original Authorized Cost

Percentage Completion

100.00%

Original Target Completion Date

7/23/2015



PROPRIETARY FUNDS

Exhibit G-1

TOWNSHIP OF UNION SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	Major Funds		Total
	Food Service Fund	CAST Fund	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 584,895	\$ 846,748	\$ 1,431,643
Intergovernmental Accounts Receivable:			
Federal	100,315		100,315
State	2,346		2,346
Inventories	32,136		32,136
Total Current Assets	<u>719,692</u>	<u>846,748</u>	<u>1,566,440</u>
Non-Current Assets:			
Capital Assets	2,064,955	30,318	2,095,273
Less: Accumulated Depreciation	<u>(1,205,302)</u>	<u>(10,611)</u>	<u>(1,215,913)</u>
Total Non-Current Assets	<u>859,653</u>	<u>19,707</u>	<u>879,360</u>
Total Assets	<u>1,579,345</u>	<u>866,455</u>	<u>2,445,800</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable - Vendors	224,941		224,941
Unearned Revenue	5,194		5,194
Total Liabilities	<u>230,135</u>		<u>230,135</u>
<b>NET POSITION:</b>			
Investment in Capital Assets	859,653	19,707	879,360
Unrestricted	<u>489,557</u>	<u>846,748</u>	<u>1,336,305</u>
Total Net Position	<u>\$ 1,349,210</u>	<u>\$ 866,455</u>	<u>\$ 2,215,665</u>

Exhibit G-2

TOWNSHIP OF UNION SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Funds		Total
	Food Service Fund	CAST Fund	
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 953,839		\$ 953,839
Daily Sales - Non-reimbursable Programs	637,273		637,273
Special Events	25,941		25,941
Total Operating Revenue	<u>1,617,053</u>		<u>1,617,053</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs	771,967		771,967
Cost of Sales - Non-reimbursable Programs	142,432		142,432
Salaries, Benefits & Payroll Taxes	1,238,723		1,238,723
Supplies, Insurance & Other Costs	798,358		798,358
Management Fee	78,855		78,855
Miscellaneous Expenses	159,123		159,123
Depreciation Expense	63,707	\$ 3,032	66,739
Total Operating Expenses	<u>3,253,165</u>	<u>3,032</u>	<u>3,256,197</u>
Operating Loss	<u>(1,636,112)</u>	<u>(3,032)</u>	<u>(1,639,144)</u>
Non-Operating Revenue:			
Local Sources:			
Interest Income	1,422	2,442	3,864
State Sources:			
State School Lunch Program	32,030		32,030
Federal Sources:			
School Breakfast Program	218,205		218,205
National School Lunch Program	1,120,405		1,120,405
Food Distribution Program	226,591		226,591
Total Non-Operating Revenue	<u>1,598,653</u>	<u>2,442</u>	<u>1,601,095</u>
Change in Net Position	(37,459)	(590)	(38,049)
Net Position - Beginning of Year	<u>1,386,669</u>	<u>867,045</u>	<u>2,253,714</u>
Net Position - End of Year	<u>\$ 1,349,210</u>	<u>\$ 866,455</u>	<u>\$ 2,215,665</u>

Exhibit G-3

TOWNSHIP OF UNION SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Major Funds		Total
	Food Service Fund	CAST Fund	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 1,617,053		\$ 1,617,053
Payments to Food Service Vendor	(2,727,117)		(2,727,117)
Net Cash Used for Operating Activities	(1,110,064)		(1,110,064)
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income	1,422	\$ 2,442	3,864
Net Cash Provided by Investing Activities	1,422	2,442	3,864
Cash Flows from Noncapital Financing Activities:			
State Sources:			
State School Lunch Program	32,129		32,129
Federal Sources:			
National School Lunch Program	1,120,718		1,120,718
School Breakfast Program	218,205		218,205
Net Cash Provided by Noncapital Financing Activities	1,371,052		1,371,052
Net Increase in Cash and Cash Equivalents	262,410	2,442	264,852
Cash and Cash Equivalents, July 1	428,345	844,306	1,272,651
Cash and Cash Equivalents, June 30	\$ 690,755	\$ 846,748	\$ 1,537,503
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ (1,636,112)	\$ (3,032)	\$ (1,639,144)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	63,707	3,032	66,739
Federal Food Distribution Program	226,591		226,591
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventories	5,615		5,615
Increase/(Decrease) in Accounts Payable	224,941		224,941
Increase/(Decrease) in Unearned Revenue	5,194		5,194
Net Cash Used for Operating Activities	\$ (1,110,064)	\$ -0-	\$ (1,110,064)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received and utilized commodities from the Federal Food Distribution Program valued at \$231,785 and \$226,591, respectively, the fiscal year ended June 30, 2016.

FIDUCIARY FUNDS

TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Scholarship and Memorial Trust Fund</u>	<u>Escrow Deposits</u>	<u>Total Fiduciary Funds</u>
	<u>Student Activity</u>	<u>Payroll</u>				
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 346,994	\$ 3,986,595	\$ 4,333,589	\$ 1,170,845	\$ 113,089	\$ 5,643,734
Interfund Receivable - Payroll Agency				225,652		225,652
Total Assets	<u>346,994</u>	<u>3,986,595</u>	<u>4,333,589</u>	<u>1,396,497</u>	<u>113,089</u>	<u>5,869,386</u>
<u>LIABILITIES:</u>						
Accrued Salaries and Wages		2,983,755	2,983,755			2,983,755
Payroll Deductions and Withholdings		777,188	777,188			777,188
Due to Student Groups	346,994		346,994			346,994
Interfund Payable - Unemployment Compensation Trust		225,652	225,652			225,652
Total Liabilities	<u>346,994</u>	<u>3,986,595</u>	<u>4,333,589</u>			<u>4,333,589</u>
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims			1,396,497			1,396,497
Bond Refinancing					26,211	26,211
Restricted for Scholarships				113,089		113,089
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,396,497</u>	<u>\$ 113,089</u>	<u>\$ 1,535,797</u>

Exhibit H-2

TOWNSHIP OF UNION SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Unemployment Compensation Trust	Scholarship and Memorial Trust Fund	Escrow Deposits	Totals
<b>ADDITIONS:</b>				
Contributions:				
Plan Member	\$ 117,735			\$ 117,735
Donations		\$ 48,985		48,985
Total Contributions	<u>117,735</u>	<u>48,985</u>		<u>166,720</u>
Investment Earnings:				
Interest	8,777	400	\$ 35	9,212
Net Investment Earnings	<u>8,777</u>	<u>400</u>	<u>35</u>	<u>9,212</u>
Total Additions	<u>126,512</u>	<u>49,385</u>	<u>35</u>	<u>175,932</u>
<b>DEDUCTIONS:</b>				
Unemployment Compensation Claims	111,975			111,975
Scholarships Awarded		25,282		25,282
Total Deductions	<u>111,975</u>	<u>25,282</u>		<u>137,257</u>
Change in Net Position	14,537	24,103	35	38,675
Net Position - Beginning of the Year	<u>1,381,960</u>	<u>88,986</u>	<u>26,176</u>	<u>1,497,122</u>
Net Position - End of the Year	<u>\$ 1,396,497</u>	<u>\$ 113,089</u>	<u>\$ 26,211</u>	<u>\$ 1,535,797</u>

Exhibit H-3

TOWNSHIP OF UNION SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 274,964	\$ 753,879	\$ 681,849	\$ 346,994
Total Assets	<u>\$ 274,964</u>	<u>\$ 753,879</u>	<u>\$ 681,849</u>	<u>\$ 346,994</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 274,964	\$ 753,879	\$ 681,849	\$ 346,994
Total Liabilities	<u>\$ 274,964</u>	<u>\$ 753,879</u>	<u>\$ 681,849</u>	<u>\$ 346,994</u>



Exhibit H-4

TOWNSHIP OF UNION SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
Elementary Schools:				
Battle Hill	\$ 5,734	\$ 8,011	\$ 6,986	\$ 6,759
Central Five - Jefferson	124	5	5	124
Connecticut Farms	1,366	2,079	2,075	1,370
Franklin	100		100	
Hannah Caldwell	50			50
Livingston	10		10	
Washington	87			87
Junior High School:				
Burnett	35,453	35,703	36,043	35,113
Kawameeh	35,774	62,787	59,756	38,805
Senior High School:				
Jefferson High School Activities	148,312	469,893	404,135	214,070
Athletic Account	<u>47,955</u>	<u>175,401</u>	<u>172,739</u>	<u>50,617</u>
Total	<u>\$ 274,964</u>	<u>\$ 753,879</u>	<u>\$ 681,849</u>	<u>\$ 346,994</u>

Exhibit H-5

TOWNSHIP OF UNION SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 3,194,549	\$ 42,183,343	\$ 41,391,297	\$ 3,986,595
Total Assets	<u>\$ 3,194,549</u>	<u>\$ 42,183,343</u>	<u>\$ 41,391,297</u>	<u>\$ 3,986,595</u>
 <u>LIABILITIES:</u>				
Interfund Payable - Unemployment Compensation Trust Fund	\$ 230,698		\$ 5,046	\$ 225,652
Accrued Salaries and Wages		\$ 2,983,755		2,983,755
Payroll Deductions and Withholdings	2,963,851	39,199,588	41,386,251	777,188
Total Liabilities	<u>\$ 3,194,549</u>	<u>\$ 42,183,343</u>	<u>\$ 41,391,297</u>	<u>\$ 3,986,595</u>

LONG-TERM DEBT

TOWNSHIP OF UNION SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2015	Retired/ Matured	Balance June 30, 2016
			Date	Amount				
Refunding School Bonds - Series 2010	11/10/2010	\$ 20,175,000	8/15/2016	\$ 1,265,000	4.000%	\$ 17,550,000	\$ 1,225,000	\$ 16,325,000
			8/15/2017	1,310,000	4.000%			
			8/15/2018	1,330,000	4.000%			
			8/15/2019	1,325,000	4.000%			
			8/15/2020	1,315,000	4.000%			
			8/15/2021	1,310,000	4.000%			
			8/15/2022	1,295,000	3.000%			
			8/15/2023	1,275,000	3.125%			
			8/15/2024	1,255,000	3.393%			
			8/15/2025	1,190,000	3.375%			
			8/15/2026	1,175,000	3.500%			
			8/15/2027	1,155,000	3.625%			
			8/15/2028	1,125,000	4.000%			

TOWNSHIP OF UNION SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2015	Retired/ Matured	Balance June 30, 2016
			Date	Amount				
School Bonds	9/8/2011	\$ 6,712,000	1/1/2017	\$ 300,000	2.250%	\$ 6,012,000	\$ 250,000	\$ 5,762,000
			1/1/2018	300,000	2.750%			
			1/1/2019	330,000	3.000%			
			1/1/2020	330,000	3.000%			
			1/1/2021	340,000	3.000%			
			1/1/2022	340,000	3.000%			
			1/1/2023	360,000	3.000%			
			1/1/2024	360,000	3.000%			
			1/1/2025	370,000	3.250%			
			1/1/2026	370,000	3.250%			
			1/1/2027	380,000	3.500%			
			1/1/2028	390,000	3.500%			
			1/1/2029	395,000	3.500%			
			1/1/2030	400,000	3.625%			
			1/1/2031	400,000	3.625%			
1/1/2032	397,000	3.750%						
School Refunding Bonds - Series 2015	1/15/2015	4,280,000	1/1/2017	480,000	3.000%	4,280,000	485,000	3,795,000
			1/1/2018	495,000	3.000%			
			1/1/2019	515,000	4.000%			
			1/1/2020	535,000	4.000%			
			1/1/2021	560,000	4.000%			
			1/1/2022	590,000	4.000%			
			1/1/2023	620,000	4.000%			
					<u>\$ 27,842,000</u>	<u>\$ 1,960,000</u>	<u>\$ 25,882,000</u>	

TOWNSHIP OF UNION SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOT APPLICABLE

TOWNSHIP OF UNION 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	\$ 2,790,533		\$ 2,790,533	\$ 2,790,533	
State Sources:					
Debt Service State Aid Support	113,637		113,637	113,637	
Total Revenue	2,904,170		2,904,170	2,904,170	
EXPENDITURES:					
Regular Debt Service:					
Interest	949,943		949,943	949,943	
Redemption of Principal	1,960,000		1,960,000	1,960,000	
Total Regular Debt Service	2,909,943		2,909,943	2,909,943	
Total Expenditures	2,909,943		2,909,943	2,909,943	
Deficit of Revenues Under Expenditures	(5,773)		(5,773)	(5,773)	
OTHER FINANCING SOURCES:					
Transfer from Capital Projects Fund - Interest				16,387	\$ 16,387
Total Other Financing Sources				16,387	16,387
Excess of Revenues Over Expenditures	(5,773)		(5,773)	10,614	16,387
Fund Balance, July 1	28,879		28,879	28,879	
Fund Balance, June 30	\$ 23,106	\$ -0-	\$ 23,106	\$ 39,493	\$ 16,387
<u>Recapitulation of Fund Balance:</u>					
Restricted for Subsequent Year's Expenditures				\$ 39,493	

STATISTICAL SECTION



**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents**

**Exhibit**

**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 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru 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 and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

TOWNSHIP OF UNION SCHOOL DISTRICT  
 NET POSITION BY COMPONENT  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (accrual basis of accounting)

	June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 *	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 23,003,426	\$ 24,996,992	\$ 27,817,438	\$ 30,501,543	\$ 34,136,549	\$ 35,319,295	\$ 46,148,044	\$ 48,844,016	\$ 66,419,122	\$ 66,817,323
Restricted	19,079,873	19,641,224	39,398,159	30,729,386	31,360,472	36,160,171	29,289,218	27,872,924	26,714,466	21,523,970
Unrestricted/(Deficit)	(2,273,116)	(2,931,011)	(5,581,514)	(5,482,806)	(3,842,315)	(3,739,077)	(3,786,510)	(4,259,726)	(39,152,868)	(36,583,405)
<b>Total Governmental Activities Net Position</b>	<b>\$ 39,810,183</b>	<b>\$ 41,707,205</b>	<b>\$ 61,634,083</b>	<b>\$ 55,748,123</b>	<b>\$ 61,654,706</b>	<b>\$ 67,740,389</b>	<b>\$ 71,650,752</b>	<b>\$ 72,457,214</b>	<b>\$ 53,980,720</b>	<b>\$ 51,757,888</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	\$ 400,799	\$ 341,990	\$ 283,748	\$ 272,306	\$ 239,255	\$ 224,930	\$ 722,552	\$ 918,049	\$ 840,238	\$ 879,360
Unrestricted/(Deficit)	3,235,955	19,063,155	2,174,533	2,147,080	2,163,203	2,113,754	1,514,079	1,237,267	1,413,476	1,336,305
<b>Total Business-type Activities Net Position/(Deficit)</b>	<b>\$ 3,636,754</b>	<b>\$ 19,405,145</b>	<b>\$ 2,458,281</b>	<b>\$ 2,419,386</b>	<b>\$ 2,402,458</b>	<b>\$ 2,338,684</b>	<b>\$ 2,236,631</b>	<b>\$ 2,155,316</b>	<b>\$ 2,253,714</b>	<b>\$ 2,215,665</b>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 23,404,226	\$ 25,338,982	\$ 28,101,187	\$ 30,773,849	\$ 34,375,703	\$ 35,544,225	\$ 46,870,596	\$ 49,762,065	\$ 67,259,360	\$ 67,696,683
Restricted	19,079,872	19,641,224	39,398,159	30,729,386	31,360,472	36,160,171	29,289,218	27,872,924	26,714,466	21,523,970
Unrestricted/(Deficit)	962,839	16,132,144	(3,406,981)	(3,335,726)	(1,679,112)	(1,625,323)	(2,272,431)	(3,022,459)	(37,739,392)	(35,247,100)
<b>Total District Net Position</b>	<b>\$ 43,446,937</b>	<b>\$ 61,112,350</b>	<b>\$ 64,092,365</b>	<b>\$ 58,167,509</b>	<b>\$ 64,057,063</b>	<b>\$ 70,079,073</b>	<b>\$ 73,887,383</b>	<b>\$ 74,612,530</b>	<b>\$ 56,234,434</b>	<b>\$ 53,973,553</b>

\*Restated

Source: Union School District Financial Reports

TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 47,343,334	\$ 49,706,204	\$ 48,358,574	\$ 50,556,604	\$ 52,376,919	\$ 52,217,721	\$ 52,466,604	\$ 53,776,650	\$ 60,751,603	\$ 70,648,204
Special Education	8,712,550	9,157,100	9,179,863	9,901,270	10,439,297	10,797,298	11,548,962	11,932,208	14,052,549	18,918,112
Other Special Education	3,383,286	3,695,686	4,536,902	4,893,650	5,043,022	4,436,423	5,143,017	5,089,451	5,990,569	5,515,231
Other Instruction										1,913,182
Support Services:										
Tuition	9,187,463	10,190,050	9,864,915	9,935,515	8,628,491	7,837,710	7,639,508	7,577,508	7,596,460	8,946,007
Student & Instruction Related Services	12,589,244	13,267,778	13,473,517	14,684,445	14,750,834	14,325,463	16,489,731	17,095,022	19,628,392	17,763,555
General Administrative Services	2,923,974	2,971,426	2,604,390	2,956,195	2,984,890	2,908,893	3,239,943	3,286,224	3,666,127	2,777,974
School Administrative Services	6,339,517	6,673,327	6,545,848	7,056,066	7,198,559	7,544,966	7,652,111	7,571,482	8,639,564	6,919,671
Central Services										1,385,075
Administrative Information Technology										659,100
Plant Operations and Maintenance	9,984,935	11,050,890	10,781,098	10,603,395	10,385,493	10,221,600	12,385,363	13,550,694	14,374,411	11,532,667
Pupil Transportation	5,306,703	5,599,296	5,360,970	5,192,922	4,671,128	5,003,000	6,340,912	6,629,300	7,718,450	5,943,785
Other Support Services	271,948	288,110	250,351	267,095	289,093	311,085				
Charter Schools		22,478	20,683	8,745		22,410	65,517	128,200	218,845	
Unallocated Depreciation										379,000
Interest on Long-term Debt	1,625,048	1,488,975	1,434,564	1,386,499	1,041,958	1,244,639	1,214,817	1,149,619	1,155,993	814,673
Capital Outlay										951,182
Unallocated Amortization						63,625	63,625	63,625	63,625	
Total Governmental Activities Expenses	107,668,002	114,111,320	112,411,675	117,442,401	117,809,684	116,934,833	124,250,110	127,849,983	143,856,588	155,067,418

TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type Activities:										
Food Service	\$ 2,663,206	\$ 2,936,067	\$ 2,994,870	\$ 3,026,442	\$ 2,997,205	\$ 3,131,227	\$ 3,036,046	\$ 3,186,555	\$ 2,973,746	\$ 3,256,197
Total Business-type Activities Expense	<u>2,663,206</u>	<u>2,936,067</u>	<u>2,994,870</u>	<u>3,026,442</u>	<u>2,997,205</u>	<u>3,131,227</u>	<u>3,036,046</u>	<u>3,186,555</u>	<u>2,973,746</u>	<u>3,256,197</u>
Total District Expenses	<u>110,331,208</u>	<u>117,047,387</u>	<u>115,406,545</u>	<u>120,468,843</u>	<u>120,806,889</u>	<u>120,066,060</u>	<u>127,286,156</u>	<u>131,036,538</u>	<u>146,830,334</u>	<u>158,323,615</u>
Program Revenues:										
Governmental Activities:										
Charges for Services										150,214
Operating Grants and Contributions	6,765,844	9,797,582	6,489,260	7,176,242	7,381,358	8,705,420	11,261,352	9,610,490	22,660,690	36,896,315
Total Governmental Activities Program Revenues	<u>6,765,844</u>	<u>9,797,582</u>	<u>6,489,260</u>	<u>7,176,242</u>	<u>7,381,358</u>	<u>8,705,420</u>	<u>11,261,352</u>	<u>9,610,490</u>	<u>22,660,690</u>	<u>37,046,529</u>
Business-type Activities:										
Charges for Services:										
Food Service	1,783,506	1,778,485	1,604,173	1,604,611	1,563,826	1,607,621	1,533,692	1,612,301	1,570,430	1,617,053
C.A.S.T.	10,417	1,054								
Operating Grants and Contributions	955,000	1,082,615	1,322,154	1,378,475	1,420,418	1,446,136	1,396,897	1,488,765	1,499,038	1,597,231
Total Business-type Activities Program Revenues	<u>2,748,923</u>	<u>2,862,154</u>	<u>2,926,327</u>	<u>2,983,086</u>	<u>2,984,244</u>	<u>3,053,757</u>	<u>2,930,589</u>	<u>3,101,066</u>	<u>3,069,468</u>	<u>3,214,284</u>
Total District Program Revenues	<u>9,514,767</u>	<u>12,659,736</u>	<u>9,415,587</u>	<u>10,159,328</u>	<u>10,365,602</u>	<u>11,759,177</u>	<u>14,191,941</u>	<u>12,711,556</u>	<u>25,730,158</u>	<u>40,260,813</u>
Net (Expense)/Revenue										
Governmental Activities	(100,902,158)	(104,313,738)	(105,922,415)	(110,266,159)	(110,428,326)	(108,229,413)	(112,988,758)	(118,239,493)	(121,195,898)	(118,020,889)
Business-type Activities	85,717	(73,913)	(68,543)	(43,356)	(12,961)	(77,470)	(105,457)	(85,489)	95,722	(41,913)
Total District-wide Net Expense	<u>(100,816,441)</u>	<u>(104,387,651)</u>	<u>(105,990,958)</u>	<u>(110,309,515)</u>	<u>(110,441,287)</u>	<u>(108,306,883)</u>	<u>(113,094,215)</u>	<u>(118,324,982)</u>	<u>(121,100,176)</u>	<u>(118,062,802)</u>

TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGE IN NET POSITION, LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 63,712,897	\$ 68,832,048	\$ 72,223,280	\$ 73,473,280	\$ 75,443,054	\$ 76,951,915	\$ 78,490,953	\$ 80,060,772	\$ 81,661,987	\$ 84,295,227
Taxes Levied for Debt Service	2,389,737	2,546,935	2,267,313	1,449,278	1,832,700	2,407,988	2,603,922	2,858,913	2,828,639	2,790,533
Unrestricted Grants and Contributions	27,793,613	26,752,890	32,816,581	28,762,470	38,016,691	34,198,245	35,057,716	35,445,395	36,395,653	28,081,549
Miscellaneous Income	2,095,401	1,990,219	1,146,618	650,668	1,028,605	761,657	746,530	681,970	701,969	630,748
Extraordinary Item - Adjustment to Fixed Assets					13,859	(4,709)				
Transfers	(88,257)	(6,705)						(1,095)		
Total Governmental Activities	95,903,391	100,115,387	108,453,792	104,335,696	116,334,909	114,315,096	116,899,121	119,045,955	121,588,248	115,798,057
Business-type Activities:										
Miscellaneous/Investment Earnings	42,727	115,290	523,848	50,323	4,794	4,935	3,404	3,079	2,676	3,864
Transfers		(2,567)	(6,668)	(1,360)				1,095		
Total Business-type Activities	42,727	112,723	517,180	48,963	4,794	4,935	3,404	4,174	2,676	3,864
Total District-wide	95,946,118	100,228,110	108,970,972	104,384,659	116,339,703	114,320,031	116,902,525	119,050,129	121,590,924	115,801,921
Change in Net Position										
Governmental Activities	(4,998,767)	(4,198,351)	2,531,377	(5,930,463)	5,906,583	6,085,683	3,910,363	806,462	392,350	(2,222,832)
Business-type Activities	128,444	38,810	448,637	5,607	(8,167)	(72,535)	(102,053)	(81,315)	98,398	(38,049)
Total District	\$ (4,870,323)	\$ (4,159,541)	\$ 2,980,014	\$ (5,924,856)	\$ 5,898,416	\$ 6,013,148	\$ 3,808,310	\$ 725,147	\$ 490,748	\$ (2,260,881)

Source: Union School District Financial Reports

TOWNSHIP OF UNION SCHOOL DISTRICT  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST SIX FISCAL YEARS  
UNAUDITED  
(modified accrual basis of accounting)

	June 30,					
	2011	2012	2013	2014	2015	2016
General Fund						
Restricted for:						
Excess Surplus	\$ 7,179,107	\$ 5,571,862	\$ 3,915,406	\$ 6,727,450	\$ 4,589,630	\$ 6,138,641
Excess Surplus Designated for Subsequent Year's Expenditures						4,589,630
Capital Reserve Account	3,420,467	5,008,552	6,218,659	6,231,176	4,689,651	4,105,672
Maintenance Reserve	250,000	250,000	2,050,000	2,050,000	1,050,000	450,000
Emergency Reserve	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Committed:						
Designated for Subsequent Year's Expenditures	949,909	8,120,050	6,208,928	4,914,537	7,066,626	
Assigned:						
For Subsequent Year's Expenditures						167,866
Encumbrances	795,331		2,216,935	14,632	43,823	2,395,972
Unassigned/(Deficit)	(1,192,190)	(73,645)				
Total General Fund	<u>\$ 12,402,624</u>	<u>\$ 19,876,819</u>	<u>\$ 21,609,928</u>	<u>\$ 20,937,795</u>	<u>\$ 18,439,730</u>	<u>\$ 18,847,781</u>
All Other Governmental Funds						
Restricted for:						
Debt Service	\$ 283,840	\$ 292,431	\$ 50,454	\$ 45,501	\$ 28,879	\$ 39,493
Capital Projects Fund	16,231,280	5,095,105	4,977,123	4,833,738	6,225,421	5,200,534
Committed:						
Capital Projects Fund						326,388
Assigned to:						
Year End Encumbrances	1,505,568	10,479,039	2,142,872	1,102,566	970,244	
Total All Other Governmental Funds	<u>\$ 18,020,688</u>	<u>\$ 15,866,575</u>	<u>\$ 7,170,449</u>	<u>\$ 5,981,805</u>	<u>\$ 7,224,544</u>	<u>\$ 5,566,415</u>

This schedule does not contain ten years of information as information was only available from 2011 through the current year.

Source: Union School District Financial Reports

TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Tax Levy	\$ 71,378,983	\$ 74,577,529	\$ 74,490,593	\$ 74,922,558	\$ 77,275,754	\$ 79,359,903	\$ 81,094,875	\$ 82,919,685	\$ 84,490,626	\$ 87,085,760
Tuition Charges	104,989	113,741	143,558	164,819	211,140	239,753	189,794	236,379	136,115	150,214
Transportation Fees	15,653	2,153	1,242	5,004	9,345	4,754	4,280	8,269	12,899	14,400
Interest Earnings	71,783	43,336	350,558	35,409	31,661	18,585	10,108	12,517	5,880	33,814
Miscellaneous	1,797,794	1,650,863	1,053,429	491,299	776,460	518,394	542,348	424,805	547,075	607,855
State Sources	33,755,973	36,744,197	36,005,633	28,066,733	41,076,652	38,360,855	43,263,466	41,756,746	44,421,420	46,495,876
Federal Sources	2,794,499	2,879,470	3,300,208	7,871,978	4,321,396	4,518,021	3,055,602	3,299,139	3,041,273	2,915,231
<b>Total Revenue</b>	<b>109,919,674</b>	<b>116,011,289</b>	<b>115,345,221</b>	<b>111,557,800</b>	<b>123,702,408</b>	<b>123,020,265</b>	<b>128,160,473</b>	<b>128,657,540</b>	<b>132,655,288</b>	<b>137,303,150</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	33,764,130	35,312,043	35,842,441	37,043,262	37,925,856	36,667,485	37,929,274	39,616,616	39,720,263	38,667,742
Special Education Instruction	6,256,709	6,555,123	6,919,687	7,460,495	7,829,276	7,988,660	8,349,001	8,815,258	9,423,068	9,454,286
Other Special Instruction										2,997,697
Other Instruction	2,401,862	2,663,327	3,606,861	3,893,404	3,972,437	3,287,431	3,718,002	3,702,066	3,929,942	1,202,180
<b>Support Services:</b>										
Tuition	9,187,463	10,190,050	9,864,915	9,935,515	8,628,491	7,837,710	7,639,508	7,577,509	7,596,460	10,875,321
Student & Instruction Related Services	10,031,841	10,553,575	11,125,348	12,147,808	12,038,503	11,402,773	11,920,793	12,643,570	13,016,826	13,162,243
General Administration	2,166,753	2,168,023	1,911,537	2,201,545	2,184,278	2,046,895	2,342,227	2,412,110	2,367,839	2,431,836
School Administrative Services	4,360,167	4,570,913	4,743,175	5,106,444	5,114,441	5,300,083	5,531,881	5,505,959	5,571,724	4,232,170
Central Services										933,813
Administrative Information Technology										659,100
Plant Operations and Maintenance	7,852,704	8,792,643	8,815,649	8,466,322	8,116,214	7,779,988	8,953,655	10,209,772	9,412,268	9,184,486
Pupil Transportation	4,743,595	5,002,891	4,841,969	4,650,184	4,071,889	4,358,247	4,583,986	4,918,400	5,177,319	5,407,232
Unallocated Benefits	23,716,206	24,981,915	21,565,380	23,550,253	25,622,615	26,524,349	29,305,655	28,086,371	30,814,981	34,277,386
Transfer of Funds to Charter Schools		22,478	20,683	8,745		22,410	65,517	128,200	218,845	
Capital Outlay	1,553,199	2,254,320	3,485,356	3,387,464	4,397,348	8,659,433	11,771,841	3,904,316	3,665,503	2,157,793
<b>Debt Service:</b>										
Principal - Lease Purchase Agreement	382,813	400,000								
Interest - Lease Purchase Agreement	24,484	13,000								
Principal - Serial Bonds	985,000	1,045,000	1,115,000	1,175,000	1,240,000	1,445,000	1,715,000	1,830,000	1,890,000	1,960,000
Interest - Serial Bonds	1,611,460	1,489,250	1,445,481	1,397,881	1,078,847	1,091,719	1,297,150	1,167,075	1,105,575	949,943
<b>Total Expenditures</b>	<b>109,038,386</b>	<b>116,014,551</b>	<b>115,303,482</b>	<b>120,424,322</b>	<b>122,220,195</b>	<b>124,412,183</b>	<b>135,123,490</b>	<b>130,517,222</b>	<b>133,910,613</b>	<b>138,553,228</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	881,288	(3,262)	41,739	(8,866,522)	1,482,213	(1,391,918)	(6,963,017)	(1,859,682)	(1,255,325)	(1,250,078)

TOWNSHIP OF UNION SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
 UNAUDITED  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
School Bond Proceeds						\$ 6,712,000				
Transfers In	\$ 229,743	\$ 151,132	\$ 17,611,293	\$ 2,544,015	\$ 12,572,702	1,093,317				\$ 464,804
Transfers Out	(229,743)	(151,132)	(611,293)	(2,544,015)	(12,572,702)	(1,093,317)		\$ (1,095)		(464,804)
Total Other Financing Sources (Uses)	-0-	-0-	17,000,000	-0-	-0-	6,712,000	-0-	(1,095)	-0-	-0-
Net Change in Fund Balances	<u>\$ 881,288</u>	<u>\$ (3,262)</u>	<u>\$ 17,041,739</u>	<u>\$ (8,866,522)</u>	<u>\$ 1,482,213</u>	<u>\$ 5,320,082</u>	<u>\$ (6,963,017)</u>	<u>\$ (1,860,777)</u>	<u>\$ (1,255,325)</u>	<u>\$ (1,250,078)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.87%	2.66%	2.34%	2.25%	2.01%	2.24%	2.50%	2.42%	2.35%	2.18%

Source: Union School District Financial Reports



TOWNSHIP OF UNION SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

Fiscal Year Ending June 30,	Tuition	Interest on Investments	Refunds	Rental Income	Other Miscellaneous	Total
2007	\$ 104,989	\$ 995,612	\$ 410,239	\$ 136,246	\$ 16,519	\$ 1,663,605
2008	113,741	941,341	408,536	136,079	29,547	1,629,244
2009	143,558	874,406	256,667	161,232	28,153	1,464,016
2010	164,819	35,409	193,459	140,263	116,030	649,980
2011	211,139	72,135	453,402	145,295	30,202	912,173
2012	239,754	65,601	200,614	89,398	10,597	605,964
2013	189,794	72,732	97,393	58,576	156,260	574,755
2014	236,379	64,473	196,764	52,011	25,936	575,563
2015	136,115	60,683	333,935	42,547	128,689	701,969
2016	150,214	18,592	222,237	33,814	339,718	764,575

Source: Union Township School District records

TOWNSHIP OF UNION SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY.  
LAST TEN YEARS  
UNAUDITED

<u>Year Ended</u> <u>December 31,</u>	<u>Vacant</u> <u>Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Tax</u> <u>Exempt</u> <u>Property</u>	<u>Public</u> <u>Utilities</u> <sup>a</sup>	<u>Net</u> <u>Valuation</u> <u>Taxable</u>	<u>School</u> <u>Tax</u> <u>Rate</u> <sup>b</sup>	<u>County</u> <u>Equalized</u> <u>Value</u>
2006	\$ 4,310,000	\$ 737,126,500	\$ 196,306,400	\$ 103,873,900	\$ 21,474,800	\$ 1,063,091,600	\$ 189,844,200	\$ 1,906,690	\$ 1,064,998,290	\$ 6.700	\$ 7,098,646,343
2007	4,417,900	739,367,800	194,116,500	102,058,600	21,539,000	1,061,499,800	190,388,600	1,585,067	1,063,084,867	7.020	7,710,370,833
2008	7,689,100	741,040,200	190,999,300	100,159,600	20,913,700	1,060,801,900	181,499,100	1,495,970	1,062,297,870	7.010	7,744,575,532
2009	5,219,700	742,566,000	189,280,800	97,427,400	20,856,400	1,055,350,300	181,499,100	1,495,970	1,056,846,270	7.090	7,325,231,570
2010	5,219,200	743,316,700	188,371,200	96,046,700	20,751,500	1,053,705,300	184,054,100	1,632,739	1,055,338,039	7.090	7,087,747,736
2011	4,925,900	741,672,200	186,972,400	93,708,500	20,751,500	1,048,030,500	182,056,000	1,604,756	1,049,635,256	7.561	6,815,847,279
2012	5,127,600	741,447,600	183,215,700	82,123,700	20,746,500	1,032,661,100	182,160,000	1,755,137	1,034,416,237	7.840	6,380,143,648
2013	5,725,100	739,570,500	187,297,800	70,256,500	20,572,300	1,023,422,200	184,689,800	1,592,044	1,025,014,244	8.090	6,322,915,083
2014	6,348,400	741,128,900	185,346,700	69,774,800	20,572,300	1,023,171,100	185,224,600	1,437,411	1,024,608,511	8.247	6,023,633,409
2015	8,549,400	742,161,900	190,863,500	70,630,300	20,603,500	1,032,808,600	187,327,400	1,454,499	1,034,263,099	8.420	6,127,489,228

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 ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of assessed valuation.

Exhibit J-7

TOWNSHIP OF UNION SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(rate per \$100 of assessed value)*

Year Ended December 31,	Township of Union School District			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Direct Rate			Union Township	Union County	
	Basic Rate <sup>a</sup>	General Obligation Debt <sup>b</sup>	Total Direct			
2006	\$ 6.460	\$ 0.240	\$ 6.700	\$ 4.880	\$ 2.342	\$ 13.922
2007	6.800	0.220	7.020	5.090	2.342	14.452
2008	6.800	0.210	7.010	5.450	2.520	14.980
2009	6.950	0.140	7.090	5.670	2.590	15.350
2010	6.950	0.140	7.090	5.667	2.591	15.348
2011	7.332	0.229	7.561	6.104	2.893	16.558
2012	7.588	0.252	7.840	6.261	2.997	17.098
2013	7.811	0.279	8.090	6.413	3.097	17.600
2014	5.315	2.932	8.247	6.528	3.149	17.924
2015	8.150	0.270	8.420	6.739	3.175	18.334

Source: Municipal Tax Collector and School Business Administrator

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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.

TOWNSHIP OF UNION SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Union Mill Run, LLC	\$ 10,450,000	1.01%			
Mcminn-L. Robbins, Trustee	8,966,000	0.87%			
Union 22 Plaza	8,902,400	0.86%			
Union VF, LLC	8,500,000	0.82%			
MERCK Corporation	6,708,100	0.65%		Information Not Available	
VNO 2445 Springfield Ave.	6,300,000	0.61%			
Bed Bath & Beyond	5,127,700	0.50%			
Liberty Hall Joint Venture	3,855,600	0.37%			
Island Southeast Union	3,538,900	0.34%			
Target Corporation	3,372,700	0.33%			
Union Medical Center	3,054,700	0.30%			
Dayton Hudson Corp	3,029,400	0.29%			
<b>Total</b>	<b>\$ 71,805,500</b>	<b>6.94%</b>			

Source: Municipal Tax Assessor

Exhibit J-9

TOWNSHIP OF UNION SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 66,102,634	\$ 66,102,634	100.00%	-0-
2008	71,378,983	71,378,983	100.00%	-0-
2009	74,490,593	74,490,593	100.00%	-0-
2010	74,922,558	74,922,558	100.00%	-0-
2011	77,275,754	77,275,754	100.00%	-0-
2012	79,359,903	79,359,903	100.00%	-0-
2013	81,094,875	81,094,875	100.00%	-0-
2014	82,919,685	82,919,685	100.00%	-0-
2015	84,490,626	84,490,626	100.00%	-0-
2016	87,085,760	87,085,760	100.00%	-0-

- 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.

Source: Union Township District records including the Certificate and Report of School Taxes (A4F form)

TOWNSHIP OF UNION SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Bond Anticipation Notes (BANs)	Capital Leases			
2007	\$ 31,877,000	\$ 2,400,000	\$ 400,000	\$ 34,677,000	1.28%	\$ 649.84
2008	30,832,000			30,832,000	1.12%	578.08
2009	29,717,000			29,717,000	1.12%	553.70
2010	28,542,000			28,542,000	1.01%	502.78
2011	28,320,000			28,320,000	0.95%	497.58
2012	33,587,000			33,587,000	1.09%	586.21
2013	31,872,000			31,872,000	1.02%	552.69
2014	30,042,000			30,042,000	0.91%	519.47
2015	27,842,000			27,842,000	0.84%	478.98
2016	25,882,000			25,882,000	0.78%	445.26

Source: Union School District Financial Reports

Note: 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.

Exhibit J-11

TOWNSHIP OF UNION SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2007	\$ 31,877,000		\$ 31,877,000	3.00%	\$ 597.37
2008	30,832,000		30,832,000	2.90%	578.08
2009	29,717,000		29,717,000	2.81%	553.70
2010	28,542,000		28,542,000	2.70%	502.78
2011	28,320,000		28,320,000	2.70%	497.58
2012	33,587,000		33,587,000	3.25%	586.21
2013	31,872,000		31,872,000	3.11%	552.69
2014	30,042,000		30,042,000	2.93%	519.47
2015	27,842,000		27,842,000	2.69%	478.98
2016	25,882,000		25,882,000	2.50%	445.26

Source: Union School District Financial Reports

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

TOWNSHIP OF UNION SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2015  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Township of Union	\$ 38,487,762	100.00%	\$ 38,487,762
Union County General Obligation Debt	569,248,112	9.52%	<u>54,192,420</u>
Subtotal, overlapping debt			92,680,182
Union Township School District Direct Debt			<u>26,617,000</u>
Total direct and overlapping debt			<u><u>\$ 119,297,182</u></u>

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 Township of Union. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

Sources: Assessed value data used to estimate applicable percentages provided by the Union County Board of Taxation; debt outstanding data provided by each governmental unit.



TOWNSHIP OF UNION SCHOOL DISTRICT  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2016

		Equalized valuation basis
	2015	\$ 6,037,194,327
	2014	6,162,919,802
	2013	<u>6,088,174,896</u>
		<u>\$ 18,288,289,025</u>
Average equalized valuation of taxable property		<u>\$ 6,096,096,342</u>
Debt limit (4% of average equalization value) a		\$ 243,843,854
Net bonded school debt		<u>25,882,000</u>
Legal debt margin		<u>\$ 217,961,854</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 253,534,219	\$ 281,289,997	\$ 303,674,679	\$ 295,372,402	\$ 282,987,908	\$ 270,383,280	\$ 257,077,412	\$ 248,393,109	\$ 243,843,854	\$ 243,843,854
Total net debt applicable to limit	<u>31,877,000</u>	<u>30,832,000</u>	<u>29,717,000</u>	<u>28,542,000</u>	<u>28,320,000</u>	<u>33,587,000</u>	<u>31,872,000</u>	<u>30,042,000</u>	<u>27,842,000</u>	<u>25,882,000</u>
Legal debt margin	<u>\$ 221,657,219</u>	<u>\$ 250,457,997</u>	<u>\$ 273,957,679</u>	<u>\$ 266,830,402</u>	<u>\$ 254,667,908</u>	<u>\$ 236,796,280</u>	<u>\$ 225,205,412</u>	<u>\$ 218,351,109</u>	<u>\$ 216,001,854</u>	<u>\$ 217,961,854</u>
Total net debt applicable to the limit as a percentage of debt limit	12.57%	10.96%	9.79%	9.66%	10.01%	12.42%	12.40%	12.09%	11.42%	10.61%

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

TOWNSHIP OF UNION SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Year	Township Population <sup>a</sup>	Township Personal Income <sup>b</sup>	Union County Per Capita Personal Income <sup>c</sup>	Township Unemployment Rate <sup>d</sup>
2007	53,362	\$ 2,704,546,246	\$ 50,683	4.40%
2008	53,335	2,754,486,075	51,645	5.30%
2009	53,670	2,645,125,950	49,285	9.10%
2010	56,768	2,832,552,896	49,897	9.60%
2011	56,916	2,976,536,052	52,297	9.70%
2012	57,295	3,073,189,210	53,638	9.20%
2013	57,667	3,136,046,794	54,382	8.00%
2014	57,832	3,314,120,592	57,306	6.40%
2015	58,128	3,331,083,168	57,306 *	5.60%
2016	58,128 **	3,331,083,168 ***	57,306 *	N/A

\* - Latest Union County per capita personal income/Unemployment rate available (2014) was used for calculation purposes.

\*\* - Latest population data available (2015) was used for calculation purposes

\*\*\* - Latest Population data available (2015) and latest available Union County per capita personal income (2014) was used for calculation purposes

N/A - Information Unavailable

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per Capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15

TOWNSHIP OF UNION SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF UNION  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Information was not available as of the date of these financial statements

TOWNSHIP OF UNION SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	565.0	578.0	503.0	582.0	533.0	523.0	527.0	537.0	579.0	527.0
Special education	101.0	105.0	154.0	162.0	151.0	155.0	159.0	153.0	163.0	199.0
Other special education	11.0	10.0	10.0							
Support Services:										
Student & instruction related services	144.0	150.0	153.0	172.0	170.0	168.0	171.0	199.0	246.0	234.0
General and business administrative services	12.0	13.0	12.0	14.0	14.0	10.0	10.0	13.0	14.0	12.0
School administrative services	48.0	48.0	51.0	50.0	48.0	48.0	48.0	48.0	44.0	49.0
Central Services	8.0	8.0	9.0	9.0	10.0	10.0	10.0	10.0	11.0	9.0
Administrative Information Technology	4.0	4.0	5.0	7.0	7.0	7.0	7.0	7.0	6.0	5.0
Plant operations and maintenance	94.0	92.0	132.0	136.0	146.0	137.0	137.0	140.0	159.0	140.0
Pupil transportation	85.0	85.0	83.0	80.0	74.0	72.0	72.0	74.0	80.0	83.0
Total	<u>1,072.0</u>	<u>1,093.0</u>	<u>1,112.0</u>	<u>1,212.0</u>	<u>1,153.0</u>	<u>1,130.0</u>	<u>1,141.0</u>	<u>1,181.0</u>	<u>1,302.0</u>	<u>1,258.0</u>

Source: District Personnel Records

TOWNSHIP OF UNION SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2007	7,946	\$ 104,481,431	\$ 13,149	8.80%	651	1:14	1:13	1:13	7,918.3	7,471.6	-0.71%	94.36%
2008	7,893	110,828,244	14,041	6.79%	693	1:14	1:13	1:13	7,893.0	7,443.0	-0.32%	94.30%
2009	7,672	109,257,645	14,241	1.42%	667	1:15	1:12	1:12	7,761.2	7,337.0	-1.67%	94.53%
2010	7,568	114,463,978	15,125	6.20%	685	1:11	1:10	1:11	7,760.7	7,353.7	-0.01%	94.76%
2011	7,702	115,504,000	14,997	-0.85%	665	1:11	1:11	1:11	7,530.5	7,129.5	-2.97%	94.67%
2012	7,654	113,193,621	14,789	-1.39%	689	1:11	1:11	1:11	7,510.7	7,137.3	-0.26%	95.03%
2013	7,414	120,339,499	16,231	9.75%	686	1:11	1:11	1:11	7,492.7	7,108.7	-0.24%	94.88%
2014	7,491	123,615,831	16,502	1.67%	690	1:11	1:11	1:11	7,491.4	7,138.9	-0.02%	95.29%
2015	7,506	123,615,831	16,469	-0.20%	742	1:11	1:11	1:11	7,505.9	7,134.2	0.19%	95.05%
2016	7,265	133,485,492	18,374	11.57%	735	1:11	1:11	1:11	7,265.0	6,911.0	-3.21%	95.13%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

Sources: Union Township School District records

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>2015</u>	<u>2016</u>
<u>District Building</u>		
<u>Elementary</u>		
Battle Hill		
Square Feet	57,375	57,375
Capacity (students)	387.30	387.30
Enrollment	428	398
Connecticut Farms		
Square Feet	57,740	57,740
Capacity (students)	513.30	513.30
Enrollment	422	417
Franklin		
Square Feet	58,635	58,635
Capacity (students)	580.80	580.80
Enrollment	442	431
Hamilton		
Square Feet	35,328	35,328
Capacity (students)	312.00	312.00
Enrollment	-0-	-0-
Hannah Caldwell		
Square Feet	87,000	87,000
Capacity (students)	549.90	549.90
Enrollment	619	582
Livingston		
Square Feet	48,600	48,600
Capacity (students)	525.00	525.00
Enrollment	432	440
Washington		
Square Feet	64,615	64,615
Capacity (students)	655.80	655.80
Enrollment	608	608
Jefferson/Central Five		
Square Feet	68,940	68,940
Capacity (students)	660.00	660.00
Enrollment	558	535

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>2015</u>	<u>2016</u>
<u>District Building (Cont'd)</u>		
<u>Middle School</u>		
Burnet		
Square Feet	167,163	167,163
Capacity (students)	1,035.80	1,035.80
Enrollment	1,034	978
Kawameeh		
Square Feet	105,202	105,202
Capacity (students)	821.60	821.60
Enrollment	637	675
<u>High School</u>		
Union High School		
Square Feet	358,161	358,161
Capacity (students)	2,227.90	2,227.90
Enrollment	2,324	2,200
Other		
Field House		
Square Feet	11,316	11,316
Administration Building		
Square Feet	25,200	25,200
Number of Schools/Buildings at June 30, 2016		
Elementary = 8 *		
Middle School = 2		
High School = 1		
Other = 2		

\* - Reflects the number of schools currently in use.

Note: Year of original construction is shown in parentheses.

Enrollment is based on the annual October district count.

This schedule does not contain ten years of information as information was only available from 2015 through the current year.

Source: Union Township School District Facilities Office

TOWNSHIP OF UNION SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS  
 UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx

School Facilities	Project #	Fiscal Year Ended June 30,									
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Battle Hill	N/A	\$ 35,032	\$ 34,819	\$ 38,589	\$ 35,389	\$ 24,997	\$ 33,896	\$ 72,190	\$ 25,652	\$ 73,357	\$ 40,104
Connecticut Farms	N/A	17,771	14,780	20,199	22,806	15,249	19,253	40,746	49,271	24,923	39,367
Franklin	N/A	18,915	43,977	26,325	45,414	59,196	36,941	83,868	35,652	28,094	39,365
Hamilton	N/A	13,331	14,408	9,169	21,709	7,136	23,208	15,733	29,872	24,466	24,200
Jefferson	N/A	19,139	12,372	44,616	24,632	10,128	8,167		21,314	31,168	29,675
Livingston	N/A	21,780	16,110	32,855	25,491	37,799	91,485	58,572	75,977	31,437	18,623
Washington	N/A	17,445	33,010	18,494	15,664	16,175	30,773	36,330	42,969	53,611	47,952
Kawameeh	N/A	31,625	31,482	41,878	26,046	26,808	21,527	103,561	36,570	45,850	95,588
Union High School	N/A	114,331	178,263	137,458	132,854	80,540	122,524	287,404	513,270	232,820	165,450
Burnet	N/A	54,418	129,637	61,983	50,982	42,978	76,280	179,099	129,331	45,042	105,698
Hannah Caldwell	N/A	53,068	55,885	41,313	47,192	31,744	37,645	86,764	65,620	76,683	76,162
		<u>\$ 396,855</u>	<u>\$ 564,743</u>	<u>\$ 472,879</u>	<u>\$ 448,179</u>	<u>\$ 352,750</u>	<u>\$ 501,699</u>	<u>\$ 964,267</u>	<u>\$ 1,025,498</u>	<u>\$ 667,451</u>	<u>\$ 682,184</u>
District Wide Facilities		<u>\$ 63,922</u>	<u>\$ 82,812</u>	<u>\$ 74,302</u>	<u>\$ 1,130,640</u>	<u>\$ 975,752</u>	<u>\$ 1,088,273</u>	<u>\$ 1,150,573</u>	<u>\$ 1,365,498</u>	<u>\$ 1,288,245</u>	<u>1,308,333</u>
Total School Facilities		<u><u>\$ 460,777</u></u>	<u><u>\$ 647,555</u></u>	<u><u>\$ 547,181</u></u>	<u><u>\$ 1,578,819</u></u>	<u><u>\$ 1,328,502</u></u>	<u><u>\$ 1,589,972</u></u>	<u><u>\$ 2,114,840</u></u>	<u><u>\$ 2,390,996</u></u>	<u><u>\$ 1,955,696</u></u>	<u><u>\$ 1,990,517</u></u>

N/A: Not Available

Source: Union Township School District records



TOWNSHIP OF UNION SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
American Guarantee & Liability Insurance Company:		
All Buildings and Personal Property	\$ 188,101,013	\$ 5,000
Demolition Coverage and Increased Cost of Construction	2,000,000	
Newly Acquired Property - Building	1,000,000	
Newly Acquired business personal property	500,000	
Extra Expenses - Various	5,000,000	50,000
Flood - Zone A, V & D	5,000,000	50,000
Flood - Zone A & V	1,000,000	500,000
Flood - Zone C Including unshaded X	5,000,000	50,000
Earthquake and Volcanic Eruption	5,000,000	5%
		5,000
		25,000
		50,000
		5,000
American Guarantee & Liability Insurance Company:		
Electronic Data Processing Equipment	3,000,000	
Boiler and Machinery	75,000,000	5,000
American Guarantee & Liability Insurance Company:		
Commercial Umbrella		
General Liability	10,000,000	10,000
American Guarantee & Liability Insurance Company:		
General Liability		
General Aggregate	2,000,000	
Prod/Completed Operations, Aggregate Limit	2,000,000	
Personal and Advertising Injury Limit	1,000,000	
Each Occurrence	1,000,000	
Fire Damage	1,000,000	
Medical Expense Limit	10,000	
Employee Benefit Liability:	1,000,000	
Program Liability:		
Each Claim	1,000,000	
Aggregate	1,000,000	
American Guarantee & Liability Insurance Company:		
Automotive Coverage		
Liability Limit	1,000,000	
Uninsured/Underinsured Motorist	1,000,000	
Physical Damage Collision	Actual Cash Value	1,000
Comprehensive	Actual Cash Value	1,000

Source: Union Township School District Records.

TOWNSHIP OF UNION SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2016  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
American Zurich Insurance Company:		
Crime Coverage		
Faithful Performance Blanket	\$ 500,000	\$ 5,000
Depositors Forgery or Alteration	50,000	1,000
Computer Fraud	50,000	1,000
Darwin National Assurance Company:		
School Leaders Legal Liability:		
Each Occurrence	5,000,000	25,000
Employment Practices Liability	5,000,000	50,000
Policy Aggregate	5,000,000	
Travelers Insurance Company:		
Fidelity Bonds		
Treasurer of School Monies	530,000	
Board Secretary	25,000	
Business Administrator	25,000	
New Jersey Schools Insurance Group:		
Worker's Compensation		
Employers Liability		
Each Accident	2,000,000	
Disease Limit	2,000,000	
Disease Per Employee	2,000,000	
Compensation Benefits	NJ Statutory	

Source: Union Township School District Records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

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*

Independent Auditors' Report

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Union, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Union School District, in the County of Union (the "District") as of and for the fiscal 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 10, 2016.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 2

### Compliance and Other Matters

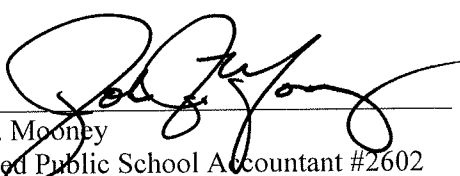
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

### Purpose of this Report

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

November 10, 2016  
Mount Arlington, New Jersey

*NISIVOCIA LLP*  
NISIVOCIA LLP

  
\_\_\_\_\_  
John J. Mooney  
Licensed Public School Accountant #2602  
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program:  
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members of  
 the Board of Education  
 of the Township of Union  
 Union Township, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Township of Union School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2016. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's 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 or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

The Honorable President and Members of  
the Board of Education  
of the Township of Union  
Page 2

***Opinion on Each Major Federal and State Program***

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

**Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing 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 NJOMB 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 District's internal control over compliance.

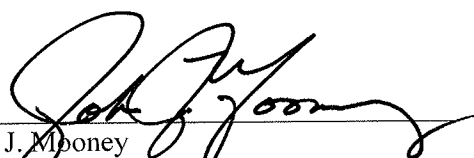
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

November 10, 2016  
Mount Arlington, New Jersey

*NISIVOC CIA LLP*  
NISIVOC CIA LLP

  
John J. M'boney  
Licensed Public School Accountant #2602  
Certified Public Accountant

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable) 6/30/15	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables	Balance 6/30/16		Due to Grantor 6/30/16	Amount Provided to Subrecipients
									Accounts Receivable	Unearned Revenue		
U.S. Department of Agriculture												
Passed-through State Department of Agriculture:												
Child Nutrition Cluster:												
Federal Food Distribution Program	10.555	N/A	7/1/15-6/30/16	\$ 231,785		\$ 231,785	\$ (226,591)			\$ 5,194		
School Breakfast Program	10.553	N/A	7/1/15-6/30/16	218,205		199,453	(218,205)		\$ (18,752)			
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	209,026	\$ (18,752)	18,752						
National School Lunch Program	10.555	N/A	7/1/15-6/30/16	1,120,405		1,038,842	(1,120,405)		(81,563)			
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	1,161,243	(81,876)	81,876						
Total Child Nutrition Cluster					(100,628)	1,338,923	(1,338,610)		(100,315)			
Total U.S. Department of Agriculture					(100,628)	1,570,708	(1,565,201)		(100,315)	5,194		
Passed-through State Department of Education:												
General Fund:												
U.S. Department of Health and Human Services:												
Medicaid Reimbursement	93.778	N/A	7/1/14-6/30/15	225,857	(29,949)	29,949						
Medicaid Reimbursement	93.778	N/A	7/1/15-6/30/16	191,343		105,972	(191,343)		(85,371)			
Total General Fund					(29,949)	135,921	(191,343)		(85,371)			
Special Revenue Fund:												
U.S. Department of Education:												
No Child Left Behind Consolidated Grant:												
Title I	84.010	NCLB536016	7/1/15-6/30/16	727,445			(513,647)		(513,647)			
Title I	84.010	NCLB536015	7/1/14-6/30/15	840,011	(224,226)	209,976		\$ 14,250				
Total Title I					(224,226)	209,976	(513,647)	14,250	(513,647)			
Title II - Part A	84.367	NCLB536016	7/1/15-6/30/16	179,621		98,560	(186,546)		(87,986)			
Title II - Part A	84.367	NCLB536015	7/1/14-6/30/15	207,682	(58,100)	58,100						
Total Title II - Part A					(58,100)	156,660	(186,546)		(87,986)			
Title III	84.365	NCLB536016	7/1/15-6/30/16	63,675		12,598	(58,720)		(46,122)			
Title III	84.365	NCLB536015	7/1/14-6/30/15	79,285	(56,166)	56,166						
Total Title III					(56,166)	68,764	(58,720)		(46,122)			
Title III - Immigrant	84.365	NCLB536016	7/1/15-6/30/16	5,031			(2,909)		(2,909)			
Total Title III - Immigrant							(2,909)		(2,909)			



TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance Unearned Revenue/ (Accounts Receivable) 6/30/15	Cash Received	Budgetary Expenditures	Cancellation of Prior Years' Receivables	Balance 6/30/16		Due to Grantor 6/30/16	Amount Provided to Subrecipients
									Accounts Receivable	Unearned Revenue		
Special Revenue Fund:												
Special Education Cluster:												
U.S. Department of Education:												
I.D.E.A. Part B, Basic	84.027	IDEA536016	7/1/15-6/30/16	\$ 1,912,367		\$ 1,595,993	\$ (1,912,367)		\$ (316,374)			
I.D.E.A. Part B, Basic	84.027	IDEA536015	7/1/14-6/30/15	1,807,903	\$ (581,589)	581,589						
I.D.E.A. Part B, Preschool	84.027	IDEA536016	7/1/15-6/30/16	52,911		48,331	(52,459)		(4,128)			
Total Special Education Cluster					(581,589)	2,225,913	(1,964,826)		(320,502)			
Carl D. Perkins Secondary Education	84.048	PERK536016	7/1/15-6/30/16	34,667		12,565	(30,112)		(17,547)			
Carl D. Perkins Secondary Education	84.048	PERK536015	7/1/14-6/30/15	45,101	(30,033)	29,466			(567)			
Total Carl D. Perkins					(30,033)	42,031	(30,112)		(18,114)			
UNIFY - UHS	84.380	N/A	7/1/15-6/30/16	3,000		274	(247)			\$ 27		
UNIFY - BMS	84.380	N/A	7/1/15-6/30/16	2,870			(2,008)		(2,008)			
UNIFY - BMS	84.380	N/A	7/1/14-6/30/15	2,993	(2,758)				(2,758)			
UNIFY - UH	84.380	N/A	7/1/14-6/30/15	3,000	(754)				(754)			
Total					(3,512)	274	(2,255)		(5,520)	27		
Total Special Revenue Fund/U.S. Department of Education					(953,626)	2,703,618	(2,759,015)	\$ 14,250	(994,800)	27		
Total Federal Awards					\$ (1,084,203)	\$ 4,410,247	\$ (4,515,559)	\$ 14,250	\$ (1,180,486)	\$ 5,221	\$ -0-	\$ -0-

N/A: Not Available/Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Due to Grantor 06/30/15	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/16		Memo		
				Balance (Accounts Receivable) 06/30/15					GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
General Fund													
NJ Department of Education:													
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	\$ 25,485,236	\$ (2,574,175)		\$ 2,574,175						\$ 25,485,236	
Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	256,269	(25,635)		25,635						256,269	
Special Education Aid	15-495-034-5120-089	7/1/14 - 6/30/15	4,542,770	(397,370)		397,370						4,542,770	
Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	349,231	(34,915)		34,915						349,231	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14 - 6/30/15	73,510	(7,351)		7,351						73,510	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14 - 6/30/15	77,419	(7,419)		7,419						77,419	
Non-Public Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	980,652	(98,065)		98,065						980,652	
Extraordinary Aid	15-100-034-5120-473	7/1/14 - 6/30/15											
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14 - 6/30/15	3,775,877	(185,475)		185,475						3,775,877	
Equalization Aid	16-495-034-5120-078	7/1/15 - 6/30/16	25,485,236			22,959,080	\$(25,485,236)				\$(2,526,156)	25,485,236	
Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	256,269			230,867	(25,635)				(25,402)	256,269	
Special Education Aid	16-495-034-5120-089	7/1/15 - 6/30/16	4,542,770			4,092,480	(4,542,770)				(450,290)	4,542,770	
Security Aid	16-495-034-5120-084	7/1/15 - 6/30/16	349,231			314,614	(34,915)				(34,617)	349,231	
Additional Adjustment Aid		7/1/15 - 6/30/16	1			1	(1)					1	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15 - 6/30/16	73,510			66,224	(7,351)				(7,286)	73,510	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15 - 6/30/16	77,419			66,224	(7,351)				(7,286)	77,419	
Non-Public Transportation Aid	16-495-034-5120-014	7/1/15 - 6/30/16	67,252				(67,252)				\$(67,252)	67,252	
Extraordinary Aid	16-100-034-5120-473	7/1/15 - 6/30/16	1,231,537				(1,231,537)				(1,231,537)	1,231,537	
Reimbursed TPAF Social Security Contributions	16-495-034-5095-002	7/1/15 - 6/30/16	4,004,752			3,811,222	(4,004,752)				(193,530)	4,004,752	
Total General Fund State Aid				(4,290,343)		35,831,055	(36,084,068)				(1,492,319)	(4,543,356)	71,698,542
Debt Service Aid Type II	16-100-034-5120-124	7/1/15 - 6/30/16	113,637			113,637	(113,637)					113,637	
Total Debt Service Aid						113,637	(113,637)					113,637	
Total NJ Department of Education				(4,290,343)		35,944,692	(36,197,705)				(1,492,319)	(4,543,356)	71,812,179
New Jersey Department of Agriculture:													
Food Service Fund:													
School Lunch Program - State	16-100-010-3350-023	7/1/15 - 6/30/16	32,030			29,684	(32,030)				(2,346)	(2,346)	32,030
School Lunch Program - State	15-100-010-3350-023	7/1/14 - 6/30/15	35,060	(2,445)		2,445						35,060	
Total NJ Department of Agriculture				(2,445)		32,129	(32,030)				(2,346)	(2,346)	67,090

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Budgetary	Due to Grantor 06/30/15	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/16		Memo	
				(Accounts Receivable) 06/30/15					GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
NJ Schools Development Authority:												
Capital Projects Fund:												
Jefferson School	5290-085-09-1003	7/1/10 - 6/30/17	\$ 5,259,907	\$ (262,995)						(262,995)		\$ (262,995) \$ 5,194,415
Union High School Electrical Upgrade	5290-050-14-1001	7/1/14 - 6/30/17	738,646	(738,646)						(738,646)		(738,646) 336,343
Washington School HVAC	5290-140-14-1002	7/1/14 - 6/30/16	194,014	(194,014)		\$ 194,014						194,014
Total NJ Department of Agriculture				(1,195,655)		194,014				(1,001,641)		(1,001,641) 5,724,772
<u>Special Revenue Fund:</u>												
New Jersey Nonpublic Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	160,527		\$ 30,043			\$ (30,043)				
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	163,286			163,286	\$ (153,636)			\$ 9,650		
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	13,885		2,275			(2,275)				
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	10,350			10,350	(2,413)			7,937		
Transportation	15-100-034-5120-067	7/1/14-6/30/15	15,857		1,586			(1,586)				
Transportation	16-100-034-5120-067	7/1/15-6/30/16	14,538			14,538	(14,538)					
Nonpublic Handicapped Services:												
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	57,096			57,096	(26,947)			30,149		
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	44,493		1,083			(1,083)				
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	38,612			38,612	(34,974)			3,638		
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	40,963		7,106			(7,106)				
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	25,919			25,919	(15,970)			9,949		
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	29,156		1,679			(1,679)				
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	30,605			30,605	(30,509)			96		
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	32,352		54			(54)				
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	48,240			48,240	(48,003)			237		
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	51,503		587			(587)				
Technology Initiative	16-100-034-5120-373	7/1/15-6/30/16	13,936			13,936	(13,654)			282		
Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	17,376		147			(147)				
Security Aid	16-100-034-5120-070	7/1/15-6/30/16	13,400			13,400	(11,288)			2,112		
Total Special Revenue Fund						44,560	415,982	(351,932)	(44,560)		64,050	
Total State Awards				\$ (5,488,443)	\$ 44,560	\$36,279,166	\$ (36,581,667)	\$ (44,560)	\$ (2,496,306)	\$ 64,050	\$ (5,547,343)	\$ 77,490,404

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Township of Union School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2016. The information in these schedules is presented in accordance with the 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund, special revenue fund, capital projects fund and debt service fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the 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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Grant revenue in the capital projects fund is recognized on the budgetary basis in the year of award while on a GAAP basis revenue is recognized based on grant expenditures and when reimbursement requests are submitted.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$1,053,831 for the general fund and (\$93,075) for the special revenue fund of which \$4,638 is attributable to local grants and are not included on the schedules of expenditures of state and federal awards. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue. The schedule of expenditures of state awards does not include the on-behalf Pension Contributions and Post-Retirement Medical Benefits of \$4,222,028 and \$5,027,269 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

TOWNSHIP OF UNION SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 191,343	\$ 46,387,196	\$46,578,539
Special Revenue Fund	2,723,888	293,987	3,017,875
Debt Service Fund		113,637	113,637
Enterprise Fund - Food Service	1,565,201	32,030	1,597,231
Total Awards	<u>\$ 4,480,432</u>	<u>\$46,826,850</u>	<u>\$51,307,282</u>

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

NOTE 5. SCHOOLS DEVELOPMENT AUTHORITY (SDA) GRANTS

During fiscal year end June 30, 2015, the District was awarded \$1,231,604 from the Schools Development Authority (SDA) under the Educational Facilities Construction and Financing Act for HVAC upgrades at Washington School and electrical upgrades at Union High School. As of June 30, 2016, \$194,014 has been received.

NOTE 6. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2016. Revenue and expenditures reported under the Food Distribution program represent current year value received and current year distributions respectively.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following awards:

	<u>State Grant Number/ CFDA Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$25,485,236	\$25,485,236
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	4,542,770	4,542,770
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	349,231	349,231
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1	1
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	73,510	73,510
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	73,510	73,510
<u>Federal:</u>				
Special Education Cluster				
I.D.E.A. Part B - Preschool	84.173	7/1/15-6/30/16	52,911	52,911
I.D.E.A. Part B - Basic	84.027	7/1/15-6/30/16	1,912,367	1,912,367

- The threshold used for distinguishing between Type A and Type B programs was \$750,000 for federal programs and \$1,097,450 for state programs.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

TOWNSHIP OF UNION SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Status of Prior Year Findings:

The District had no prior year audit findings.